

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Thursday, February 21, 2008

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MINUTES of the Meeting of The Port Authority of New York and New Jersey held Thursday, February 21, 2008 at 225 Park Avenue South, City, County and State of New York

PRESENT:

NEW JERSEY

Hon. Anthony R. Coscia, Chairman
 Hon. Virginia S. Bauer
 Hon. Raymond M. Pocino
 Hon. Anthony J. Sartor
 Hon. David S. Steiner

NEW YORK

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

Anthony E. Shorris, Executive Director
 Darrell B. Buchbinder, General Counsel
 Karen E. Eastman, Secretary

Matthew A. Baratz, General Manager, Public Relations, Public Affairs
 Diana E. Beecher, Chief Technology Officer
 A. Paul Blanco, Chief Financial Officer
 Ernesto L. Butcher, Deputy Executive Director, Operations
 Jennifer Coady, Management Associate, Human Resources
 Steven J. Coleman, Assistant Director, Media Relations, Public Affairs
 William R. DeCota, Director, Aviation
 John C. Denise, Audio Visual Supervisor, Public Affairs
 Michael P. DePallo, Director, Rail Transit
 Pasquale DiFulco, Executive Communications Specialist, Public Affairs
 Michael P. Dombrowski, Cinematographer, Public Affairs
 John J. Drobny, Director, Project Management
 Michael G. Fabiano, Deputy Chief Financial Officer/Comptroller
 Ziomara Y. Foster, Principal Business Manager, Office of the Secretary
 Michael B. Francois, Director, Development
 William H. Goldstein, Deputy Executive Director, Capital Programs
 Linda C. Handel, Assistant Secretary
 Mary Lee Hannell, Director, Human Resources
 Alan H. Hicks, Senior Public Information Officer, Public Affairs
 Lawrence S. Hofrichter, Deputy General Counsel
 Howard G. Kadin, Esq., Law
 Victoria C. Kelly, Director, Tunnels, Bridges and Terminals
 Kevin J. Kirchman, Deputy Director, Public Affairs
 Louis J. LaCapra, Chief Administrative Officer
 Richard M. Larrabee, Director, Port Commerce
 Marc LaVorgna, Assistant Director, Media Relations, Public Affairs
 Chi Mei Lee, Management Associate, Human Resources
 Susan Bass Levin, First Deputy Executive Director
 Andrew Levine, Assistant Director, Audit
 Francis J. Lombardi, Chief Engineer
 Stephen Marinko, Esq., Law
 Catherine M. Massab, Supervising Office Assistant, Office of the Secretary
 James E. McCoy, Manager, Board Management Support, Office of the Secretary

Sanjay Mody, Advisor to the Chairman
Anne Marie C. Mulligan, Treasurer
Tony F. Oliver, Senior Marketing Analyst, Public Affairs
Andrew Rachlin, Special Assistant to the Executive Director
Richard R. Roper, Director, Planning
Stephen H. Sigmund, Chief, Public and Government Affairs
Ralph Tragale, Client Manager, Government and Community Affairs
Lillian D. Valenti, Director, Procurement
Sheree R. Van Duyne, Manager, Policies and Protocol, Office of the Secretary

Guest:

Sonia Frontera, Authorities Unit, Office of the Governor of New Jersey

Public Speaker:

Almeta Walker

The public session was called to order by Chairman Coscia at 1:31 p.m. and ended at 1:56 p.m. The Board met in executive session prior to the public session.

Action on Minutes

The Secretary submitted for approval Minutes of the meetings of December 18, 2007 and January 4, 2008. 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 Audit Committee

The Audit Committee reported, for information, on matters discussed in executive session at its meeting on February 21, 2008, which included matters involving external or internal investigations or audits, and the report was received.

Report of World Trade Center Redevelopment Subcommittee

The World Trade Center Redevelopment Subcommittee reported, for information, on matters discussed in public session at its meeting on February 21, 2008, which included an update on plans to develop a restaurant in One World Trade Center, the Freedom Tower (Freedom Tower), increases to an existing construction management services contract and a construction trade contract in connection with foundation and structural work in the West Bathtub at the World Trade Center (WTC) site, discussion of additional construction trade contracts for below-grade roofing and waterproofing and the installation of convector enclosures in connection with the development of the Freedom Tower and review of an increase to an existing general site work order contract for the relocation of the Vesey Street stair remnant at the WTC site, and the report was received.

Report of Governance and Ethics Committee

The Governance and Ethics Committee reported, for information, on matters discussed in public session at its meeting on February 21, 2008, which included discussion and review of the Committee's 2008 calendar, discussion of ethics policies for Commissioners and staff, and review and adoption of the Committee Charter, and the report was received.

Report of Committee on Capital Programs/Agency Planning

The Committee on Capital Programs/Agency Planning reported, for information, on matters discussed in public session at its meeting on February 21, 2008, which included discussion of an item for construction and planning work for the adaptive reuse of the historic Building 60 at John F. Kennedy International Airport and discussion of agreements to fund hybrid yard hostler demonstration and evaluation projects at Howland Hook Marine Terminal and the Elizabeth-Port Authority Marine Terminal, and the report was received.

Report of Committee on Operations

The Committee on Operations reported, for information, on matters discussed in public session at its meeting on February 21, 2008, which included discussion of an item to acquire certain property in Holmdel, New Jersey in connection with the Hudson-Raritan Estuary Program, a pilot program for a regional test of contactless bankcards for fare payment, and an update on efforts to reduce greenhouse gas emissions at Port Authority facilities, 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 February 21, 2008, which included discussion of a project for the rehabilitation of Runway 4-22 and associated taxiways at LaGuardia Airport, and the report was received.

Executive Director's Report

The Executive Director provided a status report on various projects and accomplishments since the Board's last meeting.

Staff Reports

Presentations were made by staff on:

- 1) Pilot Program for Regional Test of Contactless Bankcards for Fare Payment; and
- 2) All Airports – Flight Delay Policy.

JOHN F. KENNEDY INTERNATIONAL AIRPORT – BUILDING 60 – TRANS WORLD AIRLINES FLIGHT CENTER ADAPTIVE RE-USE PHASE I RESTORATION – PROJECT AUTHORIZATION AND AWARD OF CONTRACT JFK-1008 – PHASE II PLANNING AUTHORIZATION

It was recommended that the Board authorize: (1) a project for the Phase I rehabilitation of historic Building 60 at John F. Kennedy International Airport (JFK), at an estimated total project cost of \$19 million; (2) planning for Phase II of the project, for improvements to allow for future multi-tenant occupancy and investment in leasehold areas of Building 60, at an estimated cost of \$1 million; and (3) the Executive Director to award Contract JFK-1008-TWA Flight Center Asbestos Abatement and Installation of Soundproofing, to the lowest bidder after public advertisement, at a total estimated construction cost of \$3.3 million.

