

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Thursday, May 24, 2007

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MINUTES of the Annual Meeting of The Port Authority of New York and New Jersey held Thursday, May 24, 2007 at 225 Park Avenue South, City, County and State of New York

PRESENT:

NEW JERSEY

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

NEW YORK

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

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

A. Paul Blanco, Chief Financial Officer
 John D. Brill, Director, Audit
 Ernesto L. Butcher, Deputy Executive Director, Operations
 Arthur Cifelli, Deputy Chief of Staff
 Steven J. Coleman, Public Information Officer, Public and Government Affairs
 John D'Amore, Acting Chief Technology Officer
 William R. DeCota, Director, Aviation
 Michael P. DePallo, Director, Rail Transit
 John C. Denise, Supervisor, Audio Visual/Photography, Public and Government Affairs
 Michael Dombrowski, Cinematographer, Public and Government Affairs
 John J. Drobny, Director, Project Management
 Michael G. Fabiano, Deputy Chief Financial Officer/Comptroller
 Ziomara Y. Foster, Senior Administrator, Office of the Secretary
 James P. Fox, First Deputy Executive Director
 Michael B. Francois, Director, Development
 William H. Goldstein, Deputy Executive Director, Capital Programs
 Glen Guzi, Senior External Affairs Representative, Public and Government Affairs
 Linda C. Handel, Assistant Secretary
 Alan H. Hicks, Senior Public Information Officer, Public and Government Affairs
 Victoria C. Kelly, Director, Tunnels, Bridges and Terminals
 Louis J. LaCapra, Chief Administrative Officer
 Richard M. Larrabee, Director, Port Commerce
 Shawn K. Laurenti, Director, Government and Community Affairs
 Francis J. Lombardi, Chief Engineer
 Stephen Marinko, Attorney, Law
 Michael G. Massiah, Director, Management and Budget
 John J. McCarthy, Director, Public and Government Affairs
 James E. McCoy, Manager, Board Management Support, Office of the Secretary
 Sanjay Mody, Advisor to the Chairman
 Christopher J. Mohr, Board Management Support Specialist, Office of the Secretary
 Anne Marie C. Mulligan, Treasurer
 Lynn A. Nerney, Senior Administrator, Office of the Secretary

Tony F. Oliver, Senior Marketing Analyst, Public and Government Affairs
Steven P. Plate, Director, World Trade Center Construction
Andrew Rachlin, Special Assistant to the Executive Director
Andrea Roitman, Director, Procurement
Stephen Sigmund, Chief, Public and Government Affairs
Sheree R. Van Duyne, Manager of Policies and Protocol, Office of the Secretary
Lillian Valenti, Deputy Director, Procurement
Peter J. Zipf, Deputy Chief Engineer

Guest:

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

Public Speakers:

Taicha Belot, HDS-Relay
Kuldit Parmar, Hudson News

The public session was called to order by Chairman Coscia at 1:20 p.m. and ended at 1:45 p.m. The Board met in executive session prior to the public session. Commissioner Steiner was present for a portion of the public session.

Action on Minutes

The Secretary submitted for approval Minutes of the meetings of March 29, 2007 and April 25, 2007. 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 Nominating Committee

During the course of the meeting, the Nominating Committee submitted its report, and the report was received and is included with these minutes.

Report of Audit Committee

The Audit Committee reported, for information, on matters discussed in executive session at its meeting on May 24, 2007, which included discussion of matters involving ongoing negotiations or reviews of contracts or proposals, matters involving external or internal investigations or audits and the Committee's recommendation for independent auditors, in addition to the Annual Report of the Committee, which was received and is included with these minutes.

Report of World Trade Center Redevelopment Subcommittee

The World Trade Center Redevelopment Subcommittee reported, for information, on matters discussed in executive session at its meeting on May 24, 2007, which included matters involving ongoing negotiations or reviews of contracts or proposals, matters related to the development of future Port Authority facilities or projects and the redevelopment of existing facilities or projects, where public disclosure may impact property values, and matters related to the purchase, sale or lease of real property or securities, where disclosure would affect the value thereof or the public interest, and the report was received.

