

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Thursday, May 22, 2008

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**MINUTES of the Meeting of The Port Authority of New York and New Jersey held Thursday,
May 22, 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. Christine A. Ferer
 Hon. H. Sidney Holmes III
 Hon. David S. Mack

Christopher O. Ward, 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, Chief Operating Officer
 Rosemary Chiricolo, Assistant Director, Management and Budget
 Steven J. Coleman, Assistant Director, Media Relations, Public Affairs
 William R. DeCota, Director, Aviation
 Michael P. DePallo, Director, Rail Transit
 Pasquale DiFulco, Executive Communications Specialist, Media Relations, Public Affairs
 Sandra E. Dixon, State Legislative Representative, Government & Community Affairs
 Michael P. Dombrowski, Cinematographer, Public Affairs
 John J. Drobny, Director, Project Management
 Michael G. Fabiano, Deputy Chief Financial Officer/Comptroller
 Michael B. Francois, Director, Development
 Cedrick T. Fulton, Deputy Director, Tunnels, Bridges and Terminals
 Lash L. Green, Director, Office of Business and Job Opportunity
 Isabel M. Gonzalez, Management Associate, Human Resources
 Glenn P. Guzi, Senior External Affairs Representative, Government & Community Affairs
 Linda C. Handel, Assistant Secretary
 Mary Lee Hannell, Director, Human Resources
 Alan H. Hicks, Senior Public Information Officer, Public Affairs
 Howard G. Kadin, Esq., Law
 Louis J. LaCapra, Chief Administrative Officer
 Christina M. Lado, Director, Government and Community Affairs
 Richard M. Larrabee, Director, Port Commerce
 Susan Bass Levin, Deputy Executive Director
 Francis J. Lombardi, Chief Engineer
 Carol M. Maresca, Deputy Director, Public Safety/Deputy Superintendent of Police
 Stephen Marinko, Esq., Law
 James E. McCoy, Manager, Board Management Support, Office of the Secretary

Sanjay S. Mody, Advisor to the Chairman
Christopher J. Mohr, Board Management Support Specialist, Office of the Secretary
Anne Marie C. Mulligan, Treasurer
Mark F. Muriello, Assistant Director, Operations Support, Tunnels, Bridges and Terminals
Lynn A. Nerney, Senior Business Manager, Office of the Secretary
Summer Oesch, Special Assistant, Deputy Executive Director
Tony F. Oliver, Senior Marketing Analyst, Public Affairs
Steven P. Plate, Director, World Trade Center Construction
Richard R. Roper, Director, Planning
Stephen H. Sigmund, Chief, Public and Government Affairs
Timothy G. Stickelman, Assistant General Counsel
Gerald B. Stoughton, Director, Office of Financial Analysis
Ralph Tragale, Client Manager, Government and Community Affairs
Lillian D. Valenti, Director, Procurement
Sheree Van Duyne, Manager, Policies and Protocol, Office of the Secretary
Timothy Volonakis, Manager, Professional, Technical and Advisory Services, Procurement
Peter Zipf, Deputy Chief Engineer/Director of Engineering

Guest:

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

Public Speaker:

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The public meeting was called to order by Chairman Coscia at 1:38 p.m. and ended at 2:03 p.m. The Board met in executive session prior to the public session.

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of April 24, 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 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 and action taken in public and executive session at its meeting on May 22, 2008, which included discussion of the retention of independent auditors for the year ending December 31, 2008, and discussion of 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 and executive session at its meeting on May 22, 2008, which included discussion of an item for additional planning for the retail components of the World Trade Center (WTC) site and a contract for professional architectural, engineering and interior design services for office space to be occupied by the Port Authority in 4 WTC, review of an item for planning to develop a WTC site-wide Operations Command Center and interoperable radio communication systems, and discussion of an increase to an agreement for additional architectural and engineering services to complete the preliminary design of the WTC Streets, Utilities and Related Infrastructure project, as well as discussion of two items authorizing award of construction trade contracts in connection with One WTC, the Freedom Tower, 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 Governance and Ethics Committee

The Governance and Ethics Committee reported, for information, on matters discussed in public session at its meeting on May 22, 2008, which included discussion on Port Authority ethics policies and practices, and the report was received.

Report of Security Committee

The Security Committee reported, for information, on matters discussed in public session at its meeting on May 22, 2008, which included an update on airport security, and the report was received.

Report of Committee on Finance

The Committee on Finance reported, for information, on matters discussed and action taken in public session at its meeting on May 22, 2008, which included discussion of an item for the purchase of property damage and loss of revenue insurance, and the report was received.

Report of Committee on Operations

The Committee on Operations reported, for information, on matters discussed and action taken in public session at its meeting on May 22, 2008, which included discussion of an item to acquire certain property in South Plainfield, New Jersey in connection with the Hudson-Raritan Estuary Resources Program, an amendment to a Memorandum of Understanding with the New Jersey Meadowlands Commission to provide reimbursement to the Commission for the cost of improvements to property in Carlstadt, New Jersey known as River Barge Park in connection with the Hudson-Raritan Estuary Resources Program, discussion of an item that authorizes a hotel management agreement and franchise agreement for the interim operation of the Ramada Hotel at John F. Kennedy International Airport, and discussion of an item that authorizes planning and other agreements for the redevelopment of Terminals 2 and 3 at John F. Kennedy International Airport, and the report was received.

Chairman's Report

On behalf of the Board, Chairman Coscia welcomed Commissioner H. Sidney Holmes III and congratulated him on his recent appointment to the Board by New York Governor David A. Paterson, and also welcomed Christopher O. Ward and congratulated him on his appointment as Executive Director.

Staff Reports

Presentations were made by staff on:

- 1) World Trade Center Update;
- 2) One World Trade Center, the Freedom Tower – Construction Trade Contracts;
- 3) Update on Airport Security; and
- 4) John F. Kennedy International Airport – Terminals 2 and 3 Redevelopment Program.

AMENDMENT OF BY-LAWS

In view of changes in the Port Authority's organizational structure implemented today, the Board has determined to amend Article II of the By-Laws to provide that the officers of the Port Authority shall be a Chairman, a Vice-Chairman, an Executive Director, a Deputy Executive Director, a General Counsel, a Chief Financial Officer, a Treasurer, a Comptroller, and a Secretary.

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

RESOLVED, that Article II, Officers, of the By-Laws of The Port Authority of New York and New Jersey, as most recently amended and restated on July 26, 2007, shall and the same hereby is amended to read as follows:

“The officers of the Port Authority shall be a Chairman, a Vice-Chairman, an Executive Director, a Deputy Executive Director, a General Counsel, a Chief Financial Officer, a Treasurer, a Comptroller, and a Secretary.”