Building 60 at JFK, formerly known as the Trans World Airline Flight Center, is a designated New York City landmark that is listed on the National and State Registers of Historical Places. The building has been vacant since 2002 and is currently maintained by the Port Authority under a Memorandum of Agreement (MOA) with the Federal Aviation Administration, New York State Historical Preservation Office and Advisory Council on Historic Preservation. The MOA was entered into as part of the Record of Decision for the new Terminal 5 (JetBlue Terminal) project at JFK, and requires that the Port Authority perform certain maintenance obligations with respect to Building 60 and seek to execute an agreement with a developer for the restoration and adaptive re-use of Building 60.

A Request for Proposals for the adaptive re-use of Building 60 was advertised in December 2006 to provide for the restoration and preservation of the building; however, only one proposal was received, which was subsequently determined to be nonresponsive. As a result, the proposed project was developed, under which the Port Authority would advance certain work to meet the Port Authority's obligations under the MOA and to ensure that Building 60 functions effectively with the opening of the JetBlue Terminal in September 2008.

The scope of work for Phase I would include the renovation of exterior elements of Building 60 and interior renovations of common spaces, to provide public access to the new JetBlue Terminal. In addition, authorization is requested for additional needed improvements to support a future second phase of the project for multi-tenant occupancy of the building.

Contract JFK-1008 would provide for the removal of asbestos-containing materials and installation of soundproofing in portions of the mezzanine area of Building 60.

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

RESOLVED, that a project for Phase I of exterior and interior renovations of historic Building 60 at John F. Kennedy International Airport, at an estimated project cost of \$19 million (the Project), including payments to contractors, allowances for extra work (if necessary), and net cost work, engineering, administrative and financial expenses, and a contingency (if necessary), be and it hereby is authorized; and it is further

RESOLVED, that planning for Phase II of the Project for improvements to allow for future multi-tenant occupancy and investment in leasehold areas of Building 60, at an estimated cost of \$1 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 award Contract JFK-1008-TWA Flight Center Asbestos Abatement and Installation of Soundproofing, to the lowest bidder after public advertisement, at a total estimated construction cost of \$3.3 million; 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 and advisory services and such other contracts and agreements as may be necessary to effectuate the foregoing Project, pursuant to authority granted in the By-Laws or other resolution adopted by the Board; and it is further

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

JOHN F. KENNEDY INTERNATIONAL AIRPORT – BACKFLOW PREVENTION DEVICES AND WATER METER UPGRADES – PHASE I – PROJECT AUTHORIZATION AND AWARD OF CONTRACT JFK-948.144 - PHASES II AND III – PLANNING AUTHORIZATION

It was recommended that the Board authorize: (1) Phase I of a project (Project) to provide for the installation of backflow prevention devices and water meter upgrades at John F. Kennedy International Airport (JFK), at an estimated cost of \$5.5 million; (2) the Executive Director to award Contract JFK-948.144, Backflow Prevention Devices and Water Meter Upgrades – Phase I, at an estimated total construction cost of \$3.1 million; and (3) planning and design work for Phases II and III of the Project, at an estimated cost of \$1.5 million.

Water at JFK is supplied at low pressure for domestic purposes and sprinklers, and at high pressure for firefighting. Low-pressure water is obtained from New York City. High-pressure water is generated at a pump station at Building 161 at JFK.

Backflow prevention devices protect New York City and each airport user from contamination that might be introduced into the water system in the event of a water main break. The federal Safe Drinking Water Act requires installation and testing of backflow prevention devices on all public water services to buildings. The City of New York also requires backflow prevention devices. The completion of the Project work would ensure that these buildings comply with the federal and New York City requirements.

Existing water meters have reached the end of their useful life and are no longer considered reliable. Under the Project, water meter replacement would be combined with the installation of backflow preventers to minimize construction cost and disruption. Water meters would be equipped with remote reading devices for ease and accuracy of readings. The installation of these devices would enable the Port Authority to control and monitor all water supplies to Port Authority-operated facilities at JFK.

Work would be performed in three phases. Phase I, the simplest, provides for minor modifications and for the installation of backflow prevention devices and water meter upgrades at 11 Port Authority buildings and hangars. Phase II provides for the installation of backflow prevention devices and water meter upgrades at 20 Port Authority buildings and hangars, while Phase III provides for the installation of backflow prevention devices and water meter upgrades at 16 Port Authority buildings and hangars. It is anticipated that tenant-operated buildings will be addressed under a future authorization.

Phase I would commence in the first quarter of 2008 and is estimated to be completed by the second quarter of 2009. Phases II and III are scheduled to start in the first quarter of 2009 and are estimated to be completed by 2011.

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

RESOLVED, that Phase I of a project to provide for the installation of backflow prevention devices and water meter upgrades at John F. Kennedy International Airport, at an estimated cost of \$5.5 million (the Project), including payments to contractors, allowances for extra work (if necessary) and net cost work, engineering, administrative and financial expenses and a contingency (if necessary), be and it hereby is authorized; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to award Contract JFK-948.144 to Stevens Technical Services, Inc. for the installation of backflow prevention devices and new water meter upgrades in 11 Port Authority-controlled buildings at John F. Kennedy International Airport, at a total estimated construction cost of \$3.1 million; 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 and advisory services and such other contracts and agreements as may be necessary to effectuate the foregoing Project, pursuant to authority granted in the By-Laws or other resolution adopted by the Board; and it is further

RESOLVED, that planning and design work for Phases II and III of the Project, at an estimated cost of \$1.5 million, be and it hereby is authorized; and it is further

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

LAGUARDIA AIRPORT – PAVEMENT REHABILITATION AND ELECTRICAL SYSTEM UPGRADE OF RUNWAY 4-22 AND ASSOCIATED TAXIWAYS – PROJECT AUTHORIZATION AND AWARD OF CONTRACT LGA-124.021

It was recommended that the Board authorize: (1) a project for pavement rehabilitation and an electrical system upgrade of Runway 4-22 and associated taxiways at LaGuardia Airport, at an estimated total project cost of \$60 million, including engineering, project and construction management, payments to contractors, allowances for extra work (if necessary) and net cost work, administrative and financial expenses; and (2) the Executive Director to award Contract LGA-124.021 to the lowest qualified bidder, at an estimated total construction cost of \$39.1 million, subject to final review of the Committee on Construction prior to award.