Report of Committee on Finance

The Committee on Finance reported, for information, on certain matters discussed and action taken in executive session at its meeting on May 24, 2007, which included matters involving ongoing negotiations or review of contracts or proposals, as well as matters filed with the Committee pursuant to Board action or separately reported to the Board of Commissioners at this meeting of the Board, and the report was received.

Report of Committee on Operations

The Committee on Operations reported, for information, on certain matters discussed in public session at its meeting on May 24, 2007, which included discussion of a proposal to declare as surplus and sell certain Port Authority-owned property in the vicinity of the Lincoln Tunnel, and the report was received.

Report of Committee on Construction

The Committee on Construction reported, for information, on matters filed with the Committee pursuant to Board action or separately reported to the Board of Commissioners at this meeting of the Board, and the report was received.

Executive Director's Report

The Executive Director provided a status report on various projects and accomplishments in each of our core business areas.

Staff Report

A presentation was made by staff on: Lincoln Tunnel – Declaration of Surplus Property and Transfer of Title of West 30th Street Property.

ELECTION OF OFFICERS

Chairman Coscia announced that in accordance with the provisions of the By-Laws, the election of officers was in order.

Commissioner Sartor, as Chair of the Nominating Committee, submitted the following report:

"On behalf of the Nominating Committee, I desire to report that at its meeting held earlier today, in accordance with the provisions of Article XIa. of the By-Laws, the Committee, by unanimous action, submits the nominations for election to the offices of Chairman and Vice-Chairman of The Port Authority of New York and New Jersey of Commissioners Anthony R. Coscia and Henry R. Silverman, respectively. By unanimous action, the Committee also submits the nominations of Anthony E. Shorris as Executive Director of the Port Authority, James P. Fox as First Deputy Executive Director, William H. Goldstein as Deputy Executive Director, Capital Programs, Ernesto L. Butcher as Deputy Executive Director, Operations, and Darrell Buchbinder as General Counsel of the Port Authority. By unanimous action, the Committee also submits the nominations of Karen E. Eastman as Secretary, A. Paul Blanco as Director of Finance, Michael G. Fabiano as Comptroller, Anne Marie Mulligan as Treasurer and John D. Brill as Director of the Audit Department."

Pursuant to the foregoing report, Commissioners Blakeman, Chasanoff, Coscia, Ferer, Genova, Pocino, Sartor, Silverman, Sinagra and Steiner voting in favor, the following were unanimously elected as officers of the Port Authority: Commissioner Anthony R. Coscia as Chairman, Commissioner Henry R. Silverman as Vice-Chairman, Anthony E. Shorris as Executive Director, James P. Fox as First Deputy Executive Director, William H. Goldstein as Deputy Executive Director, Capital Programs, Ernesto L. Butcher as Deputy Executive Director, Operations, Darrell Buchbinder as General Counsel, Karen E. Eastman as Secretary, A. Paul Blanco as Director of Finance, Michael G. Fabiano as Comptroller, Anne Marie Mulligan as Treasurer and John D. Brill as Director of the Audit Department.

AUDIT COMMITTEE ANNUAL REPORT

Commissioner Steiner, as Chair of the Audit Committee, submitted the following report:

In accordance with the By-Laws, the Chair of the Audit Committee reports periodically on the activities of the Audit Committee. At the present time, the Committee consists of Commissioners Silverman (Vice-Chair), Blakeman, and Genova, in addition to myself.

Since the last report, the Audit Committee has met four times. Senior Port Authority staff, including the Executive Director, the Chief Financial Officer, General Counsel, the Inspector General, the Deputy Chief Financial Officer/Comptroller, the Director of Audit, the Director of the Office of Investigation, the Secretary, and the Treasurer, regularly attend our Committee meetings.

At the request of the Audit Committee, representatives of Deloitte & Touche, the Authority's independent auditors, also attended all Audit Committee meetings. At certain of these meetings, sessions were held with only the independent auditors and counsel present. This is consistent with our policy that the independent auditors and members of the Audit Committee have direct and unrestricted access to each other.