ELECTION OF EXECUTIVE DIRECTOR

Chairman Coscia announced that, in accordance with the provisions of the By-Laws, the election of an Executive Director was in order, and, in view of changes to the Port Authority's organization chart being implemented today, the confirmation of the election at the April 24, 2008 meeting of certain other officers was also in order.

Commissioner Mack, 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 VII of the By-Laws, the Committee, by unanimous action, submits the nomination of Christopher O. Ward for Executive Director of The Port Authority of New York and New Jersey. Mr. Ward was employed in such capacity on May 19, 2008.”

Pursuant to the foregoing report, Commissioners Bauer, Blakeman, Coscia, Ferer, Holmes, Mack, Pocino, Sartor, Silverman and Steiner voting in favor, Christopher O. Ward was unanimously elected Executive Director, and the election at the April 24, 2008 meeting of Commissioner Anthony R. Coscia as Chairman, Commissioner Henry R. Silverman as Vice-Chairman, Susan Bass Levin as Deputy Executive Director, Darrell Buchbinder as General Counsel, Karen E. Eastman as Secretary, A. Paul Blanco as Chief Financial Officer, Michael G. Fabiano as Comptroller and Anne Marie Mulligan as Treasurer of the Port Authority was unanimously confirmed.

**JOHN F. KENNEDY INTERNATIONAL AIRPORT – TERMINALS 2 AND 3
REDEVELOPMENT PROGRAM – PLANNING AUTHORIZATION AND
LEASE SUPPLEMENT**

It was recommended that the Board authorize: (1) planning for the modernization and redevelopment of Terminals 2 and 3 and related facilities at John F. Kennedy International Airport (JFK), at an estimated total cost of \$20 million, of which an estimated \$7.5 million would be provided to Delta Air Lines, Inc. (Delta) and/or their consultants, and the balance allocated to Port Authority expenses for planning activities; and (2) the Executive Director to: (a) modify existing, or enter into new, consultant agreements, as deemed appropriate and in the best interest of the Port Authority, to provide professional services to support the performance of the planning work, pursuant to authority granted in the By-Laws or other resolution adopted by the Board; and (b) execute a supplement to the Delta Airlines Worldport Lease to provide an amount estimated at \$7.5 million to Delta to advance planning efforts and studies for the redevelopment of Terminals 2 and 3, with provisions for reimbursement of such costs to the Port Authority, either through project funding or as additional rental payments over the term of the lease.

Over the past decade, the JFK Redevelopment Program has developed and implemented needed physical improvements to accommodate the growth in air traffic at JFK and modernize standards for service, sustainability and security. Among the major initiatives that have been undertaken are new or improved access roads from major arteries, a reconfigured internal roadway system to facilitate passenger access to terminal complexes, expanded and enhanced terminal frontage roads, expanded and improved utility systems, a new air traffic control tower, AirTrain JFK, a new cogeneration facility and electrical distribution infrastructure, new parking garages and significant investments in airline terminals. Terminal One was the first of several terminals to be redeveloped and opened in 1998. The International Air Terminal (Terminal 4) redevelopment was completed in 2001. British Airways undertook a major expansion of Terminal 7, which was completed in 2003. American Airlines opened the central main terminal building and remote concourse of the new Terminal 8 in 2005, and the remaining portion of the new terminal and concourse was completed in 2007. The new Terminal 5, under construction by JetBlue Airways, is anticipated to open in the fall of 2008.

Terminals 2 and 3 remain as the last terminal complex at JFK in need of redevelopment. Terminal 3 was opened for international air service by Pan American World Airways (Pan Am) in 1960, as part of the Airport Terminal City. Terminal 2 was built in 1962 for domestic service. After Pan Am ceased operations, the two terminals were leased to Delta in 1993. Delta operates both domestic and international flights from the two terminals and has established JFK as a major hub for its operations. The Terminal 2 and 3 facilities are over 50 years old and, as the oldest passenger facilities at the airport, are not designed or configured to comply with modern standards for air travel. They are also undersized and do not provide the needed gate and processor capacity to meet Delta's future forecast demand for the JFK market.

Delta has previously worked with the Port Authority to explore options for the redevelopment of Terminals 2 and 3 into a consolidated terminal complex. However, that effort was suspended, due to the impacts of the events of September 11, 2001 on the airline industry. Since that time, Delta has increased its hub presence at JFK, to the point that the existing terminal complex no longer accommodates their current demand at acceptable levels of service and will not allow Delta to advance plans for continued growth at JFK.

Delta's recent expansion of service contributed to JFK's 9.8-percent growth in international traffic, representing 41 percent of the net passenger gain in 2007. Delta has proposed to make significant investment at its facilities at JFK, and has undertaken studies of the terminal areas to identify concepts for accommodating their forecast growth. Delta, together with Port Authority staff, is evaluating a number of potential sites, reflecting a variety of options, and is considering landside, terminal and airside requirements. Preliminary construction phasing and staging are also being examined, to assess constructability and potential customer service impacts in an operating environment. Delta has expressed a commitment to continue to advance its planning efforts for the new redeveloped terminal facility, at a cost of approximately \$15 million.

Delta already has spent \$5 million toward this initiative. Out of the \$20 million in planning funds proposed under this initiative, the \$7.5 million to be provided to Delta would partially fund the Arup/Skidmore Owings & Merrill, LLP design team's efforts to advance the plan to a Stage 1 level of development. Delta would provide an equivalent amount, and has stated that it will complete that phase within the next 6-8 months.

The Port Authority would use the remaining \$12.5 million to fund the completion of planning work associated with determining the scope of work needed to modify airport infrastructure to support the terminal development. This would include: defining the scope of a required garage expansion, modifying the access roadway system for the quadrant, defining required changes to the utility systems located off-site to address the new loads, and completing an environmental review. This work would be completed by a combination of in-house staff and consultants, as necessary. Additionally, funds also would be included to allow the Port Authority to acquire program management services to staff the upcoming work effort with the Delta/Terminal 4 team. This staff support is needed to review drawings, provide comments on plans, define airport requirements, attend meetings, and provide needed information to advance the plan.

This planning authorization would provide the necessary resources for staff to advance planning efforts in cooperation with Delta to identify and validate a recommended final plan for the redevelopment of Terminals 2 and 3.