Runway 4-22 was last rehabilitated in 1994 and is in need of rehabilitation by no later than 2009. Also, the electrical infrastructure supporting the aeronautical lighting systems along Runway 4-22 has reached its maximum capacity, and the underground electrical distribution systems should be replaced in light of their age. Meanwhile, in order to comply with Federal Aviation Administration (FAA) standards, replacement of the existing runway lighting (and an upgraded electrical system to supply the lighting) is required.

The proposed project would maintain Runway 4-22 in a state-of-good-repair condition, comply with FAA standards, enhance safety, reduce maintenance costs and extend for approximately ten years the service life of the runway pavement.

Contract LGA-124.021 would provide for milling, repaving, lighting and electrical upgrades, pavement markings, duct banks, electrical regulators, touchdown zone lights (for visual guidance for pilots) and miscellaneous drainage improvements for Runway 4-22 and its associated taxiways.

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

RESOLVED, that a project for pavement rehabilitation and an electrical system upgrade of Runway 4-22 and associated taxiways at LaGuardia Airport (Project), at an estimated total Project cost of \$60 million, including engineering, project and construction management, payments to contractors, allowances for extra work (if necessary) and net cost work, administrative and financial expenses, be and it hereby is authorized; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to take action with respect to contracts for professional and advisory services and such other contracts and agreements as may be necessary to effectuate the foregoing Project, pursuant to authority granted in the By-Laws or other resolution adopted by the Board; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to award Contract LGA-124.021, Pavement Rehabilitation and Electrical System Upgrade of Runway 4-22 and Associated Taxiways, to the lowest bidder, at an estimated total construction cost of \$39.1 million, subject to final review of the Committee on Construction prior to award; and it is further

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

**JOHN F. KENNEDY INTERNATIONAL AIRPORT – FLYING FOOD GROUP, LLC. –
LEASE AYD-749 – NEW LEASE**

It was recommended that the Board authorize the Executive Director to enter into: (1) a lease agreement with Flying Food Group, LLC (Flying Food) providing for the letting of approximately 106,520 square feet of space in Building 146 and 5.75 acres of associated ground area at John F. Kennedy International Airport (JFK) for use as an on-airport flight kitchen; and (2) a food services handling permit to allow Flying Food to perform catering services on the airport; and (3) a supplemental agreement providing for the extension of an existing permit to allow for the continued operation of Flying Food's off-airport in-flight catering services. The lease would be for an eleven-year, six-month term commencing on March 15, 2008.

Flying Food would spend approximately \$9 million for complete refurbishment of the premises. In addition, Flying Food would remove all asbestos material in the building at its sole cost and expense. It is anticipated that Flying Food would spend an additional \$9 million to fully equip and furnish the building for its operations.

Flying Food would be responsible for environmental contamination levels in excess of baseline limits, unless it could prove, to the satisfaction of the Port Authority, that such contamination existed prior to its occupancy. Over the term of the lease, Flying Food would pay to the Port Authority approximately \$25.5 million total building and land rental. Flying Food also would pay a percentage rental to the Port Authority arising from the food services that it provides under the permit. Neither the Port Authority nor Flying Food would have the right to terminate the lease agreement without cause.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into: (1) a lease agreement with Flying Food Group LLC (Flying Food) for Building 146 and associated ground area at John F. Kennedy International Airport; (2) a permit agreement for Flying Food to perform catering services on-airport; and (3) a supplemental agreement providing for the extension of an existing permit, each substantially in accordance with the terms outlined to the Board; the form of the lease and permit agreements shall be subject to the approval of General Counsel or his authorized representative.

JOHN F. KENNEDY INTERNATIONAL, NEWARK LIBERTY INTERNATIONAL, LAGUARDIA AND TETERBORO AIRPORTS – AIRCRAFT NOISE ABATEMENT PROGRAM – YEAR 2008 – SCHOOL SOUNDPROOFING PROGRAM

It was recommended that the Board authorize the Executive Director to expend an additional amount of \$35 million for the soundproofing of six schools for which, under current legislation, up to 80 percent of the costs related to Newark Liberty International (EWR), John F. Kennedy International (JFK), and LaGuardia (LGA) Airports and up to 95 percent of the costs related to Teterboro Airport (TEB) will be provided from grants under the federal Airport Improvement Program (AIP). All six schools have been included previously in the school soundproofing program (Program), but are following a phased funding approach to avoid exceptional peaks and valleys in the funds required each year. The names and locations of the schools and the funding phase, current funding allocation and estimated total cost for each school are set forth in the attachment hereto.

In order for the Port Authority's airports to continue to operate effectively in this densely populated region, the Port Authority must do everything necessary to win the support of the communities it serves, including reducing the impact of noise on students in the schools most directly affected.

The Program is a joint effort of the Port Authority and the Federal Aviation Administration (FAA), and continued action on these schools is contingent upon the availability of corresponding federal funds. In order for a school to be eligible for inclusion in the Program, it must meet the federal criteria established by the FAA. These schools must either be within the latest 65 Day-Night Sound Level (DNL) noise contour around the airport, as measured by FAA's Noise Model, or the interior noise levels of educational space within the school exceed 55 decibels using band limited dB(A), which is a different measurement criterion. The benefit of the Program is to decrease the effect of aircraft noise on the students and faculty in each school by making physical improvements necessary to meet the federal standard of 45dB(A) in the eligible areas of the school. On average, this results in reducing the perceived noise level by 50 percent.

The total scope of the Program, from inception through the current authorization, encompasses 77 schools, 24 in the vicinity of JFK, 21 in the vicinity of LGA, 26 in the vicinity of EWR and 6 in the vicinity of TEB. Soundproofing of 52 schools has been completed, while 25 schools are in various stages of design or construction. Additional funding is currently required for six of those schools.

The work for the active projects started individually over a long period. The earliest started in the 1990s. Each is progressing at a pace unique to that school's circumstances and the availability of FAA funding. Estimated completion dates range from 2009 through 2015. The Program is based on a Letter of Agreement between each school and the Port Authority. All subsequent contracts for each project are then between the school and their consultants, building contractors, etc. This authorization does not include any schools that were not previously the subject of a Board authorization; therefore, there will be no new Port Authority agreements.

The Board has authorized funding for the Program every year since 1983, except 1998, when it was found that additional funds were not required to move schools to the next phases of the Program. Most recently, at its January 25, 2007 meeting, the Board authorized \$35 million for the Program. The total aggregate amount authorized through 2007 is \$391.3 million.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to expend an additional amount of \$35 million for the soundproofing of six schools of which, under current legislation, up to 80 percent of the costs related to Newark Liberty International, John F. Kennedy International, and LaGuardia Airports and up to 95 percent of the costs related to Teterboro Airport will be provided from grants under the federal Airport Improvement Program.