The Audit Committee is responsible for the retention of the Authority's independent auditors. In this regard, consistent with "best practices," from time to time, the Committee reviewed with the Comptroller Deloitte & Touche's performance with respect to all components of the 2006 audit of the accounts and financial records of the Port Authority, considered the Committee's interaction with Deloitte & Touche at Committee meetings, and considered the expertise and professionalism of the Deloitte & Touche staff assigned to the audit.

The Committee continued to focus on the adequacy of the Audit Committee Charter that we adopted in 2000, and have revised from time to time. The Charter has served to formalize the guidelines that the Audit Committee follows in connection with the satisfaction of its responsibilities under the Port Authority's By-Laws.

In addition to legal advice provided by General Counsel, the Audit Committee also receives legal advice from the law firm of McKenna, Long & Aldridge with respect to the continued implementation of "best practices" pertaining to the function and responsibilities of an Audit Committee and on specific matters requested from time to time by the Committee. Members of the firm have also attended each of the meetings of the Audit Committee this year.

The Audit Committee keeps informed of relevant matters through reports prepared by the Directors of Audit and the Office of Investigation, both of whom report to Inspector General Robert E. Van Etten, and through reports prepared by the Treasurer and the Comptroller.

The Committee reviews and discusses the detailed reports of audit results prepared by the Audit Department with John D. Brill, the Director of Audit. The Audit Department conducts audits in accordance with an Annual Audit Plan reviewed with the Audit Committee. The Annual Audit Plan is based on a schedule of specific audits established after performing a risk assessment, which takes into consideration such factors as the potential for financial loss, major changes in systems or operations, and the dates and results of previous audits.

The Committee also discusses with Michael Nestor, the Director of the Office of Investigation, reports with respect to the status of investigations undertaken by that office.

The Audit Committee also reviews and discusses the accounts receivable reports with the Treasurer, Anne Marie Mulligan. The Committee monitors staff efforts to collect revenues due the Port Authority, discusses problem accounts and trends in receivable collections.

Our Committee continued its practice of reviewing, in detail, the Authority's audited financial statements prior to their release. We focus not only on the control systems which assure the accuracy and completeness of the statements, but also on the presentation, the format, and, in the context of full and fair disclosure, the substance and language of the footnotes. The Committee also made such other inquiries in connection with the audited financial statements as it considered appropriate.

In the opinion of Deloitte & Touche, the 2006 consolidated financial statements present fairly, in all material respects, the net assets of the Port Authority (including its wholly owned entities) and the changes in its net assets and cash flows for the year-end 2006 in conformity with accounting principles generally accepted in the United States of America. The independent auditors have advised us that they encountered no difficulties during the course of their audit, including restrictions on the scope of work or access to required information, and that there were no disagreements with staff in connection with the preparation of the financial statements. We appreciate the leadership efforts in this context provided by Chief Financial Officer Paul Blanco.

We were pleased to learn that the Government Finance Officers Association awarded the Port Authority the Certificate of Achievement for Excellence in Financial Reporting for its 2005 Comprehensive Annual Financial Report. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and this marks the 22nd consecutive year that the Port Authority has received this award. This is a noteworthy accomplishment for staff of the Comptroller's Department, which is headed by Michael Fabiano, Deputy Chief Financial Officer/Comptroller.

The Committee also continued its practice of requesting staff presentations on key areas of business risk. In this regard, the Committee received a presentation from the

Deputy Chief Financial Officer/Comptroller on the functionality within the SAP Real Estate module that is being implemented to provide better control and information over leasing activity across the agency. During the year, the Audit Committee considered the possibility of establishing a general policy and procedure pertaining to debarment or suspension of contractors or vendors who fail to maintain appropriate standards of responsibility and concluded that the present approach of reviewing contractor responsibility on a case-by-case basis was preferable, and is currently awaiting a report from staff on best practices related to enterprise risk management.

