**THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY**

**MINUTES OF SPECIAL BOARD MEETING**
**Friday, June 2, 2000**

**MINUTES of a Special Meeting of The Port Authority of New York and New Jersey held Friday, June 2, 2000, at One World Trade Center, City, County and State of New York.**

**PRESENT:**

**NEW JERSEY**

Hon. Lewis M. Eisenberg, Chairman
Hon. Kathleen A. Donovan
Hon. William J. Martini
Hon. Alan G. Philibosian
Hon. Anthony J. Sartor
Hon. James Weinstein

**NEW YORK**

Hon. Charles A. Gargano, Vice-Chairman
Hon. David S. Mack
Hon. Bradford J. Race, Jr.

Robert E. Boyle, Executive Director
Jeffrey S. Green, General Counsel
Daniel D. Bergstein, Secretary

Kayla M. Bergeron, Director, Media Relations
Bruce D. Bohlen, Treasurer
Lillian C. Borrone, Director, Port Commerce
Gregory G. Burnham, Chief Technology Officer
William J. Cahill, Principal Information Officer, Media Relations
Anthony G. Cracchiolo, Director, Priority Capital Programs
William DeCota, Director, Aviation
Karen E. Eastman, Assistant Secretary
Michael Glassner, Executive Assistant to the Chairman
Marylee Hannell, Executive Assistant to the Chief of Staff
Louis J. LaCapra, Chief of Staff
Francis J. Lombardi, Chief Engineer
Stephen Marinko, Attorney, Law
Charles F. McClafferty, Chief Financial Officer
Allen M. Morrison, Supervisor, Media Relations
Catherine F. Pavelec, Executive Assistant to the Secretary
Kenneth P. Philmus, Director, Tunnels, Bridges & Terminals
Alan L. Reiss, Director, World Trade
Paul D. Segalini, Director, Human Resources
Ronald H. Shiftan, Deputy Executive Director
Christopher O. Ward, Chief of Corporate Planning and External Affairs
Margaret R. Zoch, Comptroller

Guests
Kevin Corbit, Office of the Governor, New York State
John Donnelly, Office of the Governor, New Jersey State
Maura Gallucci, Empire State Development Corporation, New York State
Devon Graf, Office of the Governor, New Jersey State
Jay Hector, Office of the Governor, New York State

The public meeting was called to order by the Chairman at 10:00 a.m. and ended at 10:03 a.m. The Board met in executive session prior to the public meeting.

The Commissioners unanimously consented to a suspension of the provisions of the By-Laws relating to written notice for the meeting.

**ELIZABETH-PORT AUTHORITY MARINE TERMINAL - MAERSK, INC. AND SEA-LAND SERVICE, INC. - LEASE AGREEMENTS**

It was recommended that the Board authorize the Executive Director to (1) enter into an agreement with Maersk Container Service Company, Inc. (Maersk), an affiliated company of Maersk, Inc., covering the letting of a marine terminal (the Terminal); (2) provide Maersk with up to $30.4 million for infrastructure improvements on the Terminal; (3) provide Maersk with up to $143.6 million for other Terminal improvements, which would constitute an additional rental; (4) accept the surrender of approximately 84 acres of premises now under lease to Maher Terminals, Inc. (Maher); (5) accept the surrender of the Maersk terminal in Port Newark to allow for leasing to others; (6) extend the lease of the Universal Maritime Service Corp. terminal that expired on October 31, 1999; and (7) extend the lease of the Sea-Land Service, Inc. (Sea-Land) terminal that expired on February 28, 1999.

The lease will be for a 30-year term for a 350-acre container terminal to be developed at the Elizabeth-Port Authority Marine Terminal. Initially, the Terminal will consist of the approximately 266-acre Sea-Land terminal, with space to be added incrementally from space surrendered by Maher. The rental will be a fixed per-acre charge over the full term of the lease. This rate will be applied retroactively to March 1, 1999 to the Sea-Land terminal. Throughput rental on containers will commence in 2008 with escalations through the remainder of the term of the lease. The Port Authority will be obligated to provide up to $30.4 million without reimbursement from Maersk for berth and wharf modifications, upgrading electrical services and other on-terminal capital improvements. Any Port Authority investment above $30.4 million will be recovered at financially self-sustaining rates. Maersk will be obligated to invest in a specific list of projects, the timing of which will be tied to achieving 45' and 50' mean low water (MLW) in the approach channel depths. Maersk will be required to invest in the 45' improvements by one year following the later of the addition of the space now leased to Maher to the premises or the availability of the beneficial use of the approach channels to 45' MLW. Maersk will be required to invest in the 50' improvements no later than one year following the availability of the beneficial use of the approach channels to 50' MLW, except that Maersk will not be so obligated if there are fewer than ten years remaining in the lease term when the 50' depth is available. The financial terms of and related to the lease, including any Port Authority investment, will be undertaken solely by the Port Authority without benefit of the previously discussed $120 million New Jersey State contribution to the Port Authority's cost of channel deepening.

There are two separate container volume guarantees under the lease: a port container guarantee (the Port Guarantee) and a terminal container throughput guarantee (the Terminal Guarantee). The Port Guarantee requires Maersk to handle a specified minimum level of Maersk containers annually through the Port of New York and New Jersey, regardless of the terminal where the containers are handled. This guarantee takes effect after the availability of the beneficial use of the approach channels to 45' MLW, if the new 70-acre ExpressRail facility is available to Maersk, and if the space now leased to Maher has been added to the premises. It will be subject to additional postponement if the Maher space is not delivered to Maersk on the required date. Minimums will be increased again after the channels are deepened to 50'. Maersk will be subject to temporarily increased rentals if its container volumes fall below the required Port Guarantee minimums for consecutive periods.

The Terminal Guarantee will become effective in 2008 or after the availability of the beneficial use of the approach channels to 45' MLW, whichever occurs later, and if the new 70-acre ExpressRail facility is available to Maersk. Minimums will be increased again after the channels are deepened to 50'. Maersk will pay a minimum throughput rental, and the Port Authority will have the right to terminate a portion or all of the leasehold if volume at the Terminal falls below specific levels for consecutive periods. If a portion of the leasehold is recaptured, the Terminal Guarantee, the basic rental and variable rental will be adjusted.

Maersk will have a number of termination rights based on the procedures involved in and the timing of the deepening of the approach channels, respectively, to 45' and 50', and on the inability of the Port Authority to deliver to Maersk the 84 acres now leased to Maher by the required date.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Donovan, Eisenberg, Gargano, Mack, Martini, Philibosian, Race, Sartor and Weinstein 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 of lease with Maersk Container Service Company, Inc., an affiliated company of Maersk, Inc., substantially in accordance with the terms and conditions outlined to the Board; the form of the agreement shall be subject to the approval of General Counsel or his authorized representative.