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

RESOLVED, that planning for the modernization and redevelopment of Terminals 2 and 3 and related facilities at John F. Kennedy International Airport (JFK), at an estimated total cost of \$20 million, of which \$7.5 million will be provided to Delta Air Lines, Inc. (Delta) and/or its consultants, and the balance allocated to Port Authority expenses for planning activities, 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) modify existing, or enter into new, consultant agreements, as deemed appropriate and in the best interest of the Port

Authority, to provide professional services to support the performance of the foregoing planning work, pursuant to authority granted in the By-Laws or other resolution adopted by the Board; and (2) execute a supplement to the Delta Airlines Worldport Lease, and such additional documents as may be appropriate, to provide an amount estimated at \$7.5 million to Delta and/or its consultants to advance planning efforts and studies for the redevelopment of Terminals 2 and 3, with provisions for reimbursement of such costs to the Port Authority; and it is further

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

NEWARK LIBERTY INTERNATIONAL AND LAGUARDIA AIRPORTS – BOLLARD PROTECTION OF TERMINAL FRONTAGES – PHASE 2 PROJECT AUTHORIZATION

It was recommended that the Board authorize Phase 2 of the project to enhance security along certain Port Authority-maintained terminal frontages at Newark Liberty International Airport (EWR) and LaGuardia Airport (LGA) by constructing additional Terminal Frontage Bollard Systems, at an estimated cost of \$28.4 million, inclusive of the previously authorized Phase 2 planning amount (an estimated \$3 million).

At its July 26, 2007 meeting, the Board authorized Phase 1 of the project, which included: design and construction for at-grade bollard systems at LGA's Marine Air Terminal and EWR's Terminal B lower level, at an estimated cost of \$10 million; and planning for Phase 2 of the project, to address the need for bollards for the Central Terminal Building at LGA and the Terminal B middle and upper levels at EWR, in an estimated amount of \$3 million. The proposed amount to be authorized for Phase 2 construction – approximately \$25 million – would bring the total authorized amount for Phases 1 and 2 to \$38.4 million. The scope of work for Phase 2 would include further design work and the installation of a bollard system at LGA's Central Terminal Building and at EWR's middle and upper levels of Terminal B. The work would be solicited via the existing security work-order contractor, Tishman Technologies Corporation.

The requirements for protecting the airport terminal frontage areas have been established as a result of a number of security assessments and information provided by the federal government. The purpose of the Terminal Frontage Bollard System is to disable a vehicle that could potentially be used to transport explosives inside the terminal buildings. The protective measures would supplement operational and other security measures already in place at the terminal frontages. Additional terminal protection elements may be advanced under separate future projects, and authorization for such projects may be sought in the future.

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

RESOLVED, that Phase 2 of a project (Project) to enhance security along the terminal frontages at Newark Liberty International Airport and LaGuardia Airport, through the construction of Terminal Frontage Bollard Systems as part of an overall security upgrade plan, at an estimated cost of \$28.4 million, inclusive of the \$3 million in previously authorized Phase 2 planning work, 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 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.

DOWNTOWN RESTORATION PROGRAM – WORLD TRADE CENTER SITE-WIDE OPERATIONS COMMAND CENTER AND RADIO COMMUNICATION SYSTEMS – PLANNING AUTHORIZATION

It was recommended that the Board authorize planning work, in a total estimated amount of \$5 million, for (1) a World Trade Center (WTC) site-wide Operations Command Center (OCC), and (2) the development of radio communication systems at the World Trade Center site, and authorize the Executive Director to enter into such agreements as may be necessary to effectuate the planning work.

An independent security review of Lower Manhattan has been conducted with external security partners, and a consistent theme throughout has been the need for WTC site-wide command, control, communications and information sharing, and for stakeholder and adjacent sites to have the ability to communicate and share security information. A WTC site-wide OCC was identified as the facility to handle this centralized communications function. In addition, wireless radio communications, for both operations and first responders, has been identified as a related critical program that needs to advance. Further development of these programs would leverage existing infrastructure work being performed at the WTC site. The Port Authority would collaborate with other stakeholders, interested parties and appropriate agencies, including the New York City Police Department, the New York City Fire Department, the New York State Office of Homeland Security and the New Jersey Office of Homeland Security and Preparedness, in the development of the radio communication systems, which will be compatible with the Port Authority's radio system. The recommendations of both the 9/11 Commission and the National Institute of Standards and Technology would be incorporated into the planning and design.

As part of ongoing security planning, basic designs were developed for the WTC site-wide OCC and wireless radio communications, with input from first responders and stakeholders. As various components of the WTC site redevelopment work now advance beyond the conceptual planning stages into final design and construction, these critical security functions must be developed further to ensure their coordination and completion with this work. First responders and stakeholders will continue to participate in the planning process. Other WTC site security and infrastructure planning and engineering efforts, including WTC Police Command, Master Managers Operations and Maintenance, WTC site-wide Below-Grade Way-Finding, WTC site-wide Access Control, as well as WTC site construction support and coordination, are proceeding under separate programs.

This work would advance the redevelopment of the WTC site, including commercial, transportation and Memorial components. Redevelopment of the WTC site and the revitalization of Lower Manhattan in the wake of the events of September 11, 2001 are of critical importance to the economy and overall quality of life in the New York-New Jersey region. The proposed continuation of this security planning effort will facilitate the achievement of these tasks.

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

RESOLVED, that planning work, in a total estimated amount of \$5 million, for (1) a World Trade Center (WTC) site-wide Operations Command Center, and (2) the development of radio communication systems at the WTC site, including payments for professional and advisory services, staff and administrative costs, and financial expense, be and it hereby is authorized; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for an on behalf of the Port Authority, to take action with respect to (1) contracts for professional and advisory services, and (2) such other contracts and agreements as may be necessary to effectuate the foregoing planning work, 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 agreements in connection with the foregoing planning work shall be subject to the approval of General Counsel or his authorized representative.

DOWNTOWN RESTORATION PROGRAM – INCREASE IN PLANNING AUTHORIZATION FOR WORLD TRADE CENTER RETAIL LLC WITH WORLD TRADE CENTER PROPERTIES, LLC

It was recommended that the Board authorize an increase of \$5 million in the existing agreement of World Trade Center Retail LLC (WTC Retail LLC) with World Trade Center Properties, LLC (Silverstein Properties Inc.), for professional architectural and engineering services to complete the final coordinated design phase for the East Bathtub Retail fit-out and related work at the World Trade Center (WTC) site. In December 2006, the Board authorized WTC Retail LLC to enter into a series of agreements with various entities to provide design development for the WTC site retail components, in an estimated amount of \$20 million. When added to the previously authorized retail planning funds, the total revised authorized planning amount that would result from this action is \$38.4 million.