ADDENDUM

**YEAR 2008 SCHOOL SOUNDPROOFING PROGRAM -
SCHOOLS**

School	Location	Phase	Amount Being Allocated	Airport
Kearny HS	Kearny, NJ	IX	\$ 9,737,100	EWR
H.P. Becton HS	Carlstadt-East Rutherford, NJ	VI	6,763,000	EWR
Sylvan	Rutherford, NJ	VI	1,000,000	EWR
Beach Channel HS	Rockaway Park, NY	IX	3,746,926	JFK
Lawrence #2	Inwood, NY	IX	3,500,000	JFK
Vaughn Coll. of Aero & Tech	Flushing, NY	VIII	10,252,974	LGA
		Total	\$ 35,000,000	

HOWLAND HOOK MARINE TERMINAL AND THE ELIZABETH-PORT AUTHORITY MARINE TERMINAL — FUNDING AGREEMENTS WITH NEW YORK CONTAINER TERMINAL, INC. AND APM TERMINALS NORTH AMERICA, INC. FOR HYBRID YARD HOSTLER PROTOTYPE DEMONSTRATION AND EVALUATION PROJECTS – MEMORANDUM OF UNDERSTANDING WITH THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

It was recommended that the Board authorize the Executive Director to enter into: (1) an agreement with New York Container Terminal, Inc. (NYCT) to provide funding in connection with a Hybrid Yard Hostler Prototype Demonstration and Evaluation Project (Hostler Project) at the Howland Hook Marine Terminal (HHMT), at a cost to the Port Authority of \$50,000; (2) an agreement with APM Terminals North America, Inc (APM) to provide funding in connection with a Hostler Project at the Elizabeth-Port Authority Marine Terminal (EPAMT), at a cost to the Port Authority of \$70,000; and (3) a Memorandum of Understanding with the United States Environmental Protection Agency (USEPA) to define the roles and responsibilities of the Port Authority and the USEPA in coordinating efforts towards the fulfillment of the goals of the International Sustainable Ports and Carriers Partnership – specifically, the establishment of a working relationship with the Port of Rotterdam and the conduct of an air emission reduction project, such as the Hostler Project at the EPAMT.

The goal of these Hostler Projects is to develop a prototype hybrid yard hostler, which is a yard truck that moves cargo on-terminal from one location to another, and to assess the environmental benefits and commercial viability of the technology, which, if successful, could significantly reduce emissions and energy consumption at the Port Authority's marine terminals and other cargo-handling facilities. The work is expected to begin in the first quarter of 2008 and be completed in the fourth quarter of 2010.

The Hostler Project at the HHMT would involve the Port Authority's partnering with NYCT, the New York Power Authority (NYPA), the New York City Department of Transportation (NYCDOT), Kalmar Industries (Kalmar) (a supplier of cargo handling equipment); and CALSTART (which was secured by NYCT to manage the project and produce a final report). NYCT would purchase two standard yard hostlers from Kalmar, at an estimated cost to NYCT of \$150,000, and place them in service at the HHMT. NYCT would contract with CALSTART to manage the project, and NYPA would reimburse NYCT up to \$100,000 for CALSTART's project management services. The NYCDOT would provide up to \$100,000 in Congestion Mitigation and Air Quality Improvement Program funds, and the Port Authority would provide \$50,000 in financial support to the project, which would be used to defray the cost to retrofit the yard hostlers into hybrid vehicles. The total estimated cost of the NYCT demonstration project is \$400,000.

The Hostler Project at the EPAMT would involve the Port Authority's partnering with APM, the USEPA, Kalmar, Parker Hannifin (manufacturer of truck hydraulic component systems), and FEV (USEPA's engineering contractor). APM would purchase two standard yard hostlers from Kalmar, at an estimated cost to APM of \$180,000, and place them in service at the EPAMT. USEPA would provide a total of \$350,000 for the planning, design, development, fabrication and testing of the prototype, as well as contract support. Parker Hannifin would provide a total of \$340,000 in funding for hydraulic components, outside support for controller software development, and engineering support. Due to higher than anticipated costs associated

with the development of the hydraulic hybrid prototype, the USEPA has advised that it may only be possible to retrofit one of the standard yard hostlers for the APM project. The Port Authority would provide \$70,000 in financial support to the project, which would be used to defray the cost to retrofit the yard hostler(s) into hybrid vehicles. In addition, the USEPA is currently seeking funding from the New Jersey Department of Environmental Protection and other sources to help defray its cost of retrofitting the yard hostler(s). The total estimated cost of the APM demonstration project is \$940,000.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into: (1) an agreement with New York Container Terminal, Inc. to provide funding in connection with a Hybrid Yard Hostler Prototype Demonstration and Evaluation Project (Hostler Project) at the Howland Hook Marine Terminal, at a cost to the Port Authority of \$50,000; (2) an agreement with APM Terminals North America, Inc (APM) to provide funding in connection with a Hostler Project at the Elizabeth-Port Authority Marine Terminal, at a cost to the Port Authority of \$70,000; and (3) a Memorandum of Understanding with the United States Environmental Protection Agency (USEPA) to define the roles and responsibilities of the Port Authority and the USEPA in coordinating efforts towards the fulfillment of the goals of the International Sustainable Ports and Carriers Partnership – specifically, the establishment of a working relationship with the Port of Rotterdam and the conduct of an air emission reduction project, such as the Hostler Project at APM, each substantially in accordance with the terms outlined to the Board; the form of the foregoing agreements shall be subject to the approval of General Counsel or his authorized representative.

AGREEMENT WITH THE ALLIANCE FOR DOWNTOWN NEW YORK, INC. - RENEWAL

It was recommended that the Board authorize the Executive Director to enter into a one-year extension, from January 1, 2008 through December 31, 2008, of the Port Authority's agreement with the Alliance for Downtown New York, Inc. (Alliance), at a contribution rate of \$1.12 million. The Alliance is the operating entity for the Downtown-Lower Manhattan Business Improvement District (BID), which represents the interests of the Downtown real estate and business community. Similar to other business improvement districts in New York City, the Alliance collects assessments from property owners and provides services to the district, which benefit property owners and their tenants.

The Port Authority has made annual contributions to the Alliance since its founding in 1995. During that period, the Alliance has been a strong advocate for Lower Manhattan by promoting district economic development, enhancing security and sanitation, working to improve streetscape appearance and signage, marketing the area south of Chambers Street, and fostering cultural and community events.