## NEW YORK ECONOMIC DEVELOPMENT PROGRAM - AUTHORIZATION

It was recommended that the Board authorize capital expenditures, in an aggregate amount not to exceed $250 million, for transportation and economic development and infrastructure renewal projects in the State of New York, to be designated by the Governor thereof. It is presently contemplated that no more than one-third of such amount would be expended in each of calendar years 2000, 2001, and 2002. The Executive Director would be authorized to effectuate such projects, consistent with existing legislation and agreements with the holders of the Port Authority's obligations. These projects would be administered in a manner similar to prior programs, and projects designated by the Governor of the State of New York would be reported to the Commissioners by the Executive Director before expenditures are incurred.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Donovan, Eisenberg, Gargano, Mack, Martini, Philibosian, Race, Sartor and Weinstein voting in favor; none against:

> **RESOLVED**, that, consistent with existing legislation and agreements with the holders of the Port Authority's obligations, capital expenditures in an aggregate amount not to exceed $250 million for transportation and economic development and infrastructure renewal projects in the State of New York designated by the Governor thereof, be and the same hereby are authorized; and it is further
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> **RESOLVED**, that the Executive Director be and he hereby is authorized to effectuate such projects, consistent with the Port Authority's then-current capital plan, and to execute contracts and agreements (including agreements with the State of New York and agencies thereof) as may be necessary to effectuate the foregoing.

**PORT AUTHORITY BUS TERMINAL – DESIGNATION AND LEASE AGREEMENT WITH A SELECTED PROPOSER TO DEVELOP THE AIR RIGHTS ABOVE THE TERMINAL**

It was recommended that the Board authorize the Executive Director to: (1) enter into an agreement (the Designation Agreement) with 7 Times Square Associates, LLC (the Developer) granting to the Developer the right to enter into a lease (the Lease) with the Port Authority covering the operation of approximately 100,000 square feet of retail space in the North Wing of the Port Authority Bus Terminal (the Facility) and the construction and operation of a mixed-use development consisting of an office tower to be constructed in the air space above the Facility and a retail/entertainment complex within the Facility (the Project), and to execute the Lease if final lease terms are agreed to by both parties; (2) enter into agreements with one or more construction management/design services firms to provide such expert professional architectural/engineering and project management services as is deemed to be in the best interest of the Port Authority; (3) extend the Port Authority's existing agreement with Ernst & Young for real estate advisory services; (4) enter into agreements with the Developer or other qualified contractors to perform selected improvements to the Facility in conjunction with the effectuation of the Project, subject to the approval of the Committee on Operations; and (5) proceed to completion of the Project in a manner that may be inconsistent with existing zoning code provisions.

It was recalled that the Port Authority has solicited proposals for the Project. After reviewing the proposals submitted in response to the Port Authority's solicitation, Staff has determined that the proposal submitted by the Developer, a limited liability company the members of which are Lawrence Rubin Company and Vornado Realty Trust, is superior to the others both in terms of financial return to the Port Authority and design and aesthetic compatibility with the Facility and the surrounding Times Square Redevelopment Project.

In return for a designation fee not to exceed $1 million, the Designation Agreement will grant the Developer a three-month due diligence period to investigate the feasibility of effectuating the Project, and a further exclusive marketing and negotiating period of six months to negotiate the terms of the Lease and to obtain financing from prospective lenders and leasing commitments from prospective occupants of the air rights portion of the Project. During this period, the Developer would be obligated to design the Project and submit detailed plans and specification to the Port Authority for review. The due diligence period would be subject to extension on a day-for-day basis if the Port Authority fails to respond to requests for certain information or fails to review plans submitted by the Developer within specified time periods, and may be further extended without payment of any additional fee for a period not to exceed three months. The exclusive marketing and negotiating period will be subject to extension for one additional six-month period. If, following the exclusive marketing and negotiating period, the Lease is not executed, the Port Authority will retain 50 percent of the designation fee and the balance will be refunded to the Developer. If the Developer executes the Lease, the designation fee will be credited towards the Developer's rental obligations under the Lease. The business terms to be incorporated in the Lease will provide for a 99-year lease and would obligate the developer to a substantial up-front cash payment as rental. Payment of this rental under the Lease will be made no later than eighteen months following the date the Lease is executed by both parties. The Developer will design and build the Project at its sole cost and expense, and the Project will include improvements to the public and bus circulation areas of the

Facility in accordance with approved design guidelines, at an estimated cost of $20 million. Total cost of the Project is expected to exceed $400 million, including $200 million for construction. The Port Authority will pay for the cost of any Port Authority-directed additions to the agreed-upon scope of the improvements to the public and bus circulation areas of the Facility, as defined during the due diligence period. The Developer will be granted the right to mortgage the leasehold in order to finance the Project, and certain assignment rights. The Port Authority will be entitled to participate in the net gain, as defined in the Lease, to be realized upon a refinancing of the mortgage or the sale of the leasehold.

The Port Authority intends to retain one or more construction management/design services firms to act as its owner's representative to supervise the Project and facilitate the continued efficient operation of the Facility during the design and construction phases of the Project, at an estimated total cost of $3.5 million. Ernst and Young has provided advisory services throughout the selection process and will continue to provide such services through the expiration of the marketing and negotiating period, at an estimated additional cost of $300,000.

The design proposed by the Developer may not conform to certain provisions in the zoning code and the entertainment use may not conform to existing use regulations. The proposal is sensitive to the needs of the surrounding community and compatible with the ongoing 42nd Street Redevelopment Project.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Donovan, Eisenberg, Gargano, Mack, Martini, Philibosian, Race, Sartor and Weinstein 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 designation agreement with 7 Times Square Associates, LLC at the Port Authority Bus Terminal substantially in accordance with the terms and conditions outlined to the Board; (2) enter into agreements with one or more construction management/design services firms to provide such expert professional architectural/engineering and project management services as is deemed to be in the best interest of the Port Authority, at an estimated cost of $3.5 million; (3) extend the Port Authority's existing agreement with Ernst & Young for real estate advisory services, at an additional estimated cost of $300,000; (4) enter into agreements with the Developer or other qualified contractors to perform selective improvements to the Facility in conjunction with the effectuation of the project, subject to the approval of the Committee on Operations; and (5) proceed to completion of the Project in a manner that may be inconsistent with existing zoning code provisions, the form of the agreement in each instance shall be subject to the approval of General Counsel or his authorized representative.