WTC Retail LLC executed an agreement with Silverstein Properties, Inc. in April 2007 with respect to a portion of the aforementioned scope of work. There is now a need to continue coordination, as adjacent stakeholder design efforts have evolved and are now beyond the scope of the April 2007 plans. These tasks include studies and design efforts, which have come to light as the project has progressed and which will increase the value and subsequent return on the retail asset. The scope of work would include the completion of the construction documents and bid packages, new design work, including the incorporation of two revised concourses located within Tower 2 and the main North/South corridors, as well as the Tower 2 transit/retail lobby, and the resolution of retail background conflicts. These improvements will cost less if the alterations are made at this point in time, rather than as a “change order” after the plans are signed and sealed.

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

RESOLVED, that World Trade Center Retail LLC be and it hereby is authorized to increase by \$5 million the amount of its existing agreement with World Trade Center Properties, LLC for professional architectural and engineering services to complete the final coordinated design phase for the East Bathtub Retail fit-out and related work at the World Trade Center site; and it is further

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

JOHN F. KENNEDY INTERNATIONAL AIRPORT – UNITED STATES POSTAL SERVICE – LEASE AYD-811 – NEW LEASE

It was recommended that the Board authorize the Executive Director to enter into a new lease agreement with the United States Postal Service (USPS) to provide for its continued occupancy of Building 250 at John F. Kennedy International Airport (JFK), for use as a postal facility, for a ten-year term.

The USPS has been operating at JFK since 1957. In 1976, the USPS entered into an agreement with the Port Authority to construct the New York International Service Center/John F. Kennedy Air Mail Center (NYISC-JFK) at JFK Building 250. The primary purpose of the NYISC-JFK facility is to handle, receive and dispatch mail to over 186 foreign countries and dispatch Express Mail to over 240 foreign destinations. In fiscal year 2007, the NYISC-JFK facility handled over 444 million pieces of mail. This facility is also the main port of entry for foreign military inbound priority parcels.

Under the proposed agreement, the USPS would continue to lease Building 250 and approximately 21 acres of adjacent land for the purpose of continuing to be a major port of entry of foreign mail and a major dispatcher of United States mail internationally. The agreement would be for an initial term of ten years and would provide the USPS, at its option, with the ability to extend the term for two additional five-year periods at predetermined rates. The Port Authority eventually would need to take approximately 3,900 square feet of the leasehold for use in the airport Delay Reduction Program.

The agreement with the USPS would be effective on July 1, 2008. The USPS would pay aggregate rentals over the initial ten-year lease term of approximately \$141 million.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into a new lease agreement, Lease No. AYD-811, with the United States Postal Service for Building 250 at John F. Kennedy International Airport, substantially in accordance with the terms outlined to the Board; the form of the agreement shall be subject to the approval of General Counsel or his authorized representative.

BATHGATE INDUSTRIAL PARK – METRO FOODS, INC. – LEASE BIP-202 – NEW LEASE

It was recommended that the Board authorize the Executive Director to enter into a lease agreement with Metro Foods, Inc. (Metro Foods) for the letting of a 35,000-square-foot industrial building located in Bathgate Industrial Park in the Bronx, New York.

Metro Foods would use the premises as a warehouse and food-and-beverage distribution center. Metro Foods would install a racking system, as well as several walk-in refrigerators and freezers, which would be powered by micro-turbine gas engines. Metro Foods would be given six months of free rent in order to prepare the premises for its use and occupancy.

The lease would commence on or about July 1, 2008 and expire on October 18, 2020, the day preceding the expiration date of the fixed term of the letting for Bathgate Industrial Park. The Port Authority would have the right to terminate the lease, without cause, upon two years' prior written notice. Upon termination without cause, the Port Authority would be obligated to pay Metro Foods the unamortized cost of its investment, up to a maximum of \$250,000, and certain moving expenses. The aggregate basic rental over the term of the lease would be approximately \$3.1 million.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into a lease agreement with Metro Foods, Inc. for the letting of a 35,000-square-foot industrial building located in Bathgate Industrial Park, substantially in accordance with the terms and outlined to the Board; and it is further

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

JOHN F. KENNEDY INTERNATIONAL AIRPORT – HOTEL MANAGEMENT AGREEMENT AND FRANCHISE AGREEMENT

It was recommended that the Board authorize the Executive Director to enter into a hotel management agreement with Westminster JFK Management LLC (an affiliate of Westmont Hospitality Group) and a franchise agreement with Ramada Franchise Systems, Inc. (Ramada), or other comparable hotel brand, in connection with the interim operation of the existing Ramada Hotel (Hotel) at John F. Kennedy International Airport (JFK).

The existing 50-year ground lease for the Hotel with the joint venture, Goldman Sachs/Westmont Hospitality Group (Goldman/Westmont), will expire on October 31, 2008. In conjunction with such expiration, staff will issue a Request for Proposals (RFP) for the development of a new hotel or hotels, including the possible renovation of the existing Hotel. The RFP process and negotiations with a developer will be complex and will not be concluded before lease expiration. Therefore, in order to continue to provide the Port Authority's customers at JFK with on-airport hotel services, staff commenced discussions with the existing lessee to extend the agreement beyond the lease expiration for an interim period. Goldman/Westmont was not interested in discussing an extension. However, the Westmont Hospitality Group did express a desire to continue to operate the Hotel under a new management agreement, if the Port Authority would assume the ownership role and enter into a franchise agreement with Ramada.

The terms of the proposed hotel management agreement include a two-year fixed period commencing on November 1, 2008, with provisions for the Port Authority to extend and terminate. The operator would be responsible for controlling and managing all matters related to the Hotel, including maintenance, repair, alteration, staffing and marketing, in a manner that is appropriate for a Ramada brand (or other comparable brand) hotel. It would be compensated in the form of a management fee of three percent of the total revenues generated and an incentive fee of five percent of the net operating income of the Hotel. The Port Authority would provide up-front funding for a hotel working capital fund, in an estimated amount of \$3.3 million, and, as necessary, for a capital reserve fund of up to \$1 million, to be funded otherwise by Hotel operations, to meet ongoing maintenance and franchise requirements of the property. The Port Authority would receive a monthly payment from the operator (to be paid from the Hotel cash flows) equal to one-half of the current market ground rent for the property and all net operating income of the Hotel, less the incentive fee paid to the operator. The ground rent payment and all other expenses of the Hotel operation, including the capital reserve fund and franchise fees, would be covered prior to the payment of any incentive fee to the operator.