In addition, as Chair of the Audit Committee, I review the expense reports of the Executive Director and members of the Board for conformance with established agency expenditure and reimbursement guidelines.

This annual report to the Board provides the Audit Committee with the opportunity to acknowledge the dedication and professionalism of staff. The Committee recognizes the strengths, talent and commitment of our financial and investigative professionals, all of whom make an important contribution to the Port Authority and also to the region.

The Committee believes that reasonable processes and controls are in place to mitigate business risk, and there is a reasonable basis for the Board to have a high level of confidence in the professional and ethical conduct of Port Authority personnel.

RETENTION OF INDEPENDENT AUDITORS

Under the By-Laws, the Audit Committee has the responsibility to oversee the audit of the accounts and financial statements of the Port Authority and its wholly owned corporate entities. The Audit Committee monitors the independent auditing function. The Committee also acts to retain independent auditors designated by the Board of Commissioners.

After a public solicitation process, the Board decided, at its meeting of April 27, 2005, that Deloitte & Touche LLP should continue to be retained as independent auditors. The Audit Committee again recommends that Deloitte & Touche should be retained for the year ending December 31, 2007, to: audit the accounts and financial statements of the Port Authority and its wholly owned subsidiaries for the year ending December 31, 2006; perform a review of the Passenger Facility Charge Program and federal award programs; perform an evaluation of the Port Authority's internal control over financial reporting; provide services as requested in the disclosure process in connection with the issuance of Port Authority obligations; and provide other audit services, including a review of revenue and cost computations relating to and under the terms of the various lease agreements (including base rent and annual gross revenue calculations at the New York City Municipal Air Terminals), financial and statistical data reports submitted to the Federal Transit Administration, field work and financial disclosure requirements of the Single Audit Act of 1984 for recipients of federal financial assistance.

Approved.

HOLLAND TUNNEL – MECHANICAL AND ELECTRICAL REHABILITATION OF VENTILATION SYSTEM EQUIPMENT – INCREASE IN PROJECT AUTHORIZATION AND INCREASE IN CONTRACT HT-224.008

It was recommended that the Board authorize: (1) an increase of \$12.2 million, inclusive of an increase in construction costs of \$6.2 million, in the authorization for the project to rehabilitate the Holland Tunnel's mechanical and electrical ventilation systems (Project), resulting in a revised total estimated Project cost of \$124.1 million; and (2) the Chief Engineer to increase the authorization for Contract HT-224.008 with T. Moriarty & Sons, Inc. (Moriarty) from \$77.6 million to \$83.8 million, an increase of \$6.2 million, to complete items of extra work that include an enhanced automated control system configuration, modifications to the electrical power system and control cabinets, material price escalation, and a contingency allowance.

At its April 1998 meeting, the Board authorized a project to ensure continued adequate ventilation and carbon monoxide control and to provide optimum smoke control management capability through the rehabilitation of the existing Holland Tunnel ventilation system, which has been in service since 1927. The project also included installation of an automated control system and ventilation building heating, ventilating and air conditioning (HVAC) systems to support and operate the new equipment. The total project cost at that time was estimated to be \$85.6 million.

Originally, it was anticipated that work would commence in mid-1999. However, the Project was delayed, due to (1) litigation with Newport Associates Development Company regarding access rights to the ventilation buildings, and (2) the destruction of contract documents located at The World Trade Center on September 11, 2001.

Subsequently, in November 2002, the Executive Director authorized the award of Contract HT-224.008 to Moriarty, at an estimated amount of \$77.6 million. Contract HT-224.008 provided for replacement of 42 supply fans and 42 exhaust fans and associated electrical equipment located in the four ventilation buildings of the Holland Tunnel. At that time, it was reported to the Board that the earlier delays, as well as revision to certain scope elements since 1998, had increased the estimated total Project cost to \$111.9 million.

Construction began in 2003. Since that time, numerous field conditions and technical issues, the final determination of which could not be made until construction was underway, have been encountered. This has resulted in extending the contract completion date from November 2007 to 2009, and in the need for an increase in the extra work funds to complete certain elements of the Project and to address complex staging requirements.