**JOHN F. KENNEDY INTERNATIONAL AIRPORT - AIRPORT ACCESS PROJECT-INCREASE IN PROJECT AUTHORIZATION AND AUTHORITY TO AWARD CONTRACT LRS-284.401 AND PROJECT AUTHORIZATION - JAMAICA ECONOMIC INITIATIVES PROJECT**

On May 9, 1996, the Board authorized a project (Project) for the implementation of an automated Light Rail Transit (LRT) system, including a link between Jamaica and John F. Kennedy International Airport (JFK), a link between Howard Beach and JFK and an LRT circulating the Central Terminal Area (CTA), at a total estimated project cost of $1.268 billion, excluding interest on bonded debt.

On April 16, 1998, the Board authorized the Executive Director to award to the Air Rail Transit Consortium (ARTC) three contracts (LRS-100.001, LRS-100.002 and LRS-100.003) along with an extra work allowance and contingency work funds, to design, build, operate and maintain (DBOM) the Jamaica-JFK with Howard Beach-Light Rail System (AirTrain). Total funds for the Project, including interest on bonded debt and all planning costs, were estimated at $1.598 billion. An increase in project authorization of $287 million is requested for the reasons stated below, which results in a new total project cost, estimated at $1.885 billion. The April 16, 1998 Board item also indicated that the Port Authority would reapply to the Federal Aviation Administration (FAA) for $138 million in previously requested Passenger Facility Charges (PFC) to use on the Project (of which $2 million is for recovery of the Newark International Airport Monorail Extension planning costs), as well as to reallocate for use on non-eligible PFC elements of the Project the $300 million authorized in capital funds and originally allocated for the CTA component. In addition, it is proposed that FAA approval be sought to combine the Howard Beach, CTA and Jamaica components into a single project known as "AirTrain" and for the FAA to provide assurances as to the non-termination of PFCs so as to allow the Port Authority to issue PFC stand-alone bonds to assist in financing the Project, if appropriate. Board authorization is now sought for staff to prepare and submit this application to the FAA.

The AirTrain Terminal at the Long Island Rail Road (LIRR) Jamaica Station (AirTrain Terminal) is a vital component of the Project that is not included in the scope of the DBOM contract and is currently under final design by the Engineering Department. The AirTrain Terminal will provide access to the AirTrain from the street, LIRR and New York City Transit (NYCT), and includes a new transit mezzanine providing access to and among the LIRR platforms and improved connections and finishes to the existing NYCT lobby mezzanine at the NYCT Sutphin Blvd. Station. As with the Newark International Airport Monorail/Northeast Corridor Station, the AirTrain Terminal will serve as the "gateway" to JFK and the finishes in these spaces will have the look and feel of the airport. The AirTrain Terminal will provide for seamless passenger circulation between the AirTrain system and the existing Jamaica Station and NYCT subway and bus systems. Full ticketing and remote baggage check-in facilities as well as flight information displays will be provided at the AirTrain Terminal. The LIRR requirements for maintaining a twenty-four-hour-a-day, seven-day-a-week operation during construction necessitates a complex staging and scheduling of the work as well as construction of temporary facilities to maintain acceptable customer service at all times. The Port Authority and the LIRR have agreed to make certain improvements to the LIRR Jamaica Station. These improvements consist of construction of a new Jamaica Control Center facility (JCC), renovated passenger platforms and canopies and a renovated bridge overpass (LIRR Jamaica Improvements). Construction of the AirTrain Terminal and the

LIRR Jamaica Improvements is presently estimated at a cost of $386.2 million, including allowances for extra work net cost work and LIRR force account work. Construction of the LIRR Jamaica Improvements concurrent with the AirTrain Terminal construction will reduce total costs for both projects, minimize impacts on both LIRR operations and passenger inconvenience and provide for a fully modernized Jamaica Station, which will benefit both AirTrain passengers and LIRR patrons. The LIRR's total investment at the Jamaica Station is presently estimated at $206.6 million. The LIRR JCC will be constructed with sufficient structural capacity to permit development of a future 10-story office tower utilizing air rights. NYCT has requested that the Port Authority prepare a construction cost estimate to extend the proposed finishes throughout the NYCT mezzanine lobby at the Sutphin Blvd. Station. It is anticipated that this work would be funded by NYCT but be designed and constructed as part of the Port Authority work at this station. As details relating to the JCC are resolved, further approval by the Committee on Construction will be sought.

The initial design of the AirTrain system provided for a two-car train operation for normal service, although at times it will be necessary to accommodate longer trains and longer headways during special events or emergency conditions. As ARTC developed its preliminary design, it became evident that an additional modest investment in facilities and system enhancements now would permit much more cost-effective and faster expansion for longer train service in the future and will avoid the need to demolish and replace portions of the infrastructure when future ridership growth is realized. These enhancements include larger elevators and elevator lobbies outside the station platform areas, increased width of all egress stairways, upgrade to substation power capabilities with built-in expandability and modifications to the automatic train control system and platform screen doors to permit operation of these longer trains.

Airline check-in and baggage handling facilities at the AirTrain Terminal are proposed to be included in the Project to provide an appropriate level of customer service. Their operation requires participation by the airlines, several of which have expressed interest in operating this service to date. This aspect of the Project includes 16 airline counters where passengers will be able to obtain their boarding pass and check in their bags. Bags will be placed in sealed containers and transported to JFK via the AirTrain, where they will be unloaded and integrated into the current interline service. Passengers will then board AirTrain and go directly to their gates without the need for re-check-in at the airline terminal. Flight information displays will also be installed at Jamaica Station as part of this program.

FAA project approval requires the Port Authority to incorporate the mitigation measures identified in the Final Environmental Impact Statement (FEIS) in the contracts for the Project, including a plan to mitigate the visual impacts of the guideway in residential areas. In addition, landscaping is a necessary component of any highway construction project. The original Project budget includes an allowance for this funding. As staff refined the landscaping plan, it became evident that the majority of the landscaping should occur at the service roads and the bridges along the Van Wyck Expressway (VWE) corridor, where it would provide the most prudent use of funds and best serve the residents along the corridor. The proposed landscaping will include shrubs and trees, repairs to the existing sidewalk and fencing, and overpass and bridge wall treatment. Maintenance of these landscaping elements would be the responsibility of the Port Authority. In addition, landscaping and street improvements are required in Coleman Square near the Howard Beach Station.

A number of additional changes have also led to increased Project costs, including: revising the system's alignment to bypass the New York City Department of Environmental Protection's property and allowing the Project to continue on schedule while the Uniform Land Use Review Procedure (ULURP) was underway; associated station modifications at Federal Circle required to address the revised alignment as well as site layout modifications and enhanced station capacity and better customer service; construction coordination with the airlines to ensure the successful integration of the Project with ongoing and planned terminal construction; and changes to the functional design of the Howard Beach Station to enhance passenger access to the adjacent parking lot, improve passenger transfers between the NYCT subway and the AirTrain service, and better accommodate future ridership growth. NYCT has requested that the Port Authority develop a construction cost estimate to rehabilitate the entire NYCT mezzanine lobby. It is anticipated that this proposed work would be funded by NYCT but be designed and constructed as part of the Port Authority's scope of work for the Howard Beach Station.