The franchise agreement would provide the Port Authority the right to the use of the Ramada (or other comparable brand) name and certain services, including the reservation system, advertising, marketing and training services. The franchise fees would be included as direct expenses of the Hotel, and are estimated at \$2 million annually.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, in order to effectuate the interim operation of the Ramada Hotel at John F. Kennedy International Airport, to enter into: (1) a hotel management agreement with Westminster JFK Management LLC (an affiliate of Westmont Hospitality Group established for the sole purpose of operating the Ramada Hotel), with the Port Authority to provide up-front funding for a hotel working capital fund, in an estimated amount of \$3.3 million, and, as necessary, for a capital reserve fund of up to \$1 million, to be funded otherwise from hotel operations; and (2) a franchise agreement with Ramada Franchise Systems, Inc., or a comparable hotel brand, with estimated fees of \$2 million annually to be funded from hotel operations; each substantially in accordance with the terms 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 contracts and agreements necessary or appropriate in connection with the foregoing; and it is further

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

**NEWARK LIBERTY INTERNATIONAL AIRPORT – GAZ REALTY, INC. – LEASE
ANB-862 – NEW LEASE**

It was recommended that the Board authorize the Executive Director to enter into a new lease agreement with GAZ Realty, Inc. (GAZ) covering the construction, operation, financing and management of a modern, state-of-the-art Multi Fuel Vehicle Service Station (MFVSS) at Newark Liberty International Airport (EWR) for a 20-year term.

A Request for Proposals was solicited for the construction, operation, financing and management of the MFVSS from vendors in the petroleum and alternative fuels industry, as well as from businesses specializing in the development of service stations. The GAZ proposal was reviewed and evaluated on its development plan, management and operations and team experience, as well as the financial aspects of the proposal, to determine how to generate maximum revenue to the Port Authority. Under the proposed lease agreement, GAZ would construct an approximate 3,200-square-foot building, which would include a convenience store, bay area, waiting area, customer counter, car wash and restroom facilities. GAZ also would be responsible for building an access ramp leading to the service station from the on-ramp to the Central Terminal Circulation Roadway. The Port Authority would have the right to terminate the agreement, without cause, upon 120 days' prior written notice to GAZ. Upon such termination, the Port Authority would reimburse GAZ for the unamortized portion of its initial investment, not to exceed \$6 million.

The agreement with GAZ would be effective on or about July 15, 2008. GAZ would pay aggregate rentals over the term of approximately \$7.7 million.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into a new lease agreement with GAZ Realty, Inc. covering the construction, operation, management and financing of a Multi-Fuel Vehicle Service Station at Newark Liberty International Airport, substantially in accordance with the terms outlined to the Board; the form of the agreement shall be subject to the approval of General Counsel or his authorized representative.

HUDSON-RARITAN ESTUARY RESOURCES PROGRAM – AMENDMENT OF MEMORANDUM OF UNDERSTANDING WITH NEW JERSEY MEADOWLANDS COMMISSION TO FUND IMPROVEMENTS AT RIVER BARGE PARK IN CARLSTADT, NEW JERSEY

It was recommended that the Board authorize the Executive Director to enter into an amendment of the Memorandum of Understanding (MOU) with the New Jersey Meadowlands Commission (Commission), which authorized up to \$10 million toward the cost of property acquisitions within the New Jersey Meadowlands District as part of the Hudson-Raritan Estuary Resources Program (Program), to provide for reimbursement for property improvements designed to enhance public access. One of the properties acquired pursuant to that MOU was the “Barge Club Property,” a 3.03-acre site located in Carlstadt, New Jersey along the Hackensack River, the acquisition of which was approved by the Committee of Operations on July 28, 2005. The proposed amendment to the MOU would enable the Port Authority to provide up to \$5,047,000 (of the remaining \$7,182,317 from the \$10 million authorized by the Board) as reimbursement for the cost of improvements to the Barge Club Property, now known as River Barge Park, needed to create a fully accessible public waterfront.

At its meeting of July 26, 2001, the Board authorized the Program to provide funding for the acquisition and improvement of strategic pieces of land to assure the timeliness and cost-effectiveness of facility expansion and redevelopment in the face of community concerns over loss of public access and natural resource areas and the impact from facility operations. Under the Program, a total of \$60 million was allocated – \$30 million each for sites in the States of New York and New Jersey. At its meeting of October 21, 2004, the Board authorized the MOU with the Commission, which was executed as of March 8, 2005 and provides for the Port Authority to reimburse the Commission up to \$10 million toward the cost of its purchase of real property located within the Meadowlands District, which property is to be encumbered in perpetuity, in a manner satisfactory to the Port Authority.

The amendment to the MOU would provide for Port Authority funding for improvements to the Barge Club Property that would provide a significant new regional natural resource amenity by creating new public access to the waterfront and water trails, as well as enhancing environmental education opportunities within the Meadowlands District. The Barge Club Property site, now known as River Barge Park, is ideally located for use by the general public, and the proposed improvements would enhance the ability of the public to access the Hackensack River and the other natural resources of the Meadowlands District. The site is set amidst urban wetlands and estuary, and provides an excellent vantage point from which to view the revival of the Hackensack River and the return of fish and wildlife species to the area. The project components incorporate significant “sustainability elements,” such as solar panels, reclaimed wood, light-emitting-diode lighting, native drought-resistant plantings, indigenous thatch for the roof of the environmental education pavilion, and bio-basins for storm water management.

The items for which the Port Authority would provide the Commission with reimbursement under the amended MOU include: wetland salt marsh restoration, sheet-pile bulkhead, a public boat ramp and promenade, roads and parking, fishing piers, an environmental education pavilion with interpretive signage, a public paddle center, a winter boat storage building and boat sewage disposal. These improvements are consistent with the stated purpose, scope, and intent of the Program.

The cost of the project to improve the Barge Club Property/River Barge Park site is in excess of \$6.7 million. The Commission would be responsible for project costs that exceed the amount of the proposed Port Authority funding. No Port Authority funds would be used to defray the cost of operating River Barge Park.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Blakeman, Coscia, Ferer, Mack, Pocino, Sartor, Silverman and Steiner voting in favor; none against; Commissioner Holmes abstaining and Commissioner 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 amendment of the Memorandum of Understanding with the New Jersey Meadowlands Commission (Commission) regarding the funding of property acquisitions within the New Jersey Meadowlands District as part of the Hudson-Raritan Estuary Resources Program, pursuant to which the Port Authority will provide the Commission with up to \$5,047,000 toward the cost of improvements to the Barge Club Property, a 3.03-acre site located in Carlstadt, New Jersey, now known as River Barge Park; and it is further

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

BAYONNE BRIDGE – STATEN ISLAND CEMENT IMPORT TERMINAL – LEASE AGREEMENT WITH STATEN ISLAND TERMINAL, LLC

It was recommended that the Board authorize the Executive Director to enter into a lease agreement with Staten Island Terminal, LLC (SIT), covering a portion of Lot 1, Block 1107 in Staten Island, adjacent to the Bayonne Bridge, for use in connection with a proposed Staten Island Cement Import Terminal (Terminal).