Staff advised that, with approximately 50 percent of Contract HT-224.008 now complete, an increase of \$12.2 million in authorization for additional engineering, construction changes, insurance, administration and staff costs is necessary in order for the Project to be completed. The construction-related portion of the proposed increase would provide for completion of the rehabilitation of the Holland Tunnel's mechanical and

electrical ventilation system equipment. A fully updated ventilation system is critical to continue to meet life safety requirements.

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

RESOLVED, that an increase of \$12.2 million, inclusive of an increase in construction costs of \$6.2 million, in the authorization for a project to provide for the rehabilitation of electrical and mechanical components of the ventilation system equipment for the Holland Tunnel, resulting in a revised total estimated project cost of \$124.1 million, be and it hereby is authorized; and it is further

RESOLVED, that the Chief Engineer be and he hereby is authorized, for and on behalf of the Port Authority, to increase by \$6.2 million the authorization for Contract HT-224.008 with T. Moriarty & Sons, Inc., from \$77.6 million to \$83.8 million, for additional funding to complete items of extra work that will include an enhanced automated control system configuration, modifications to the electrical power system and control cabinets, material price escalation, and a contingency allowance, to complete the implementation of the mechanical and electrical rehabilitation of ventilation system equipment at the Holland Tunnel; the form of any required contract amendment shall be subject to the approval of General Counsel or his authorized representative.

PORT NEWARK – GIORDANO RECYCLING, LLC – NEW LEASE

It was recommended that the Board authorize the Executive Director to enter into a lease with Giordano Recycling, LLC (Giordano) covering Building 292 and associated open area at Port Newark for a term commencing on June 1, 2007 and ending on December 31, 2014, for use as a facility for handling wastepaper and commingled recyclables.

The lease would provide for an aggregate basic rental in the amount of \$5.3 million over its full term. The Port Authority would have the right to terminate the lease if the number of containers handled at the premises over any two consecutive years during the term of the lease does not average 4,000 containers per year. Giordano would have the right to terminate the lease, without cause, upon at least 12 months' prior written notice to the Port Authority, and would pay the Port Authority an early cancellation fee if it exercises its termination right.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into a lease with Giordano Recycling, LLC covering Building 292 and associated open area at Port Newark for a term commencing on June 1, 2007 and ending on December 31, 2014, for use as a facility for handling wastepaper and commingled recyclables, substantially in accordance with the terms and conditions outlined to the Board; the form of the lease agreement shall be subject to the approval of General Counsel or his authorized representative.

LINCOLN TUNNEL – DECLARATION OF SURPLUS PROPERTY AND TRANSFER OF TITLE OF WEST 30TH STREET PROPERTY

It was recommended that the Board authorize: (1) the declaration of approximately 7,300 square feet of vacant land located between West 30th and West 31st Streets and between Tenth Avenue and Dyer Avenue (tax map designation Block 728, part of Lot 1) in the Hudson Yards Development District of the Borough of Manhattan, City and State of New York (the Property), as surplus property; and (2) the Executive Director to: (a) enter into a contract of sale with Extell 31/10 LLC (Extell) for the conveyance of fee title to the Property for the sum of \$17,155,000; (b) grant Extell a perpetual light-and-air easement over an adjacent parcel of land of approximately 4,200 square feet owned by the Port Authority, located to the south of the Property, for the sum of \$500,000; and (c) grant a perpetual easement to Extell for the construction and maintenance of a pedestrian skyway over an adjacent parcel of land owned by the Port Authority, located to the southwest of the Property, for an amount to be negotiated by the Executive Director of not less than \$500,000 in 2007 dollars.

Extell is developing a mixed-use commercial and residential high-rise building consisting of approximately 600,000 to 650,000 square feet (the Extell Development) on the lot adjacent to the Property. As part of the transaction, Extell would be granted a 30-foot-wide light-and-air easement over a portion of the Lincoln Tunnel access road, and a sliver of land between the Property and such access road, for the sum of \$500,000.