The airlines and the Port Authority are investing approximately $9.0 billion at JFK, including the construction of new airline terminals, new cargo facilities and new circulation roads and parking facilities. The significant airline reinvestment and expansion will result in the need to employ qualified workers. After discussions with the aviation community at the airport, the Port Authority has initiated discussions with York College to develop and provide an aviation curriculum, through which local residents can learn the requisite aviation skills and be able to compete for the anticipated growth in aviation jobs at JFK. The cost of this initiative is estimated at $1.0 million. Furthermore, the Jamaica Economic Initiatives Project will provide funds to improve a section of Rockaway Boulevard along the VWE corridor that would encourage growth of existing business and encourage new business concerns to relocate to the area. These improvements include: sidewalk and curb rehabilitation, assisted lighting and streetscape improvements, and provision of a local Business Resource Center to assist local businesses in obtaining airport business, all at an estimated cost of $9.0 million.

Additionally, the Port Authority has been requested to assist in the development of parking initiatives in Jamaica, and $3 million is included in the $13 million Project budget for this initiative.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Donovan, Eisenberg, Gargano, Mack, Martini, Philibosian, Race, Sartor and Weinstein voting in favor; none against:

**RESOLVED**, that an increase in the total project cost for the John F. Kennedy International Airport - Airport Access Project "AirTrain" (Project) (formerly known as an automated Light Rail System), in an amount estimated at $287 million, including administrative, engineering, planning and financial expense, payments to vendors, consultants and contractors and allowances for net cost work, extra work (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: (a) take such actions with respect to the award of purchase and construction contracts and contracts for professional, technical and advisory services for the foregoing Project as he deems in the best interest of the Port Authority, including, without limitation, award of Contract LRS-284.401 - AirTrain Terminal at Jamaica Station, at a cost presently estimated at $386.2 million, to the lowest bidder or proposer who, in his opinion, is qualified by reason of responsibility, experience and capacity to perform the work and whose bid or proposal price the Executive Director deems reasonable, or to reject all bids or proposals, solicit new bids or proposals on revised or the same requirements, or negotiate with one or more bidders, proposers or other contractors; (b) execute contracts and supplemental agreements with such contractors as he deems in the best interest of the Port Authority and order extra work (if necessary) and net cost work in connection with each such contract, including supplemental agreements; and, (c) obtain permits and approvals and to negotiate and enter into such other agreements and contracts or supplements to existing agreements or contracts with such entities as may be necessary to effectuate the Project; and it is further

**RESOLVED**, that the Director, Office of Priority Capital Programs, be and he hereby is authorized to allocate $30 million of the $287 million Project increase to the extra work provisions of Contract LRS-100.001 to provide for: full ticketing and remote baggage check-in facilities as well as flight information displays; modifications necessary for operating longer trains during special events and emergency service conditions; and Howard Beach and on-airport alignment and station changes; 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 agreements with appropriate entities, including but not limited to, the Metropolitan Transportation Authority, the New York City Transit Authority, the Long Island Rail Road Company (LIRR) and the City of New York, for design, construction, reconstruction, rehabilitation, property transfers, cost sharing, fare collection, security, operations and maintenance in connection with facilities to be built at, and in the vicinity of, the Jamaica LIRR Station and Howard Beach Station and execute associated documents, such as, but not limited to, conveyances of property interests to and from the Port Authority; and it is further

**RESOLVED**, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to submit an application to the Federal Aviation Administration for the use of Passenger Facility Charge (PFC) funds for the Project including, but not limited to: the use of $138 million (which includes $2 million for the Newark International Airport Monorail Extension recovery of planning costs) in PFCs previously applied; the use of PFC funds above the $94 million currently allocated for the Central Terminal Area (CTA) component; the reallocation, as necessary, of Port Authority capital funds of $300 million previously authorized; the combining of the Howard Beach, CTA and Jamaica components into one project known as "AirTrain;" and the issuance of PFC stand-alone bonds to assist in financing the Project, if appropriate; and it is further

**RESOLVED**, that the Jamaica Economic Initiatives Project be and it hereby is authorized in an amount not to exceed $13 million, including administrative, engineering, planning and financial expense, payments to vendors, consultants and contractors and allowances for net cost work, extra work (if necessary) to provide a number of economic initiatives, including the establishment of an Aviation Program at York College, improvements to Rockaway Boulevard, including provision of a Local Business Resource Center, and development of parking initiatives at Jamaica; and it is further

**RESOLVED**, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to:

(a) obtain permits and approvals and to negotiate and enter into any agreements and or supplements to existing agreements with such entities as may be required to effectuate the Jamaica Economic Initiatives Project and to execute documents in connection therewith; and

(b) take such actions with respect to the award of purchase and construction contracts and agreements for professional, technical and advisory services related to the Jamaica Economic Initiative Project as he deems in the best interest of the Port Authority, including, without limitation: award to the lowest qualified bidder or proposer who in his opinion is qualified by reason of responsibility, experience and capacity to perform the work and whose bid or proposal price the Executive Director deems reasonable; rejection of all bids or proposals; solicitation of new bids or proposals on revised or the same requirements; or, negotiation with one or more bidders or proposers or other contractors and execution of contracts and supplemental agreements with such bidders or proposers or contractors as he deems in the best interest of the Port Authority, and the ordering of extra work (if necessary) and net cost work in connection with each contract, including supplemental agreements thereto; and it is further

**RESOLVED**, that the Committee on Construction be and it hereby is authorized to act for and on behalf of the Board in connection with authorizing arrangements for the construction of the LIRR's Jamaica Control Center (JCC), including but not limited to, sale of Port Authority property to accommodate the JCC and other matters related to the JCC; 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.

**ELIZABETH - PORT AUTHORITY MARINE TERMINAL - RECONFIGURATION AND REDEVELOPMENT OF CONTAINER TERMINALS - PROJECT AUTHORIZATION AND AWARD OF CONTRACTS**

Explosive growth in container traffic through the Port District has been forecasted, from a current annual level of 1.7 million containers to a projected 3.9 million containers by 2015. Based on current levels of productivity, more than 2,000 acres of container terminals would be required to accommodate this volume, an excess of approximately 750 acres over what is presently available. As a result, F.R. Harris and Richardson Associates were retained to determine ways to accommodate a portion of this new growth. Based on their analysis, a plan was developed to increase productivity by reconfiguring and upgrading the existing container terminal facilities at both the Elizabeth-Port Authority Marine Terminal (Elizabeth) and Port Newark.