The Alliance has been an invaluable asset to the Downtown community. Since September 11, 2001, the Alliance has played a significant role in Lower Manhattan's recovery by creating a world-class wireless communications network, developing marketing and advertising campaigns to help support Downtown businesses and maintain the area's viability, and supporting programs such as the River-to-River festival. Within the last year, the Alliance has developed the Reconstruction Program, which is a public art program that unites art and architectural design with public and private construction in the Downtown area. In conjunction with the New York City Police Department, the Alliance has enforced vending regulations within the Downtown area and at the World Trade Center (WTC) site, and has opened a new information kiosk at the World Financial Center. The Alliance is currently working with the City of New York on a program sponsored by the Lower Manhattan Development Corporation to provide storefront improvement, façade enhancement and retail retention grants to businesses along Fulton and Nassau Streets. The Alliance continues to refine and improve all of its existing programs, such as those pertaining to public safety, sanitation, and the Downtown Connection, which is the Alliance's free bus service that serves 750,000 riders annually.

Under the WTC Net Leases, the Net Lessees are responsible for contributing toward the annual BID payment in an amount proportionate to the square footage of each net lease, including retail. The Port Authority's wholly owned corporate entities, 1 World Trade Center LLC and WTC Retail LLC, are responsible for approximately 41 percent of the BID payment. The Silverstein Net Lessees are responsible and will reimburse the Port Authority for approximately 59 percent of the payment, based on the proportionate share of all the net lease square footage in Towers 2, 3 and 4. Currently, all Port Authority BID payments, as well as the Silverstein Net Lessees' reimbursement, are being recovered from business interruption insurance.

The WTC Reciprocal Easement and Operating Agreement of the East Bath tub grants the representative of the Net Lessee Association representation on the BID board. The agreement with the Alliance has been modified to provide for that representation, while maintaining the seat for the Port Authority, which carries special rights under the agreement.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into a one-year extension of the Port Authority's agreement with the Alliance for Downtown New York, Inc. covering the year 2008, at an annual Port Authority contribution rate of \$1.12 million; and it is further

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

DOWNTOWN RESTORATION PROGRAM – AUTHORIZATION TO ENTER INTO A REIMBURSEMENT AGREEMENT WITH THE CITY OF NEW YORK IN CONNECTION WITH REDEVELOPMENT ACTIVITIES AT THE WORLD TRADE CENTER SITE AND AUTHORIZATION OF DESIGN OF FOUNDATIONS FOR THE PERFORMING ARTS CENTER

It was recommended that the Board authorize a supplemental agreement with Liberty Security Partners (LSP) for the final design (Stage III) and construction support services (Stage IV) efforts for engineering, project administration and other requirements for track-level foundations associated with the Performing Arts Center (PAC) at the World Trade Center (WTC) site, at a cost of up to \$2 million, subject to execution of an agreement with the City of New York (City) to provide for the City's reimbursement of the Port Authority for those costs.

The foundations below the West Bathtub Vehicular Access Facility (WBVA) and the PAC would be designed pursuant to this authorization. The City would reimburse the Port Authority for the actual costs of design services for this work. All foundations, columns and shear walls below the 264-foot elevation level that support the WBVA and the PAC are considered to be the City's design responsibility as part of the PAC project.

The proposed authorization would allow the Port Authority to coordinate the design of the PAC foundations with the design of other track-level foundations, such as those for the WTC Transportation Hub, which would keep the construction of all track-level foundations on the same schedule and minimize costs and Port Authority Trans-Hudson rail system service interruptions.

In September 2006, the WTC Redevelopment Subcommittee authorized the Executive Director to enter into an agreement with LSP to provide preliminary engineering services (through Stage II) for the development of a WTC Vehicular Security Center and Tour Bus Parking Facility (VSC), at an estimated amount of \$15 million, with additional services for subsequent work to be performed in connection with final design and contract document preparation (Stage III) and construction services (Stage IV), at an estimated amount of \$9 million, subject to further authorization. Subsequently, in February 2007, the Board authorized a supplemental agreement with LSP, in an amount of \$1.2 million, for the performance of expert professional, architectural and engineering services for the WTC VSC, through Phase II of the planning and preliminary design of the WBVA. Because LSP is currently performing similar design work in this area, it is the best interest of the parties that they perform this supplemental work. Including the requested increase, the LSP contract would now be authorized at an amount of \$18.2 million.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into a supplemental agreement with Liberty Security Partners for the final design (Stage III) and construction support services (Stage IV) efforts for engineering, project administration and other requirements for track-level foundations associated with the Performing Arts Center

at the World Trade Center site, in an amount not to exceed \$2 million, subject to the execution of an agreement with the City of New York (City) to provide for the City's reimbursement of the Port Authority for such costs; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into an agreement with the City for the reimbursement by the City of costs associated with the design of the Performing Arts Center foundations; 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.

DOWNTOWN RESTORATION PROGRAM – WORLD TRADE CENTER (WTC) MEMORIAL AND CULTURAL PROJECT AND WTC INFRASTRUCTURE PROJECT – AUTHORIZATION TO INCREASE PAYMENTS INTO AN ESCROW ACCOUNT FOR WEST BATHTUB FOUNDATION WORK AND TO INCREASE THE VALUE OF CONTRACTS FOR CONSTRUCTION AND CONSTRUCTION MANAGEMENT SERVICES

It was recommended that the Board authorize the Executive Director to: (1) increase the amount to be paid into escrow by the Port Authority and its wholly owned corporate entities, WTC Retail LLC and 1 World Trade Center LLC (1 WTC LLC), from \$14 million to \$28 million, for costs associated with foundation and other structural work in the World Trade Center (WTC) West Bathtub for the WTC Memorial and Cultural Project and the WTC Infrastructure Project; and (2) increase the value of contracts with E.E. Cruz & Company, Inc. (E.E. Cruz) and Bovis Lend Lease LMB, Inc. (Bovis) for construction and construction management services associated with these projects, as outlined below.

In July 2006, the Board authorized the Executive Director to enter into a WTC Memorial and Cultural Project Agreement with several entities, including the National September 11 Memorial and Museum at the World Trade Center Foundation Inc. (NS11MM) (formerly known as the WTC Memorial Foundation) that provided for a Port Authority funding commitment of up to \$150 million for common and exclusive site infrastructure work associated with the WTC Memorial and Cultural Project. Under this funding arrangement, the Port Authority is to contribute amounts for common and exclusive infrastructure components, such as West Bathtub shear walls, floor slabs and the Central Chiller Plant (CCP).

In August 2006, the Port Authority accepted an assignment of NS11MM's construction contract with E.E. Cruz and a portion of the construction management agreement with Bovis, to initiate construction of the WTC Memorial and Cultural Project. The E.E. Cruz contract provides for installation of footings and foundations and under-slab drainage throughout the West Bathtub of the WTC site. The original E.E. Cruz contract was awarded at a reduced value, but identified additional scope items to be awarded as a second phase, which were budgeted, but design work was still in progress. The Bovis contract provides for construction management services, as well as general conditions work, to manage and support the E.E. Cruz construction activities. The current forecast total cost of the E.E. Cruz contract (including supplemental work and change orders) would increase by \$15 million, from \$26 million to approximately \$41 million. The current forecast total cost of the Bovis contract related to the footings and foundations work would increase from \$5 million to approximately \$8 million.