The Port Authority has owned the Property for approximately 50 years. It is one of many parcels that originally were acquired by the Port Authority for tunnel-related purposes and has approximately 300 feet of frontage on a Lincoln Tunnel Express Roadway located to the north of West 30th Street. The approximately 7,300-square-foot Property has an average width of approximately 25 feet and consists of a concrete public sidewalk and vacant land leading to the ramp to the Lincoln Tunnel. The entrance to the Lincoln Tunnel lies ten blocks to the north of the Property. Under current zoning regulations, the Property's development rights can only be transferred to adjacent property owners, which consist of Extell and one other building owner.

The Property would be conveyed in "as is" condition, and the Port Authority would have no liability, either express or implied, as to the condition, title, design, operation, or fitness of the Property. The contract of sale additionally would provide that the Port Authority would receive a payment for a portion of the increase in the value of the Property, based on a re-appraisal of the Property to determine appreciation, upon the occurrence of a triggering event, as defined in the contract.

The Extell Development is adjacent to the new High Line Park, a portion of which is now under construction. Extell is proposing to provide public access to the park via a pedestrian skyway that would be constructed, in part, over the westerly edge of Lot 1, directly over the Lincoln Tunnel Access Road. In connection with this proposal, the Executive Director would be authorized to grant a perpetual easement to Extell for the construction and maintenance of a pedestrian skyway over Lot 1 when the redevelopment of the High Line as a park extending to the corner of 30th Street and Tenth Avenue is approved and funded, in consideration of a fee to be paid to the Port Authority of not less than \$500,000 in 2007 dollars. The Port Authority would have the right to approve the design, construction and maintenance of the skyway. In addition, the Port Authority would have the right to connect to the skyway for access to High Line Park from Port Authority property. However, the Executive Director would not be able to grant the proposed easement after the tenth anniversary

of the closing of title to the Property. Further, the skyway easement would extinguish in the event the public does not have access to the skyway from the Property or the High Line is no longer used as a public park.

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

RESOLVED, that the Board hereby finds and determines that the real property consisting of approximately 7,300 square feet of vacant land located between West 30th and West 31st Streets and between Tenth Avenue and Dyer Avenue (tax map designation Block 728 and part of Lot 1) in the Hudson Yards Development District of the Borough of Manhattan, City and State of New York (the Property), is no longer required for the purposes for which it was acquired; and it is further

RESOLVED, that the Chief Engineer of the Port Authority be and he hereby is authorized and directed, for and on behalf of the Port Authority, to execute a certificate to be annexed to the appropriate Port Authority Map stating that the Property is no longer required for the purposes for which it was acquired, such map to be filed with the Office of the Secretary 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: (1) enter into a contract of sale with Extell 31/10 LLC (Extell) to transfer fee title to the Property to Extell for a sum of \$17,155,000; and (2) grant Extell a perpetual light-and-air easement over an adjacent parcel of land owned by the Port Authority located to the south of the Property, in exchange for the sum of \$500,000, substantially in accordance with the terms and conditions outlined to the Board; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to grant a perpetual easement to Extell for the construction and maintenance of a pedestrian skyway over an adjacent parcel of land owned by the Port Authority located to the southwest of the Property, for an amount to be negotiated by the Executive Director of not less than \$500,000 in 2007 dollars, substantially in accordance with the terms and conditions outlined to the Board; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into any other related agreements to effectuate the transfer of title to the Property and the grant of perpetual light-and-air and skyway easements to Extell, and do all other things necessary and appropriate to effectuate the foregoing; and it is further

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

AUTHORIZATION TO ENTER INTO AGREEMENT(S) TO EFFECTUATE A PROJECT TO MITIGATE CONGESTION ON NEW JERSEY ROADWAYS IN THE LINCOLN TUNNEL CORRIDOR*

It was recommended that the Board authorize the Executive Director to enter into an agreement or agreements in connection with a project designated by the Governor of New Jersey that would mitigate traffic congestion on the New Jersey Turnpike (Turnpike) and New Jersey Route 3, two roadways providing access to the Lincoln Tunnel, and for the Port Authority to provide up to \$32 million to the New Jersey Department of Transportation (NJDOT), the New Jersey Turnpike Authority (NJTA) and/or other appropriate agency in consideration for the designation of certain roadways in New Jersey leading from the Lincoln Tunnel to the location of the project, in perpetuity, as an emergency evacuation corridor for the Port Authority in the event of a disaster or other significant incident. The agreement or agreements would be entered into with the NJTA, NJDOT and/or another appropriate entity or entities.