Coincident with the development of this plan, Sea-Land Service, Inc. (Sea-Land) and Maersk, Inc. (Maersk), two shipping lines operating under separate leases at Elizabeth and Port Newark, issued a Request for Proposals to the Port Authority and others expressing interest in having a joint terminal on the East Coast that would serve as a hub for their international shipping businesses. As a result of this request and a desire to consolidate the two Maher Terminals, Inc. (Maher) terminal operations in Elizabeth, staff developed conceptual plans for the creation of a new Sea-Land/Maersk terminal and a new intermodal rail facility in Elizabeth through the relocation of a portion of the Maher leasehold and the demolition of several warehouses to create additional container terminal space.

Companion authorizations covering thirty-year lease agreements at Elizabeth with Maersk, through its Maersk Container Service Co., Inc. affiliate, and with Maher, and various surrender and other agreements in connection with this project, are being separately requested.

This project for the reconfiguration and redevelopment of the container facilities at Elizabeth would accommodate some of the projected growth in containerized cargo and would allow the Port Authority to retain Maersk, a major steamship line and the proposed purchaser of Sea-Land's cargo capacity, as a carrier in the Port District. The project would include planning, design and construction of a new rail-car storage facility, demolition of warehouses, paving and drainage, electrical work, and construction of a new intermodal rail terminal and removal of the railroad tracks at the existing ExpressRail facility. All contracts with respect to this project will include approved Port Authority Minority and Women Business Enterprise and labor force participation provisions, with good faith percentage goals appropriate at the time of award.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Donovan, Eisenberg, Gargano, Mack, Martini, Philibosian, Race, Sartor and Weinstein voting in favor; none against:

**RESOLVED**, that a project for the planning, design, reconfiguration and redevelopment of the container terminals at the Elizabeth-Port Authority Marine Terminal, at a total estimated project cost of $100 million, including payments to contractors, allowances for extra work (if necessary) and net cost work, payments to consultants, planning, engineering, administrative and financial expenses, and a project 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: a) take action with respect to purchase and construction contracts and contracts for professional and advisory services related to the foregoing project as he deems in the best interest of the Port Authority, including, without limitation, the award of Contract EP-384.028, "Demolition of 1300 and 2200 Series Buildings," at an estimated contract price of $7 million, Contract EP-384.040, "Portside Yard Storage Tracks," at an estimated contract price of $3.5 million, Contract EP-384.044, "Demolition of the 4000 and 4040 Buildings," at an estimated contract price of $4.4 million, Contract EP-384.049, "Demolition of 4010 and 4090 Buildings," at an estimated contract price of $0.9 million, Contract EP-384.045, "ExpressRail Intermodal Transfer Facility," at an estimated contract price of $35 million, and Contract EP-384.048, "Paving and Utilities at 1300 and 2200 Series Building Areas," at an estimated contract price of $9 million, to the lowest bidder(s) qualified by reason of responsibility, experience, and capacity to perform the work and whose bid price(s) the Executive Director deems reasonable; or to reject all bids, solicit new bids on revised or the same requirements or negotiate with one or more bidders or other contractors; and b) execute contracts and supplemental agreements with such bidders or contractors as he deems in the best interest of the Port Authority, and to order extra work (if necessary) and net cost work in connection with each contract, including supplemental agreements thereto, and enter into such other agreements as may be necessary to effectuate the project; 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.

**JOHN F. KENNEDY INTERNATIONAL AIRPORT - NEWARK INTERNATIONAL AIRPORT - THE HUDSON TUBES FACILITY - LEASE AGREEMENT FOR CERTAIN AREAS OF THE REDEVELOPED JAMES A. FARLEY BUILDING TRANSPORTATION AND COMMERCE CENTER**

In connection with the redevelopment of the James A. Farley Building and related or associated facilities (the Building), in New York City, by the New York State Urban Development Corporation and/or its subsidiaries (collectively, the Empire State Development Corporation), into an intermodal transportation and commerce center serving the New York and New Jersey region, it was recommended that the Board authorize the Executive Director to enter into a lease agreement with the Empire State Development Corporation, for approximately 40,000 rentable square feet in the Building. The lease agreement would be for a term of approximately 35 years, commencing in January 2003, at an annual rental of approximately $8.3 million (with the option to prepay rent in two equal annual installments totaling approximately $120 million). Additionally, since the Empire State Development Corporation presently intends to pledge the rentals received from its leases of the Building in support of bonds or other obligations to be issued to finance the redevelopment, rental payments by the Port Authority would not be subject to abatement or reduction and rental payment provisions would be in a form customary for "bondable" leases.

The Port Authority would use the leased space to provide enhanced airport access for passengers and others using John F. Kennedy International Airport and Newark International Airport and enhanced services for Port Authority Trans-Hudson Corporation (PATH) commuters. The leased space would include areas in an intermodal transportation hall, including passenger waiting and baggage check-in areas, as well as those necessary for passenger information systems. Additional leased space may be necessary in the future to accommodate airline ticket counters and baggage check-in areas.

It was also recommended that the Board delegate to the Committee on Operations the authority to approve the final terms and conditions of the lease agreement in the event that the lease agreement's terms and conditions are not substantially in accordance with the terms and conditions outlined to the Board.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Donovan, Eisenberg, Gargano, Mack, Martini, Philibosian, Race, Sartor and Weinstein 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 a lease agreement with the New York State Urban Development Corporation and/or its subsidiaries, substantially in accordance with the terms and conditions outlined to the Board; 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 lease agreement in the event that the terms and conditions are not substantially in accordance with those outlined to the Board; and it is further

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

**ELIZABETH-PORT AUTHORITY MARINE TERMINAL - MAHER TERMINALS, INC. - LEASE AGREEMENTS**

It was recommended that the Board authorize the Executive Director to: (i) accept early surrender of portions of the Tripoli Street lease from Maher Terminal, Inc. (Maher); (ii) accept early surrender of the Maher Fleet Street lease; (iii) enter into a new 30-year lease agreement with Maher covering the letting of a marine terminal (the Terminal) at the Elizabeth-Port Authority Marine Terminal; (iv) under the lease provide Maher with up to $46 million for specified infrastructure improvements on the Terminal; and (v) provide Maher with up to $204 million in additional terminal improvements and crane purchases, which would be recovered on a financially self-sustaining basis as additional rental.