The lease would be deemed to have a commencement date no later than 30 days after the date when the Port Authority tenders the lease document to the lessee, regardless of when the lease actually is fully executed. The lease would provide for an initial five-year term with the option, at the Port Authority's sole discretion, to extend the lease term, from time to time, for up to six additional five-year periods, for the greater of a rental payment by SIT to the Port Authority of: (a) \$20,150, payable in advance for the first five-year period, with a subsequent annual payment of \$4,030, adjusted to reflect Consumer Price Index (CPI) increases over the initial five-year period, compounded annually to reflect CPI increases for each year after the initial five-year period, payable in advance on the anniversary date of the initial lease term commencement date for each year of any optional periods; or (b) a per-square-foot amount equivalent to the amount to be negotiated between SIT and New York State Office of General Services for lands New York State owns under water in the Kill Van Kull and for which SIT has applied for an easement, with the lessee paying the Port Authority any necessary retroactive adjustments.

SIT plans to construct a deep-water ship pier in the Kill Van Kull, west of the Bayonne Bridge in Staten Island, as part of the Terminal. SIT is a limited liability corporation created expressly for the Terminal project. Ships from Peru would transport cement produced by the Cementos Lima Company to the proposed Terminal in Staten Island. The ship traffic would substantially reduce truck traffic from Lehigh Valley, Pennsylvania, which presently transports cement to the metropolitan area. SIT has requested a lease from the Port Authority on Lot 1, Block 1107, in order to construct a trestle conveyor system that would partially occupy Lot 1, connecting the upland portion of SIT's proposed Terminal to a pier that SIT would construct in the Kill Van Kull. SIT has applied for an easement from the New York State Office of General Services with respect to lands under water in the Kill Van Kull needed to construct the ship pier. The New York State Department of Environmental Conservation has advised that SIT's application for regulatory permits was deemed incomplete, because there were a number of outstanding requirements, including, among others: landowner permission and advice from the Port Authority that concerns over possible impacts to the Bayonne Bridge and the protective anti-ship collision structure arising from the operation of the proposed Terminal have been resolved; an approved Blasting Plan; and a detailed Mitigation and Protection Plan for the endangered species peregrine falcons, which nest in the vicinity of the Terminal project site from SIT.

The Port Authority would not make any representations as to its right, title or interest in the leased property or the suitability of the leased property for SIT's purposes, nor would SIT have any recourse to the Port Authority with respect to any future claims challenging the Port Authority's right, title or interest in the leased property.

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

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 Staten Island Terminal, LLC, covering the letting by the Port Authority of a portion of Lot 1, Block 1107 in Staten Island, New York, adjacent to the Bayonne Bridge, for use in connection with a proposed Cement Import Terminal, 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 take action to effectuate the foregoing lease agreement, including the execution of agreements, contracts and other documents, as may be necessary in connection therewith; and it is further

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

ELIZABETH-PORT AUTHORITY MARINE TERMINAL AND NEWARK LIBERTY INTERNATIONAL AIRPORT – AMENDMENT TO AGREEMENT WITH CITY OF ELIZABETH FOR THE COMMUNITY DEVELOPMENT FUND – REVISIONS TO ANNUAL PAYMENT SCHEDULE

It was recommended that the Board authorize the Executive Director to enter into an amendment to the agreement with the City of Elizabeth, New Jersey (City) covering the Port Authority's annual payments in support of the Community Development Fund (Fund). The City would receive a one-time payment, which is presently estimated at approximately \$4 million, upon execution of the amendment, based on a net-present-value calculation at approximately a 7.5-percent discount rate. In exchange, the Port Authority's future annual payments to the Fund would be reduced by \$500,000, from \$3 million to \$2.5 million, for approximately the final 20 years of the term of the agreement, covering the years 2011 or 2012 to 2031. The payment schedule agreed to would be equivalent in value to the current schedule, on a net-present-value basis to the Port Authority.

The subject agreement was authorized initially by the Board at its meeting of November 8, 1984, with a term extending through 2031. The agreement provided that the payments to the Fund would be used for specific projects that would be of benefit to the Port Authority as well as the City. On December 14, 2000, the Board authorized an amendment to the agreement, that increased the annual payment to the current \$3 million level, beginning in 2001 through 2031. The increased payment was in recognition, among other things, of the increased costs to the City of providing support services, such as back-up police, fire and emergency response services, to Newark Liberty International Airport (EWR) and the Elizabeth-Port Authority Marine Terminal (EPAMT).

The Fund helps support projects and services provided by the City that benefit the Port Authority's facilities located in Elizabeth. These include support for critical roadway and sewer infrastructure projects that help maintain access to the Port Authority's facilities. The Fund has provided support for a new police station and magistrate's court, equipment for a communications center, a hazardous material response vehicle, as well as improvements to roadways and sewer systems that serve the City, as well as EWR and the EPAMT.

The proposed action would help to ensure that the City is able to meet its debt service obligations in connection with previously authorized infrastructure projects eligible under the existing agreement.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into an amendment to the agreement with the City of Elizabeth, New Jersey (City), covering the Port Authority's annual payments in support of the Community Development Fund (Fund), to provide for the City to receive, upon execution of the amendment, a one-time payment, which is presently estimated at approximately \$4 million based on a net-present-value calculation at approximately a 7.5-percent discount rate, and for a reduction in the

Port Authority's future annual payments to the Fund of \$500,000, from \$3 million to \$2.5 million, for the portion of the term of the agreement covering the years 2011 or 2012 to 2031; and it is further

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

AMENDMENT OF AUTHORIZATION – EXPANSION OF NEW JERSEY ROADWAYS ACCESS, USE, COOPERATION AND ASSISTANCE AGREEMENTS FOR EMERGENCY RESPONSE PURPOSES

It was recommended that the Board authorize the Executive Director to enter into an amendment of the agreement authorized in June 2007 in connection with the provision of \$32 million to the New Jersey Department of Transportation (NJDOT), the New Jersey Turnpike Authority (NJTA) and/or other appropriate agencies in consideration for the designation of certain roadways in New Jersey leading from the Lincoln Tunnel, in perpetuity, as an emergency evacuation corridor for the Port Authority in the event of a disaster or other significant incident, to expand the network of New Jersey roadways over which the Port Authority would have “access, use, cooperation and assistance,” in perpetuity, for emergency response purposes, at no additional cost to the Port Authority.