The Governor of New Jersey has designated a project to construct a series of improvements to Turnpike Interchange 16W, which connects with New Jersey Route 3 near the Lincoln Tunnel. The project would include the reconstruction and reconfiguration of the ramps leading to and from the Turnpike and Route 3 to provide improved traffic flow, thereby mitigating traffic congestion and improving safety, air quality and emergency access to and from the Lincoln Tunnel. The Turnpike and Route 3 are used by many vehicles traveling to and from the Lincoln Tunnel, including many buses also using the Port Authority Bus Terminal. The funds to be provided by the Port Authority in exchange for the designation of the emergency evacuation corridor would be made available to help cover the cost of the improvements to Interchange 16W.

Of the \$32 million to be provided by the Port Authority toward this project, \$9,963,495 would be drawn from the \$30 million authorized by the Board, at its meeting of February 24, 2005, for projects in the New Jersey portion of the Port District. An additional \$2,036,505 would be provided through the Bank for Regional Development, authorized by the Board in June 1983. The remainder of the funds would be drawn against existing regional commitments in the Port Authority's 2007-2016 Capital Plan.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into an agreement or agreements with the New Jersey Turnpike Authority, the New Jersey Department of

* The minutes with respect to this matter are submitted for informational purposes only. Due to the indicated recusals there were an insufficient number of affirmative votes cast with respect to this matter to constitute an action of the Commissioners to be submitted for gubernatorial review.

Transportation and/or another appropriate entity or entities pursuant to which the Port Authority would provide up to \$32 million in consideration of the designation of certain roadways in New Jersey leading from the Lincoln Tunnel, in perpetuity, as an emergency evacuation corridor for use by the Port Authority in the event of a disaster or other significant incident, with the funds provided by the Port Authority to be made available to help cover the cost of a project to construct a series of improvements to New Jersey Turnpike Interchange 16W at its intersection with New Jersey Route 3; and it is further

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

SUBMITTED FOR
INFORMATIONAL
PURPOSES ONLY

* The minutes with respect to this matter are submitted for informational purposes only. Due to the indicated recusals there were an insufficient number of affirmative votes cast with respect to this matter to constitute an action of the Commissioners to be submitted for gubernatorial review.

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

It was recommended that the Board authorize General Counsel to finalize the settlement of a 1993 World Trade Center (WTC) bombing personal injury claim in the action entitled, “Hardy v. The Port Authority of New York and New Jersey,” in the amount of \$125,000, inclusive of liens, attorneys’ fees, costs and disbursements. In return, plaintiff would provide the Port Authority with a General Release and a Stipulation of Discontinuance with Prejudice, including a Hold Harmless Stipulation. The Port Authority would be fully reimbursed for the settlement amount under its applicable excess liability insurance coverage. Such reimbursement would reduce available excess liability insurance coverage limits by an equivalent amount, and the proposed settlement has been approved by the insurer responsible for the first layer of such insurance coverage.

On February 26, 1993, plaintiff, Margaret Hardy, who was 46 years old at the time and employed as a data entry clerk by NYNEX, was on the 13th floor of 2 WTC. Plaintiff sustained various personal injuries requiring medical attention, and lost time from work as a result of this incident. Plaintiff is responsible for the satisfaction of a Workers’ Compensation lien of approximately \$170,000 for lost wages and medical expenses.

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

RESOLVED, that General Counsel be and he hereby is authorized, for and on behalf of the Port Authority, to finalize the settlement of the action entitled, “Hardy v. The Port Authority of New York and New Jersey,” in the amount of \$125,000, inclusive of liens, attorneys’ fees, costs and disbursements.