The Terminal will cover approximately 445 acres encompassing the Bay Avenue terminal area, remaining portions of the Tripoli Street terminal area, new terminal area to be created by the demolition of certain underutilized warehouses, and the entire Fleet Street leasehold. The rental will be a negotiated basic rental subject to periodic escalations. Throughput rental on containers will commence in 2008 with escalations through the remainder of the term of the lease. The Port Authority will be obligated to provide up to $46 million without reimbursement from Maher for berth and wharf modifications, upgrading electrical services and other on-terminal capital improvements. Maher will be obligated to invest in a specific list of projects, the timing of which will be tied to achieving 45' and 50' mean low water (MLW) in the approach channel depths. Maher will be required to complete the 45' improvements no later than one year following the availability of the beneficial use of the approach channels to 45' MLW. Maher will be required to complete the 50' improvements no later than one year following the availability of the beneficial use of the approach channels to 50' MLW. In addition to the foregoing investment in berth, wharf and electrical facilities, the Port Authority will be obligated to advance Maher up to $204 million for terminal projects and crane purchases, which will be recovered under the lease as additional rental on a financially self-sustaining basis.

There will be a terminal container throughput guarantee under the lease (the Terminal Guarantee). The Terminal Guarantee will become effective in 2008 or the lease year immediately following the availability of the beneficial use of the approach channels to 45' MLW, whichever occurs later. Minimums will be increased in the lease year immediately following the availability of the beneficial use of the channels to 50' MLW. Maher will pay a minimum throughput rental, and the Port Authority will have the right to terminate the leasehold if volume at the Terminal falls below specific levels for consecutive periods.

Maher shall repay the unamortized capital investment in the Maher Fleet Street lease in the form of additional rental.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Donovan, Eisenberg, Gargano, Mack, Martini, Philibosian, Race, Sartor and Weinstein 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: (i) accept early surrender of portions of the Maher Tripoli Street lease; (ii) accept early surrender of the Maher Fleet Street lease; (iii) enter into a new lease agreement with Maher Terminals, Inc. (Maher), substantially in accordance with the terms and conditions outlined to the Board; (iv) under the lease provide up to $46 million to Maher for specified infrastructure improvements in the terminal area for the new lease; and (v) provide Maher with up to $204 million in additional terminal improvements and crane purchases, which will be recovered on a financially self-sustaining basis as additional rental under the new lease agreement; the form of the agreements shall be subject to the approval of General Counsel or his authorized representative.

**STATEN ISLAND - AUTHORIZATION TO PURSUE ACQUISITION OF PROCTER & GAMBLE SITE**

It was recommended that the Board: (1) authorize the Executive Director to pursue the acquisition of a 124-acre site on Staten Island, New York, from the Procter & Gamble Manufacturing Company (P&G) and to enter into any agreements regarding this acquisition, including the acceptance of a deed for the site, the terms of any such agreements to be subject to the review and approval of the Committee on Operations; and (2) delegate to the Committee on Operations the authority to review and approve the terms of any agreements regarding this acquisition.

The Port Authority has determined that it would be beneficial to acquire from P&G a 124-acre complex consisting of three parcels that are adjacent to the Howland Hook Marine Terminal (HHMT) and containing approximately 1.6 million square feet of building area in 55 structures. Based on the findings of the *Port Investment Options Study*, the Port Commerce Department's Master Plan for the Port of New York and New Jersey identified the need for additional container terminal acreage at the HHMT. This action will permit the Port Authority to pursue the acquisition of the P&G facility for expanded maritime purposes, including the development of a container terminal and possibly an intermodal rail yard, consisting of approximately 39 acres and 38 acres, respectively. All structures in these two parcels would have to be demolished. The remaining 47-acre parcel would also be used for marine-related and industrial purposes. The implementing documents for the acquisition will provide for appropriate environmental protections and indemnifications for the benefit of the Port Authority.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Donovan, Eisenberg, Gargano, Mack, Martini, Philibosian, Race, Sartor and Weinstein 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 pursue the acquisition of a 124-acre site on Staten Island, New York, from the Procter & Gamble Manufacturing Company and to enter into any agreements regarding this acquisition, including the acceptance of a deed for the site, the terms of any such agreements to be subject to the review and approval of the Committee on Operations; and it is further
>
> **RESOLVED**, that the Committee on Operations be and it hereby is authorized, for and on behalf of the Port Authority, to review and approve the terms of any agreements regarding this acquisition; and it is further
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> **RESOLVED**, that the form of all contracts and agreements, in each case, in connection with the foregoing shall be subject to the approval of General Counsel or his authorized representative.

**HOWLAND HOOK MARINE TERMINAL – HOWLAND HOOK CONTAINER TERMINAL, INC. – LEASE AMENDMENT**

It was recommended that the Board authorize the Executive Director to enter into an agreement to amend the lease with Howland Hook Container Terminal, Inc. (HHCT) covering the Howland Hook Marine Terminal (Terminal) to: (1) eliminate the minimum annual container/non-container cargo throughput rentals; (2) eliminate the existing container throughput rental; (3) provide for a basic rental and throughput rental; and (4) provide rental credits until beneficial use of certain improvements are available to HHCT. Except as otherwise stated herein, the amendments will be effective retroactive to January 1, 2000.

HHCT will pay a basic rental at the annual rate of $39,750 per acre for the 147-acre Terminal, which annual rate will escalate at 2 percent per year. Commencing on January 1, 2004 or the lease year following the availability of the beneficial use of the approach channels to 45' mean low water (MLW), whichever occurs later, HHCT will pay container throughput rental with escalations through the remainder of the term of the lease.

HHCT will receive annual rental credits in specific amounts against the basic rental until: (1) HHCT has the beneficial use of an additional 500 feet of berthing area; (2) HHCT has beneficial use of an intermodal rail facility at or adjacent to the Terminal; and (3) HHCT has beneficial use of a 41' MLW approach channel. These rental credits will escalate in accordance with the escalation of the basic rental.

The Port Authority will agree to dredge to maintain the leased berths at the Terminal at specified depths, subject to obtaining appropriate governmental permits and approvals. The Port Authority's obligation will be limited by providing for a cap with regard to allowable costs per cubic yard. Such cap will be escalated over the term of the lease.

The final terms of the agreement will be subject to the review and approval of the Committee on Operations.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Donovan, Eisenberg, Gargano, Mack, Martini, Philibosian, Race, Sartor and Weinstein 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 to amend the lease with Howland Hook Container Terminal, Inc. covering the Howland Hook Marine Terminal, substantially in accordance with the terms and conditions outlined to the Board; the form of the agreement shall be subject to the approval of General Counsel or his authorized representative; and it is further
>
> **RESOLVED**, that the Committee on Operations be and it hereby is authorized to review and approve the agreement with Howland Hook Container Terminal, Inc.

**BROOKLYN-PORT AUTHORITY MARINE TERMINAL - RED HOOK CONTAINER TERMINAL - PURCHASE OF EQUIPMENT AND REIMBURSEMENT TO AMERICAN STEVEDORING, INC.**

The New York City Economic Development Corporation (NYCEDC) informed the Port Authority of its intended acquisition of two post-panamax electric container cranes for the Red Hook Container Terminal in January 1999. This action by the City of New York (the City) is designed to accommodate increases in container barge capacity and to service container volume growth associated with the Port Authority purchase of equipment for a permanent trans-harbor freight service.