Pursuant to the amended agreement with NJDOT and the NJTA, those agencies would ensure that the Port Authority will have access to, use of, cooperation and assistance for transit over the New Jersey Turnpike and other state highways leading to Port Authority bridge and tunnel facilities, as necessary, in responding to a disaster or other significant incident. NJDOT and the NJTA will use amounts to be paid by the Port Authority pursuant to the June 2007 authorization, as amended herein, toward the cost of projects to ease congestion, increase capacity and improve the flow of traffic along the network of New Jersey roadways that are covered by such emergency “access, use, cooperation and assistance” agreements.

As in the case of the previous authorization, the funds to be paid under the amended agreement would be drawn against existing regional commitments in the Port Authority’s Updated 2007-2016 Capital Plan.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Blakeman, Coscia, Ferer, Mack, Silverman and Steiner voting in favor; none against; Commissioner Holmes abstaining and Commissioners 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 amended agreement or agreements with New Jersey Department of Transportation (NJDOT), the New Jersey Turnpike Authority (NJTA) and/or other appropriate agencies, pursuant to which NJDOT, the NJTA and/or the other agencies will ensure that the Port Authority has access to, use of, cooperation and assistance for transit over portions of the New Jersey Turnpike and other state highways leading to Port Authority bridge and tunnel facilities, in perpetuity, as necessary in responding to a disaster or other significant incident, with NJDOT and the NJTA to use amounts paid by the Port Authority under such amended agreement, in an amount not to exceed in the aggregate \$32 million, authorized in June 2007 for related purposes, toward the cost of projects to ease congestion, increase capacity and improve the flow of traffic along the network of New Jersey roadways that are covered by such emergency “access, use, cooperation and assistance” agreements, and the June 2007 authorization is hereby amended to the extent required to conform with the foregoing; and it is further

RESOLVED, that the form of all agreement(s) pursuant hereto shall be subject to the approval of General Counsel or his authorized representative.

**DOWNTOWN RESTORATION PROGRAM – WORLD TRADE CENTER SITE –
INCREASE IN AUTHORIZATION FOR EXPERT PROFESSIONAL
ARCHITECTURAL AND ENGINEERING SERVICES**

It was recommended that the Board authorize an increase of \$20 million in the authorized amount under an existing agreement with Downtown Design Partnership (DDP), a joint venture of DMJM+Harris, Inc. and STV, Inc., for continued professional architectural and engineering services toward the final coordinated design of certain rebuilding efforts at the World Trade Center (WTC) site, including, but not limited to, the WTC Transportation Hub (WTC Hub), Central Chiller and Refrigeration Plant, West Bathtub Vehicular Access, Performing Arts Center, WTC Vehicular Security Center and Tour Bus Parking Facility, Freedom Tower, WTC Memorial/Museum and related work for adjacent WTC site stakeholders, including Silverstein Properties, Inc., the New York State Metropolitan Transportation Authority, and WTC Retail-Westfield.

In September 2003, the Executive Director authorized an agreement with DDP to provide various professional architectural and engineering services for preliminary engineering tasks for the Downtown Restoration Program, including for the WTC Hub, for a five-year period, at an estimated cost of \$60 million. Subsequent authorizations have extended the term of the DDP agreement through December 2011 and added expanded responsibilities and additional tasks, including additional services provided in connection with the implementation of the WTC Site Master Plan, East Bathtub construction activities, planning for the WTC retail development and tenant parking, and continued design development for the WTC Hub, which collectively increased the aggregate authorized amount under the agreement to \$188.5 million. Approximately \$173.7 million of the authorized amount has been expended through January 2008, and additional authorization is required to provide for the continuation of the required services through June 2008.

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

RESOLVED, that an increase of \$20 million in the amount previously authorized under an existing agreement with Downtown Design Partnership (DDP), a joint venture of DMJM+Harris, Inc. and STV, Inc., for professional architectural and engineering services toward the completion of final coordinated design of certain rebuilding efforts at the World Trade Center (WTC) site, including, but not limited to, the WTC Transportation Hub, Central Chiller and Refrigeration Plant, West Bathtub Vehicular Access, Performing Arts Center, WTC Vehicular Security Center and Tour Bus Parking Facility, the Freedom Tower, the WTC Memorial/Museum, and related work for adjacent WTC site stakeholders, including Silverstein Properties, Inc., the New York State Metropolitan Transportation Authority, and WTC Retail-Westfield, be and it hereby is authorized; and it is further

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

AGREEMENT WITH UTEX HOLDINGS, LLC (UTEX) AND TDM AMERICA, LLC TO SETTLE ALL POTENTIAL PATENT INFRINGEMENT CLAIMS AGAINST THE PORT AUTHORITY CONCERNING TREATMENT AND PROCESSING OF DREDGED MATERIAL AND AGREEMENT WITH UTEX REGARDING TREATMENT AND USE OF DREDGED MATERIAL

It was recommended that the Board authorize the Executive Director to enter into an agreement with UTEX Holdings, LLC (UTEX) and its subsidiary, TDM America, LLC (TDM), to settle all potential claims of patent infringement against the Port Authority concerning the treatment and processing of dredged material without payment of monetary royalties or damages. Under the terms of the agreement, UTEX also would be provided with the exclusive right to treat, process and beneficially use future dredged material for a period of up to 30 years, at a guaranteed financially advantageous price to the Port Authority.

UTEX would process and treat all dredged material that requires upland disposal resulting directly from Port Authority-issued dredging contracts, at a UTEX processing facility which it would agree to finance, develop, construct and operate, at no cost to the Port Authority. UTEX would finance, obtain all legally required permits, develop, construct and operate the UTEX processing facility in a manner that is sufficient to meet the dredged material processing and beneficial use requirements of the Port Authority and the United States Army Corps of Engineers (Corps) in the Port of New York and New Jersey. The Port Authority would have no financial obligations in connection with the UTEX processing facility, except for the payment of the per-cubic-yard fee established for dredged material unloading, processing and placement and the per-ton fee established for the disposal of oversized debris that cannot be processed and beneficially used. The UTEX processing facility would be constructed, operational and ready to accept dredged material within one year of the effective date of the agreement.

The Port Authority would agree to nominate the UTEX processing facility for exclusive use under any contract entered into by the United States Government, through the Corps, where the Port Authority participates in cost-sharing as a local sponsor, and to use reasonable efforts to persuade the Corps to use such facility exclusively for processing/treatment and beneficial use activities under such contracts.