**SETTLEMENT OF CONTRACT CLAIM – ACTIVE & AXCESS, LLC d/b/a
IMPACT LIVE MEDIA, LLC**

It was recommended that the Board authorize General Counsel to finalize the settlement of a contract claim under which the Port Authority would pay \$1.45 million to Active & Axxcess, LLC d/b/a Impact Live Media, LLC (Axxcess), and be provided with a general release of all claims by Axxcess.

In August 2005, the Port Authority entered into a sponsorship marketing services agreement with Axxcess for a two-year term, renewable by the Port Authority for up to three additional one-year periods, and providing for Axxcess to receive 25 percent of all sponsorship revenues attributable to its marketing services.

During the initial contract performance period, while Axxcess submitted a number of proposals for the Port Authority's consideration, only one was accepted, and an agreement was entered into among the Port Authority, Axxcess and Government Employees Insurance Company for a branding and marketing program at the George Washington Bridge. As a result of a change in policy, this program was not implemented, and the Port Authority terminated the agreement in January 2007.

In February 2007, Axxcess filed a claim with Port Authority, alleging various monetary damages arising from the termination of the agreement, including the loss of both revenues generated by the agreement, and expected future revenues to be generated as a result of the expansion of this marketing and branding program to other facilities.

After lengthy negotiations, staff has reached agreement, subject to Board approval, with Axxcess to resolve their claim through a settlement payment by the Port Authority in the amount of \$1.45 million.

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

RESOLVED, that General Counsel be and he hereby is authorized, for and on behalf of the Port Authority, to finalize the settlement of the above-described contract claim of Active & Axxcess, LLC d/b/a Impact Live Media, LLC in the amount of \$1.45 million.

TRIBUTE TO JAMES P. FOX

The following resolution was unanimously adopted by the Board of Commissioners upon the upcoming departure of James P. Fox, First Deputy Executive Director.

WHEREAS, from the time he joined The Port Authority of New York and New Jersey as Deputy Executive Director on November 8, 2004, James P. Fox, has served with great distinction in providing leadership during a period of renewal and rebuilding, fiscal constraints and change management; and

WHEREAS, after a long and distinguished career in public service in the federal government and the State of New Jersey, James P. Fox, after joining the Port Authority, has demonstrated his commitment to the agency's fiscal responsibility to the region; and

WHEREAS, as First Deputy Executive Director, James P. Fox has demonstrated his commitment to corporate governance and increasing transparency and accountability in order to maintain the public trust; and

WHEREAS, James P. Fox has been instrumental in the agency's efforts toward the rebuilding of Lower Manhattan, including implementation of the Conceptual Framework for the redevelopment of the World Trade Center site, which will enable the rebuilding effort to move forward in an expeditious manner; and

WHEREAS, James P. Fox has played a key role in advancing the Port Authority's long-term agenda to create capacity for future airport passenger growth through the development of Stewart International Airport as the agency's fourth passenger airport; and

WHEREAS, James P. Fox has been instrumental in the advancement of several other key projects that will serve the region for decades to come, including planning with New Jersey Transit Corporation for the Trans-Hudson Express (THE) Tunnel; Newark Liberty International Airport's Terminal B Modernization Program; the acceleration of the Port Intermodal Rail Development Program; and acquisition of the new Port Authority Trans-Hudson system railcar fleet; and

WHEREAS, James P. Fox has continued to place great emphasis upon the safety and security of the agency's facilities, so that the public and commerce may be ensured dependable, trustworthy passage throughout the region; and

NOW, therefore, be it

RESOLVED, that the Commissioners of The Port Authority of New York and New Jersey hereby express to James P. Fox their sincere appreciation for his service to and leadership of the agency and the region it serves; and it is further

RESOLVED, that the Board of Commissioners hereby directs that this resolution be suitably engraved and presented to James P. Fox, as a token of the high esteem in which he is held by the Board and staff alike.

Whereupon, the meeting was adjourned.

Secretary