Trans-harbor freight/barge service between the Red Hook Container Terminal and the Port Newark and Elizabeth marine terminals began in October 1991. This service was begun in an effort to arrest a volume decline at the Red Hook terminal that was attributed to the deteriorated landside access caused by the Gowanus Expressway Reconstruction Project. The Port Authority has been granted capital funds from both the State of New York Department of Transportation and the State of New Jersey Department of Transportation to implement a permanent service that will increase the operating efficiencies of the Red Hook barge service, further remove truck traffic from the Gowanus Expressway and, consequently, improve local air emissions quality along the network of trucking corridors surrounding the facility. The new trans-harbor freight service, launched in January 2000, employs two barges and two state-of-the-art mobile harbor cranes in New Jersey, in lieu of the single barge and gantry crane previously in service. However, in order to successfully manage the increased volume of containers to be transported under the new system, additional investments in container capacity also must be made through the purchase of equipment for the Red Hook facility.

Re-equipping the facility may include, but not be limited to, the purchase of two new electric container cranes, the repainting of two cranes and replacement of all logos, the relocation of one Port Authority-owned Paceco crane, the dismantling of one New York City-owned Star crane, the purchase of three new spreaders and the purchase of one new head block, at a total program cost of approximately $11.0 million. The barge service is currently operated by American Import-Export Trucking Company, a subsidiary of American Stevedoring, Inc. (ASI), the lessee of the Red Hook Container Terminal, under an agreement with the Port Authority.

After discussions between the Port Authority and NYCEDC, the Port Authority advised the City of its willingness to participate in the program to re-equip the Red Hook Container Terminal primarily by purchasing two new cranes from the City. In addition, the Port Authority will reimburse ASI for the conversion of two existing diesel-powered cranes to be electric-powered.

If the lease between the Port Authority and ASI is not renewed for a period to allow full amortization of the cranes, the Port Authority may, at its discretion, elect to have the City compensate it for the unamortized value of the purchased cranes, or retrofit the cranes and relocate them to the Howland Hook Marine Terminal or any other New York City facility, based on an agreement between New York City and the Port Authority, at no additional cost to the City. In addition, ASI's existing lease for the Red Hook Container Terminal will also be supplemented to reflect its obligations for the maintenance and insurance of the equipment, as necessary.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Donovan, Eisenberg, Gargano, Mack, Martini, Philibosian, Race, Sartor and Weinstein 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 New York City Economic Development Corporation for re-equipping the Red Hook Container Terminal, primarily for the purchase of two new electric-powered container cranes to be located at the Red Hook Container Terminal in Brooklyn and the conversion of two existing cranes from diesel-powered to electric-powered; and to enter into an agreement with American Stevedoring, Inc. to reimburse it for the work related to the conversion of the two existing cranes; all at an estimated cost of $12.4 million; the form of the agreements shall be subject to the approval of General Counsel or his authorized representative.

## HOWLAND HOOK MARINE TERMINAL - PLANNING AUTHORIZATION AND AWARD OF CONTRACT HH-334.008

It was recommended that the Board: authorize an estimated $16 million for planning and design work for the development of an intermodal rail transfer facility adjacent to the Howland Hook Marine Terminal (Howland Hook) on either a 124-acre site which the Port Authority may acquire from Procter & Gamble Manufacturing Company (P&G) or on a 50-acre site which the Port Authority may lease from The City of New York, a wharf extension/deepening project at Howland Hook, and the demolition of the former Central Terminal Control Tower Building at Howland Hook; and authorize the Executive Director to award a contract estimated at $7 million to improve approximately 11 acres of open area at Howland Hook.

Howland Hook consists of a gross terminal area of approximately 187 acres and 2,500 linear feet of berth space leased by the Port Authority from the City of New York. Since the reopening of the terminal in 1996 through a 25-year sublease with Howland Hook Container Terminal, Inc. (HHCTI), the volume of containerized and bulk cargo passing through the terminal has grown steadily. This growth, together with the loss of available berthing and container cargo space resulting from the relocation of the Ecuadorian fruit cargo facility from Port Newark to Howland Hook, has created a need to extend the berth from 2,500 feet to at least 3,000 feet and to pave and install drainage utilities on the existing 11 acres of undeveloped open area at the terminal, which space is a part of HHCTI's subleased premises.

In addition, the growth in rail cargo generated at Howland Hook has made it necessary and cost-effective for the development of an on-dock intermodal rail transfer facility in lieu of transporting this cargo by truck to the ExpressRail facility at the Elizabeth-Port Authority Marine Terminal. Based on feasibility, the site of the proposed intermodal facility would be part of either a 124-acre parcel which the Port Authority may acquire from P&G, for which authorization to acquire is being separately requested, or Arlington Yard, a 50-acre site which the Port Authority may lease from The City of New York, for which authorization to lease would be requested in the future. A project authorization for the development of this site would also be requested in the future.

Planning and design work under this authorization would include the development of the intermodal rail transfer facility, a project for the extension of the existing Howland Hook wharf by approximately 500 feet and the strengthening of approximately 960 feet of the existing wharf to enable dredging to 50 feet, and the demolition of the former Central Terminal Control Tower Building. Improvements under this authorization would include the paving and installation of drainage utilities on the undeveloped 11-acre site.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Donovan, Eisenberg, Gargano, Mack, Martini, Philibosian, Race, Sartor and Weinstein voting in favor; none against:

**RESOLVED**, that planning and design work for the development of an intermodal rail transfer facility adjacent to the Howland Hook Marine Terminal on either a 124-acre site which the Port Authority may acquire from Procter & Gamble Manufacturing Company or on a 50-acre site which the Port Authority may lease from The City of New York, a wharf extension/deepening project at the Howland Hook Marine Terminal, and the demolition of the former Central Terminal Control Tower Building at the Howland Hook Marine Terminal, at a total estimated cost of $16 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 take such action with respect to agreements for professional, technical and advisory services related to the foregoing planning and design work as he deems in the best interest of the Port Authority; and it is further

**RESOLVED**, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to: a) award Contract HH-334.008, "Open Area Paving and Utilities," for the paving and installation of drainage utilities on approximately 11 acres of open area at the Howland Hook Marine Terminal, at an estimated contract price of $7 million, to the lowest bidder qualified by reason of responsibility, experience, and capacity to perform the work and whose bid price the Executive Director deems reasonable; or to reject all bids, solicit new bids on revised or the same requirements or negotiate with one or more bidders or other contractors; b) execute contracts and supplemental agreements with such bidders or contractors as he deems in the best interest of the Port Authority, and order extra work (if necessary) and net cost work in connection with each contract, including supplemental agreements thereto; and, c) enter into such other agreements as may be necessary to effectuate the project; 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.