The total proposed increase of approximately \$15 million to the E.E. Cruz contract consists of: (1) approximately \$2.5 million of contract changes due to site conditions requiring deeper excavations to suitable rock-bearing capacity, including additional soil and rock removal, and (2) approximately \$12.5 million of additional work, which includes the Southwest footings, CCP Utility Trench and floor drainage piping work, modifications and reinforcement of shear walls, additional reinforced hardened walls, additional drainage pits and subsurface drainage, right-of-way contingency, and site dewatering (now to be performed by each stakeholder).

The Port Authority's portion of the E.E. Cruz contract would increase from approximately \$12 million to an estimated \$24 million, and the Port Authority's portion of the

Bovis General Conditions costs would increase from approximately \$2 million to a total of \$4 million. In total, the estimated increase for the Port Authority and its wholly owned corporate entities is approximately \$14 million, which amount would be paid into escrow.

Approximately \$9.1 million of the proposed payments is for site infrastructure work that is part of the \$150 million Port Authority funding commitment for the WTC Memorial and Cultural Project infrastructure. Under other cost sharing and funding arrangements for the CCP and other site infrastructure components, several Port Authority entities (including WTC Retail LLC and 1 WTC LLC) share costs for common infrastructure needed to support the WTC Transportation Hub, WTC retail development and other site facilities. Therefore, the balance of the proposed payments is to be allocated approximately as follows: \$3 million from WTC Transportation Hub, \$1.2 million from WTC Retail, \$.2 million from One World Trade Center, the Freedom Tower, and \$.3 million from other infrastructure projects.

As part of the assignments of the Bovis and E.E. Cruz contracts from NS11MM to the Port Authority, an independent escrow account (with Citibank) was established in August 2006 by the Port Authority and NS11MM to provide for joint tracking of payments into escrow and disbursements for construction work. Funds are disbursed from this escrow account to Bovis and E.E. Cruz, in accordance with payment requisitions that are approved by both the Port Authority and NS11MM.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority and its wholly owned corporate entities, WTC Retail LLC and 1 World Trade Center LLC, to increase the amount to be paid into escrow by the Port Authority from \$14 million to an estimated amount of \$28 million, for costs associated with the construction of foundations and other structural work in the West Bathtub of the World Trade Center site; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to increase the value of contracts with E.E. Cruz & Company, Inc. and Bovis Lend Lease LMB, Inc. for construction and construction management services necessary for the construction of foundations and other structural work in the West Bathtub of the World Trade Center site by the amounts of \$15 million and \$3 million, respectively.

AUTHORIZATION OF PILOT PROGRAM FOR REGIONAL TEST OF CONTACTLESS BANKCARDS FOR FARE PAYMENT AND AGREEMENTS WITH MASTERCARD WORLDWIDE AND NEW JERSEY TRANSIT CORPORATION

It was recommended that the Board authorize: (1) a pilot program for a regional test of contactless bankcards and other payment devices at Port Authority Trans-Hudson Corporation (PATH) system rail stations and on New Jersey Transit Corporation (NJ TRANSIT) buses; and (2) the Executive Director to: (a) enter into an agreement with MasterCard Worldwide (MasterCard) and NJ TRANSIT to develop and conduct the test, at no cost to the Port Authority or NJ TRANSIT for the base contract services, exclusive of a \$250,000 contingency, if necessary; and (b) execute a Memorandum of Understanding with NJ TRANSIT providing for the sharing of termination costs by the agencies and the sharing of damage payments from MasterCard, in the event of termination by the agencies for certain stated causes.

In July 2005, the Board authorized the Executive Director to execute a Memorandum of Understanding among the Port Authority, the Metropolitan Transportation Authority and NJ TRANSIT to establish a strategic alliance (Alliance). The Alliance was established to help the agencies explore payment solutions that would address the operating, business and customer service requirements of the regional transportation network. Staffs of the participating agencies were directed to develop, implement and evaluate pilot tests of various fare payment solutions that would lead to a comprehensive business and funding plan for a regional fare payment solution.

The Port Authority issued a publicly advertised Request for Proposals (RFP) on December 11, 2006, on behalf of and in coordination with the Alliance, requesting proposals to demonstrate the use of bank-issued devices in PATH stations and on NJ TRANSIT buses. The RFP sought low- or no-cost proposals to test standard, bank-issued contactless payment devices (contactless cards, key fobs, cell phones and other devices) as a means for customers to pay fares on PATH trains and NJ TRANSIT buses. The RFP review committee was composed of senior staff from each of the three agencies with operating, financial, technical, and marketing expertise.

Four proposals were received in response to the RFP. One proposal was subsequently withdrawn due to a change in corporate management and strategy. Of the three remaining proposals, MasterCard's was the highest rated.

MasterCard would work with the Port Authority and NJ TRANSIT to demonstrate the ability of a bank-issued contactless device to be used on different transit modes and systems, in order to provide a more seamless and convenient journey. It also would test pre-paid contactless devices and other products that could address the needs of transit customers who do not have traditional bank or credit card accounts. The tests would help the Alliance and the financial community to evaluate the transit customer's experience and satisfaction with these solutions and would help the Port Authority and NJ TRANSIT to determine the potential costs, benefits, risks and revenue opportunities associated with the proposed approach to fare payment. The duration of the agreement is estimated at 20 months, with actual patron testing to span an eight-month period.

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

RESOLVED, that a pilot program for a regional test of contactless bankcards and other payment devices at Port Authority Trans-Hudson Corporation rail system stations and on certain New Jersey Transit Corporation (NJ TRANSIT) buses be and it hereby is authorized; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to: (1) enter into an agreement with MasterCard Worldwide (MasterCard) and NJ TRANSIT, at no cost to the Port Authority, for the base contract services to develop and conduct the foregoing test program, with authorization for a contingency of up to \$250,000 for additional services outside the scope of the agreement, including optional tests at other Port Authority facilities, such as AirTrain, where such a fare collection system could be employed; and (2) execute a Memorandum of Understanding with NJ TRANSIT to provide for sharing of termination costs by the agencies, and sharing of damage payments from MasterCard, in the event of termination of the agreement under specified circumstances; and it was further

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

**ONE WORLD TRADE CENTER, THE FREEDOM TOWER PROJECT –
AUTHORIZATION TO AWARD CONSTRUCTION TRADE CONTRACT**

It was recommended that the Board authorize 1 World Trade Center LLC (1 WTC LLC), through its Construction Manager, Tishman Construction Corporation (Tishman), to enter into a construction trade contract with PORTFAB LLC d/b/a The Wenig Company for the furnishing and installation of convector enclosures for construction of One World Trade Center, the Freedom Tower (the Freedom Tower), in the total amount of \$3,862,440, including an eight-percent allowance for extra work.