Settlement of all potential claims and an agreement to use the UTEX processing facility exclusively for the treatment of dredged material for any contract let by the Port Authority is recommended, as advantageous to the Port Authority and the region, for the following reasons: (1) it would provide for settlement of all infringement claims without monetary payment by the Port Authority of royalties or damages; (2) it would provide for an unconditional release to the Port Authority from past and future actions, provided only that the Port Authority abides by the settlement agreement terms and conditions; and (3) it would furnish a service provider and facility for treatment, processing and beneficial use of dredged material for up to 30 years, at a guaranteed financially favorable price. Finally, UTEX has targeted properties in the Portfields Program, funded in part by the Port Authority, as possible locations for establishment of the UTEX processing facility, providing added benefit to the Port Authority by accelerating the redevelopment of Portfields sites, thereby increasing the efficiency and capacity of port-related businesses.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into a settlement agreement with UTEX Holdings, LLC (UTEX) and its subsidiary, TDM America, LLC, regarding patent infringement claims brought by UTEX against the Port Authority related to the treatment and processing of dredged material, which settlement by its terms also shall include an agreement giving UTEX the exclusive right to treat, process and beneficially use future dredged material, substantially in accordance with the terms 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 take any and all action to effectuate the foregoing settlement agreement, including the execution of agreements, contracts and other documents, together with amendments and supplements thereof, or amendments and supplements to existing agreements, contracts and other documents, and to take action in accordance with the terms of such agreements, contracts and other documents, as may be necessary in connection therewith; and it is further

RESOLVED, that the form of all agreements, contracts and other documents in connection with the foregoing 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 FOR
PLUMBING WORK PACKAGES 1 AND 2**

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 WDF Inc. for plumbing work (Packages 1 and 2) associated with the construction of the Freedom Tower, at an estimated total cost of \$90,612,000, 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 for Package 1 of the plumbing work (Core and Shell) includes, but is not limited to, providing all the plumbing work residing within the envelope of the ground floor through the roof of the following: piping systems (storm, sanitary, waste, vent, domestic water, gas, kitchen services and irrigation), water storage systems (domestic water house tanks, cooling tower makeup house tanks, storm water holding/cooling tower makeup tanks, combination domestic water/fire tanks, grey water house tanks and fire reserve tanks), pumping systems (domestic water, storm and cooling tower makeup), drains, fixtures, trim, miscellaneous equipment and devices (pressure vessels, water pre-heaters and heaters, cushion tanks, basins, filtration systems, backflow prevention devices and valves). The contractor's work would extend to and from the bathrooms and janitor closets on Floors 20-88.

The scope of work for Package 2 of the plumbing work (Tenant Floors 20-88) includes, but is not limited to, providing all plumbing work within the bathrooms and janitor closets for the following: piping systems (including all horizontal and vertical storm, sanitary, waste, vent, domestic water piping residing within the footprint of the toilet rooms and janitor closets), drains, fixtures, trim, and miscellaneous equipment and devices (backflow prevention devices, valves, cleanouts and flushometers).

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 bidder, 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, Coscia, Ferer, Mack, Pocino, Silverman and Steiner voting in favor; none against; Commissioner Holmes abstaining and 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 WDF Inc. for plumbing work (Packages 1 and 2) associated with the construction of the Freedom Tower, at an estimated total cost of \$90,612,000, 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 CONTRACT FOR
HEATING, VENTILATION AND AIR CONDITIONING VENTILATION
PACKAGES 5 AND 6**

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 ASM Mechanical Systems for heating, ventilation and air conditioning (HVAC) ventilation Packages 5 and 6, for construction of One World Trade Center, the Freedom Tower (Freedom Tower), at a total estimated cost of \$72,360,000, 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 for Package 5 of the HVAC ventilation includes, but is not limited to, all of the following from the ground floor to the 57th floor: all return, exhaust and ventilation fans, constant volume regulators, fire/smoke dampers, sound traps, automatic louver damper, control dampers, volume dampers, etc. The contractor would be responsible to install the sheet metal portion of the HAC (waterside) equipment and perform all work necessary to install vertical and horizontal ductwork to meet the specified construction and leakage standards, as well as to provide services of an independent testing and balancing firm.

The scope of work for Package 6 of the HVAC ventilation includes, but is not limited to, all of the following from the 58th floor to the roof: all return, exhaust and ventilation fans, constant volume regulators, fire/smoke dampers, sound traps, automatic louver damper, control dampers, volume dampers, etc. The contractor would be responsible to install the sheet metal portion of the HAC (waterside) equipment and perform all work necessary to install vertical and horizontal ductwork to meet the specified construction and leakage standards, as well as to provide services of an independent testing and balancing firm.

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 bidder, 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, Coscia, Ferer, Mack, Pocino, Silverman and Steiner voting in favor; none against; Commissioner Holmes abstaining and 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 ASM Mechanical Systems for heating, ventilation and air conditioning ventilation Packages 5 and 6, for construction of One World Trade Center, the Freedom Tower, at a total estimated cost of \$72,360,000, 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.

THE WORLD TRADE CENTER – TOWERS 3 AND 4 DEVELOPMENT SCHEDULE EXTENSION

It was recommended that the Board authorize the Executive Director, on behalf of the Port Authority and its wholly owned entities that are parties to the Master Development Agreement for Towers 2/3/4 of the World Trade Center, dated as of November 16, 2006 (the MDA), to enter into an amendment of the MDA to provide for a six-month extension of the development schedule applicable to Tower 3, to facilitate negotiations between the Silverstein net lessee of Tower 3 and Merrill Lynch & Co Inc. (Merrill) with respect to the development of Tower 3, together with a related four-month extension of the development schedule for Tower 4. The Silverstein net lessees have requested these extensions to allow for various planning, design and construction activities that would permit their ongoing construction of Towers 3 and 4, in parallel with the Merrill negotiations. Pursuant to an agreement between the Port Authority and the City of New York (City), also entered into on November 16, 2006, such an extension of the development schedules for Towers 3 and 4 would require the prior consent of the City.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Blakeman, Coscia, Ferer, Mack, Pocino, Silverman and Steiner voting in favor; none against; Commissioner Holmes abstaining and Commissioner 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 entities that are parties to the Master Development Agreement for Towers 2/3/4 of the World Trade Center, dated as of November 16, 2006 (the MDA), to enter into an amendment of the MDA to provide that the development schedule applicable to Tower 3 is extended by six months and the development schedule applicable to Tower 4 is extended by four months; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority and its wholly owned entities that are parties to the MDA, to take any and all action to effectuate the foregoing, including the execution of agreements, contracts and other documents, together with amendments and supplements thereof, or amendments and supplements to existing agreements, contracts and other documents, and to take action in accordance with the terms of such agreements, contracts and other documents, as may be necessary in connection therewith; and it is further

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

CONFIDENTIAL ITEM

The Board also authorized a claim settlement that shall remain confidential pursuant to the terms of the settlement agreement.

Whereupon, the meeting was adjourned.

Secretary