# RED HOOK CONTAINER TERMINAL - AUTHORIZATION TO CONTINUE THE BARGE PROGRAM

The Red Hook Barge Program (Barge Program) has been supported in part by the Port Authority since the Gowanus Expressway Reconstruction Program began in 1991. It was designed to maintain the current levels of service and to mitigate adverse impacts of the Gowanus reconstruction on roadside access to Red Hook by transporting containers between the Red Hook Container Terminal and the New Jersey Marine Terminals via barge. The Barge Program was supported in 1991 by the Board's authorization to expend $3.1 million in Port Authority funds for operation of the program. In September 1993, the Board authorized the Port Authority's continued participation in the Barge Program and has periodically authorized additional expenditures to support ongoing operations.

At its March 1997 meeting, the Board authorized $18.5 million in operating funds through the year 2001. Together with an earlier authorization of $1.5 million, a total of $20 million in operating funds was made available for the five-year period of 1997-2001. In 1997, $5.5 million was expended, with $5.2 million being expended in 1998 and $3.1 million in 1999. While container volume on the Red Hook Barge is expected to grow in 2000, expenses should stabilize as the cost per box decreases with the implementation of a modernized barge system in the first quarter of 2000. Total operating expenses in 2000 are anticipated to be $6.4 million, of which $3.1 million will be reimbursed by the Port Authority.

To date, the Port Authority has authorized $30.4 million in operating assistance, including New York State Bank I funds of $2.1 million. In addition, the Port Authority has received New York State Congestion Mitigation and Air Quality (CMAQ) funds in the amount of $2.3 million and New Jersey CMAQ funds totaling $849,000 for operating expenses. The barge is operated by American Import-Export Trucking Company, a subsidiary of American Stevedoring, Inc. (ASI), the lessee of the Red Hook Container Terminal, under agreement with the Port Authority.

Continued participation in and funding for the Barge Program will support the ongoing tenancy of ASI at the Red Hook Container Terminal and assist New York State in realizing its economic development and air quality goals.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Donovan, Eisenberg, Gargano, Mack, Martini, Philibosian, Race, Sartor and Weinstein 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 expend $3.1 million of Port Authority-budgeted funds for the operation of the Red Hook Barge Program in 2000.

## HOWLAND HOOK MARINE TERMINAL - PURCHASE OF CONTAINER CRANES FROM THE CITY OF NEW YORK

The Howland Hook Marine Terminal (HHMT) consists of 187 acres and 2,500 linear feet of berth space leased by the Port Authority from the City of New York (the City) through 2023. One hundred and forty-seven acres of the terminal are subleased to Howland Hook Container Terminal, Inc. under an agreement which expires in 2019. Containerized and bulk cargo has grown steadily at the HHMT and a long-term expansion plan has been developed to allow for the continued growth of cargo volumes. Ownership by the Port Authority of five container cranes presently owned by the City will assist in facilitating the expansion at the HHMT by providing the Port Authority with the flexibility to allocate these cranes during the expansion period.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Donovan, Eisenberg, Gargano, Mack, Martini, Philibosian, Race, Sartor and Weinstein 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: (a) enter into an agreement with the City of New York to purchase Peiner Crane No. VL50.0101 and IHI Crane Nos. 8851, 8853, 8852, and 8855, at a total cost of $5,680,000, which price was determined by an independent appraisal; and (b) make the appropriate modifications to the existing lease with Howland Hook Container Terminal, Inc. to reflect the addition of this equipment; the form of the agreement and lease amendment shall be subject to the approval of General Counsel or his authorized representative.

**NEW JERSEY MARINE TERMINAL COMPLEX - DISPOSITION OF ASSETS - SALE OF CONTAINER CRANES**

Based upon forecasts of significant increases in container traffic in the Port of New York and New Jersey over the next 20 years, staff has developed a plan to reconfigure the container terminal facilities at the New Jersey Marine Terminal complex. Our experience and industry forecasts demonstrate that average ship size and the frequency of their calls to the port will continue to increase to accommodate increased container traffic. The five container cranes to be declared surplus and sold are not capable of servicing these larger ships. All of the cranes are Paceco container cranes; four were built in 1967, and one was built in 1972. All of the cranes are currently under leasing agreements with tenants who are not expected to extend these agreements beyond the end of August 2000. Without lease agreements, the Port Authority would be responsible for routine maintenance costs.

Each crane and its associated spare parts will be sold "as is," and "where is." The cranes will be sold individually or in combination, at prices to be determined through a publicly advertised process or by independent appraisal. The purchaser will accept all responsibility to move, relocate, or disassemble the crane(s) safely and shall incur all costs associated with such move, relocation, or disassembly.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Donovan, Eisenberg, Gargano, Mack, Martini, Philibosian, Race, Sartor and Weinstein 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 declare Paceco container cranes 299, 300, 569, 282 and 264 and their associated spare parts surplus to the needs of the Port Authority; and it is further

**RESOLVED**, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to allow for the sale of Cranes 299, 300, 569, 282, and 264, and their associated spare parts, individually or in combination, at a price to be determined through a publicly advertised process or independent appraisal.

## CAPITAL PLAN STUDY

It was recommended that, as an adjunct to the Port Authority's business planning process, Port Authority staff, together with such financial and other experts as are deemed necessary, prepare a study leading to the development of a methodology to analyze the appropriateness of capital projects to be undertaken by the Port Authority in the context of the Port Authority's overall financial capacity. It is anticipated that such study will initially lead to the adoption of a five-year capital plan for the period 2001-2005, which would be revised on an annual basis and which would take into account issues of equity and fairness between the States of New York and New Jersey and the future allocation of Port Authority resources. The study would also undertake an analysis of the Port Authority's current revenue sources, including the Port Authority Trans-Hudson fare, interstate bridge and tunnel tolls, and charges at the Port Authority Bus Terminal, as well as the amount and timing of any enhancements necessary to accomplish the capital plan consistent with existing legislation and agreements with the holders of the Port Authority's obligations. During the course of this study, consideration would also be given to the financial and operational structure of the Port Authority.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Donovan, Eisenberg, Gargano, Mack, Martini, Philibosian, Race, Sartor and Weinstein voting in favor; none against:

> **RESOLVED**, that the Executive Director be and he hereby is authorized to commence the above-described study and, in connection therewith, to enter into agreements, for and on behalf of the Port Authority, with financial and other experts to provide professional, technical or advisory services; and it is further
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> **RESOLVED**, that the form of any such agreements shall be subject to the approval of General Counsel or his authorized representative.

Whereupon, the meeting was adjourned.

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Secretary