At its January 25, 2007 meeting, the Board authorized 1 WTC LLC to execute an amendment (Third Freedom Tower Amendment) to the September 2003 General Contractor Agreement to: (1) allow Tishman to provide construction management services for the Freedom Tower Project, for an estimated fee of \$26.5 million; and (2) provide for general conditions work of approximately \$170 million, to be managed by Tishman.

At its February 22, 2007 meeting, the Board authorized 1 WTC LLC to advance construction of the Freedom Tower at the World Trade Center (WTC) site, at a total estimated cost of \$2.877 billion, inclusive of below-grade and above-grade construction, and for common site infrastructure, finance charges associated with the project and coordination of construction with other projects at the WTC site. At that meeting, the Board also authorized 1 WTC LLC to, among other things, enter into construction trade contracts for the Freedom Tower, at an estimated cost of \$429.6 million.

The scope of work of the subject construction trade contract includes, but is not limited to, furnishing and installing all convector enclosures adjacent to the curtain wall, podium wall and other walls inclusive of stainless steel and aluminum convector covers, grilles, floor closure pieces, plates to match convector covers at columns, corner pieces and all components for a complete installation. The contractor would provide all caulking, sealants, gaskets, fillers, and/or cutouts. The contractor also would be responsible for layout, engineering and surveying required to install all necessary materials. A model five-foot section completely assembled would be reviewed and approved prior to any installation.

The form of trade contract being utilized by Tishman as construction manager was developed by Port Authority staff and maintains, to the greatest degree possible, Port Authority policies and procedures for the work, including provisions allowing for termination for convenience, and requirements for minority and women-owned business enterprise utilization, confidentiality, security and integrity monitoring, and a competitive bidding process.

The terms of the construction trade contract proposed for award were negotiated and would be awarded to the lowest responsive bidders, in accordance with the procurement procedures established in the Third Freedom Tower Amendment, authorized by the Board at its January 25, 2007 meeting.

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

RESOLVED, that 1 World Trade Center LLC be and it hereby is authorized to enter into a construction trade contract, through its construction manager, Tishman Construction Corporation, with PORTFAB LLC d/b/a The Wenig Company, for the furnishing and installation of convector enclosures for construction of One World Trade Center, the Freedom Tower, in the total amount of \$3,862,440, including an eight-percent allowance for extra work; and it is further

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

**ONE WORLD TRADE CENTER, THE FREEDOM TOWER PROJECT –
AUTHORIZATION TO AWARD CONSTRUCTION TRADE CONTRACTS**

It was recommended that the Board authorize 1 World Trade Center LLC (1 WTC LLC), through its Construction Manager, Tishman Construction Corporation (Tishman), to enter into construction trade contracts with Wolkow-Braker Roofing Corp. for below-grade waterproofing, in the total amount of \$540,000, and The Jobin Organization for superstructure roofing and waterproofing, in the total amount of \$4,482,810, both contracts for construction of One World Trade Center, the Freedom Tower, including an eight-percent allowance for extra work for each contract.

At its January 25, 2007 meeting, the Board authorized 1 WTC LLC to execute an amendment (Third Freedom Tower Amendment) to the September 2003 General Contractor Agreement to: (1) allow Tishman to provide construction management services for the Freedom Tower Project, for an estimated fee of \$26.5 million; and (2) provide for general conditions work of approximately \$170 million, to be managed by Tishman.

At its February 22, 2007 meeting, the Board authorized 1 WTC LLC to advance construction of the Freedom Tower at the World Trade Center (WTC) site, at a total estimated cost of \$2.877 billion, inclusive of below-grade and above-grade construction, and for common site infrastructure, finance charges associated with the project and coordination of construction with other projects at the WTC site. At that meeting, the Board also authorized 1 WTC LLC to, among other things, enter into construction trade contracts for the Freedom Tower, at an estimated cost of \$429.6 million.

The subject construction trade contracts to be administered by Tishman, as construction manager, are the following: (1) a contract for below-grade waterproofing, at a bid award price of \$500,000, and (2) a contract for superstructure roofing and waterproofing, at a bid award price of \$4,150,750. An eight-percent authorization for extra work is being requested for each of these construction trade contracts.

The below-grade waterproofing contract scope of work includes: furnishing and installing all fluid applied asphalted membrane waterproofing, elastomeric acrylic coatings, insulation, flashings, caulking, primers, asphalt membrane fabric, adhesives, cant strips, edge strips, joint tape drainage mat, protection board, filter fabric, pipe seal assemblies and all other accessories required for a complete membrane waterproofing system below the ground floor slab, as indicated on the contract documents.

The superstructure roofing and waterproofing contract scope of work includes: furnishing and installing all fluid applied asphalted membrane waterproofing, elastomeric acrylic coatings, insulation, flashings, caulking, primers, asphalt membrane fabric, adhesives, cant strips, edge strips, joint tape drainage mat, protection board, filter fabric, pipe seal assemblies and all other accessories required for a complete membrane waterproofing system above the ground floor slab, as indicated on the contract documents.

The form of trade contract being utilized by Tishman, as construction manager, was developed by Port Authority staff and maintains, to the greatest degree possible, Port Authority policies and procedures for the work, including provisions allowing for termination for

convenience, and requirements for minority and women-owned business enterprise utilization, confidentiality, security and integrity monitoring, and a competitive bid process.

The terms of the construction trade contracts proposed for award were negotiated and would be awarded to the lowest responsive bidders, in accordance with the procurement procedures established in the Third Freedom Tower Amendment, authorized by the Board at its January 25, 2007 meeting.

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

RESOLVED, that 1 World Trade Center LLC be and it hereby is authorized to enter into construction trade contracts, through its construction manager, Tishman Construction Corporation, with Wolkow-Braker Roofing Corp. for below-grade waterproofing, in the total amount of \$540,000, and The Jobin Organization for superstructure roofing and waterproofing, in the total amount of \$4,482,810, both contracts for construction of One World Trade Center, the Freedom Tower, including an eight-percent allowance for extra work for each contract; and it is further

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

ALL AIRPORTS – FLIGHT DELAY POLICY

The Port Authority is committed to providing its customers with safe, fast and efficient air travel. Passengers rely on our airports for leisure travel and to maintain New York's standing as a global economic center – supporting business travel for industries like finance and tourism that drive economic growth. Last year, the region's three major airports – John F. Kennedy International (JFK), LaGuardia, and Newark Liberty International – handled more than 109 million passengers and 2.7 million tons of cargo. The combined impact of aviation operations, airport investment and tourism resulted in almost half a million jobs, \$20.5 billion in wages, and more than \$57 million in annual economic activity.

Recently, however, flight delays have plagued the nation's aviation system. As demand for air service has increased across the nation, the Federal Aviation Administration (FAA) has failed to progress the research and implementation of technological solutions that would have helped to mitigate the delays. This has posed a threat to economic prosperity and growth, with delays resulting in the loss of over \$9 billion in productivity in the United States. The problem of flight delays is especially acute in the New York metropolitan area. JFK, LaGuardia and Newark Liberty have consistently ranked among the nation's worst in on-time performance. These delays have impacted passengers, who are left at airports or on planes for long periods of time, as well as local businesses that rely on air travel. Public interest requires that the region's flight delay problems be addressed, so that the air system will continue to provide for air travel needs of passengers and economic growth.

As the operator of the region's major airports, the agency has taken a number of steps to increase capacity and meet air travel demand. Over the past ten years the Port Authority has invested more than \$15 billion in aviation-related capital projects to improve the performance of the region's airport system. Anticipating further expansion of the region and an increase in air travel demand, in November 2007, the Port Authority purchased for \$78.5 million a 93-year operating lease for Stewart International Airport in Newburgh, New York. Over time, it is expected that Stewart will provide crucial service to help meet the growing regional demand for passenger and cargo carriers. To that end, the Board authorized in the Agency's 2007-2016 capital plan a funding commitment of \$500 million for short-term and longer-term projects that will develop Stewart Airport's capacity and level of service. Ongoing and future capital projects include terminal development, improvements to the on-airport roadways, an increase in parking capacity, runway rehabilitation, electrical system upgrades, and airfield improvements. The Agency earmarked an additional \$150 million in 2008 to accelerate capital projects at JFK that will increase operational flexibility through expanded runway capacity.

In July 2007, the Chairman and Executive Director of the Port Authority assembled a Flight Delay Task Force consisting of a high-level group of influential and interested stakeholders in our region's aviation system to focus on the burgeoning problem of flight delays. The task force considered and proposed 77 recommendations for mitigating congestion and reducing flight delays, as well as additional recommendations for improving the customer experience when flight delays occur.

On December 13, 2007, the United States Department of Transportation released its report of the federal New York Aviation Rulemaking Committee (ARC), which included members of the FAA, the Port Authority, New York State, airlines, consumer groups and other interested parties. The purpose of the ARC was to ensure that any action undertaken by the

federal government to address New York airspace delays was informed by public input. In that report, the federal government proposed limits on the number of flights per hour at Newark and JFK airports and auctions of new capacity beginning in March 2008. The Port Authority opposes such measures, which would restrict activity, reduce the number of passengers, and reduce air travel options.

Consistent with the agency's prior practice, and in anticipation of the federal imposition of flight restrictions at JFK and Newark, it shall be the policy of the Port Authority to prioritize capacity expansion initiatives at our airports. In furtherance of this policy, the Board endorses the findings of the Flight Delay Task Force and supports efforts by the agency to work with federal authorities in aggressively implementing the 77 procedural, technological and capital recommendations in the Task Force report. Moreover, the Board reaffirms the agency's commitment to invest in capital programs and undertake other measures that will maximize the region's aviation capacity, including efforts to encourage scheduling of flights at Stewart Airport and use of the airport.

While capacity has to be the focus of any delay reduction effort, the Board acknowledges that significant capacity increases cannot be achieved immediately. Accordingly, the Board supports efforts by the agency to play an active role in any process to allocate capacity at our airports, including intelligent scheduling with rational allocation of capacity. Among other measures, the Board supports the use of larger capacity planes, whenever appropriate.

In addition, the Board recognizes that providing air travelers with better and more consistent customer service in the event of delays is essential, and encourages greater coordination among the various airport service providers, as well as increased outreach to off-airport parties that can provide passengers with services and amenities during extended delays.

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

RESOLVED, that The Port Authority of New York and New Jersey: (1) endorses the findings of the Flight Delay Task Force and supports efforts by the agency to work with federal authorities in aggressively pursuing initiatives to increase capacity at all four of our commercial airports; (2) reaffirms the agency's commitment to invest in capital programs and undertake measures that will encourage scheduling of flights and maximizing new capacity at Stewart International Airport; (3) supports efforts by the agency to play an active role in any process to allocate capacity at our airports, including intelligent scheduling with rational allocation of capacity; (4) endorses the use of larger capacity planes, whenever appropriate; and (5) encourages greater coordination among the various airport service providers and increased outreach to off-airport parties that can provide passengers with services and amenities during extended delays.

CONFIDENTIAL ITEMS

The Board authorized 2 claim settlements relating to the 1993 World Trade Center terrorist attack that shall remain confidential pursuant to the terms of the settlement agreements.

SETTLEMENT OF CLAIM – J. BISCEGLIE v. THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

It was recommended that the Board authorize General Counsel to settle a personal injury claim in the action entitled, “J. Bisceglie v. The Port Authority of New York and New Jersey,” in the amount of \$1,825,000, inclusive of liens, attorneys’ fees, costs and disbursements. Plaintiff has provided a General Release, a Hold Harmless Stipulation and a Stipulation of Discontinuance with Prejudice, which are being held in escrow pending finalization of this settlement.

On January 24, 2004, plaintiff, Joseph Bisceglie, who was 51 years old at the time of the incident and employed by the United States Postal Service as a letter carrier, slipped and fell on snow and ice in front of Building 80 at John F. Kennedy International Airport while delivering mail to the building. Plaintiff sustained significant personal injuries as a result of this incident, requiring medical attention and disabling him from returning to work. Plaintiff is responsible for the satisfaction a workers’ compensation lien in the amount of approximately \$56,000 for lost time, lost wages and medical expenses. Following a trial on liability, the jury returned a verdict finding the Port Authority 90 percent responsible and the plaintiff 10 percent responsible for this incident.

Pursuant to the foregoing report, the following resolution was adopted in executive session with Commissioners Bauer, Blakeman, Chasanoff, Coscia, Ferer, Mack, Pocino, Sartor, Silverman 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 settle the action entitled, “J. Bisceglie v. The Port Authority of New York and New Jersey,” in the amount of \$1,825,000, inclusive of liens, attorneys’ fees, costs and disbursements.

Whereupon, the meeting was adjourned.

Secretary