

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Tuesday, December 7, 2010

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MINUTES of the Meeting of The Port Authority of New York and New Jersey held Tuesday, December 7, 2010 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. Stanley E. Grayson, Vice-Chairman
 Hon. H. Sidney Holmes III
 Hon. Jeffrey A. Moerdler
 Hon. Henry R. Silverman

Christopher O. Ward, Executive Director
 William Baroni, Jr., Deputy Executive Director
 Darrell B. Buchbinder, General Counsel
 Karen E. Eastman, Secretary

Denise M. Berger, Deputy Director, Engineering
 Steven A. Borrelli, General Manager, Port Property and Finance, Port Commerce
 Ernesto L. Butcher, Chief Operating Officer
 Rosemary Chiricolo, Assistant Director, Management and Budget
 James N. Colangelo, Supervising Financial Analyst, Management and Budget
 Steven J. Coleman, Assistant Director, Media Relations
 Harry Czinn, Senior Project Manager, Management and Budget
 Michael P. DePallo, Director, Rail Transit
 Claudia Dickey, Assistant Director, Public Safety
 Gretchen P. DiMarco, Special Assistant to the Deputy Executive Director
 John J. Drobny, Director, Security Projects
 Michael G. Fabiano, Chief Financial Officer
 Michael A. Fedorko, Director, Public Safety/Superintendent of Police
 Michael B. Francois, Chief, Real Estate and Development
 Jennifer Friedberg, Public Information Officer, Media Relations
 Richard Friedman, Manager, Special Projects, Office of Environmental and Energy Programs
 Cedrick T. Fulton, Director, Tunnels, Bridges and Terminals
 Kevin N. Georges, Leadership Fellow, Human Resources
 Glenn P. Guzi, Senior External Affairs Representative, Government and Community Affairs
 Linda C. Handel, Deputy Secretary
 Mark D. Hoffer, Director, New Port Initiatives, Port Commerce
 Kara E. Hughes, Senior External Relations Client Manager, Government and Community Affairs
 Howard G. Kadin, Esq., Law
 John P. Kelly, Acting Chief, Public and Government Affairs
 Louis J. LaCapra, Chief Administrative Officer
 Cristina M. Lado, Director, Government and Community Affairs
 Conor Lanz, Special Assistant to the Executive Director
 Richard M. Larrabee, Director, Port Commerce
 Andrew S. Lynn, Director, Planning and Regional Development
 Stephen Marinko, Esq., Law
 Michael G. Massiah, Director, Management and Budget
 John Mezzacappa, Manager, Budget Consolidation and Reporting, Management and Budget
 James E. McCoy, Manager, Board Management Support, Office of the Secretary

Sanjay S. Mody, Advisor to the Chairman
Anne Marie C. Mulligan, Treasurer
Wilson M. Pacheco, Manager, General Ledger Financial Services, Comptroller
Jeffrey P. Pearse, Deputy Director, Aviation
Beth Siegel, General Manager, Capital Performance and Budgeting, Management and Budget
James O. Starace, Deputy Chief Engineer/Deputy Director of Engineering
Timothy G. Stickelman, Assistant General Counsel
Gerald B. Stoughton, Director, Financial Analysis
Robert A. Sudman, Director, Audit
Ralph Tragale, Assistant Director, Public Affairs, Aviation
David B. Tweedy, Chief, Capital Programs
Lillian D. Valenti, Director, Procurement
Sheree Van Duyne, Manager, Policies and Protocol, Office of the Secretary
Andrew S. Warshaw, Chief of Staff to the Executive Director
David M. Wildstein, Director, Interagency Capital Projects, Office of the Deputy Executive Director
Peter J. Zipf, Chief Engineer

Guests:

A. Paul Blanco, Retiree, Former Chief Financial Officer
Johanna Jones, Assistant Counsel, Authorities Unit, Office of the Governor of New Jersey
Francis J. Lombardi, Retiree, Former Chief Engineer

Speakers:

Murray Bodin, Member of the Public
Margaret Donovan, Twin Towers Alliance

The public meeting was called to order by Chairman Coscia at 1:38 p.m. and ended at 2:05 p.m.

Report of Audit Committee

The Audit Committee reported, for information, on matters discussed in executive session at its meeting on December 7, 2010, which included discussion of matters involving external or internal investigations or audits, and matters involving ongoing negotiations or reviews of contracts or proposals, and the report was received.

Report of Security Committee

The Security Committee reported, for information, on matters discussed in public and executive sessions at its meeting on December 7, 2010, which included discussion of the third and final phase of a project to install bollard protection for terminal frontages at John F. Kennedy International, Newark Liberty International and LaGuardia Airports, a contract to provide unarmed, uniformed security guard services at John F. Kennedy International and LaGuardia Airports, and a contract for construction management/general contracting services to support the implementation of the security capital and operating programs, and the report was received.

Report of Governance and Ethics Committee

The Governance and Ethics Committee reported, for information, on matters discussed in public and executive sessions at its meeting on December 7, 2010, which included a review of staff compliance with financial disclosure requirements, a report from the Inspector General on the independence and freedom from interference of his office in the conduct of its responsibilities, and discussion on matters involving ongoing negotiations or reviews of contracts or proposals, and the report was received.

Report of Committee on Finance

The Committee on Finance reported, for information, on matters discussed in executive and public sessions at its meeting on December 7, 2010, which included discussion of matters involving ongoing negotiations or reviews of contracts or proposals, and discussion on the extension of the World Trade Center Owner Controlled Insurance Program, and the report was received.

Report of Committee on Operations

The Committee on Operations reported, for information, on matters discussed in public session at its meeting on December 7, 2010, which included discussion of the establishment of a Port Cargo Facility Charge, and the report was received.

Report of Committee on Construction

The Committee on Construction reported, for information, on matters discussed in public session at its meeting on December 7, 2010, which included discussion of several projects concerning the rehabilitation of, and improvements to, existing Port Authority facilities, and the report was received.

Report of World Trade Center Redevelopment Subcommittee

The World Trade Center Redevelopment Subcommittee reported, for information, on matters discussed in public session at its meeting on December 7, 2010, which included discussion of several contracts and agreements in connection with the continued development of the World Trade Center Transportation Hub Project, and an update on construction progress at the World Trade Center site, and the report was received.

Report of Special, Interim Meeting of the Committee on Operations

In view of the absence of a quorum for the Board to act on a matter to be considered at its meeting on December 7, 2010, consistent with the Board's resolution of December 15, 1994, a special, interim meeting of the Committee on Operations was held. At the meeting, the Committee acted for and on behalf of the Board on a matter included on the agenda for the Board meeting. A copy of the minutes of the special, interim meeting of the Committee on Operations held on December 7, 2010 is included with these minutes.

JOHN F. KENNEDY INTERNATIONAL, NEWARK LIBERTY INTERNATIONAL AND LAGUARDIA AIRPORTS – BOLLARD PROTECTION OF TERMINAL FRONTAGES – PHASE 3 – PROJECT AUTHORIZATION

It was recommended that the Board authorize Phase 3 of the project to enhance security along terminal frontages at John F. Kennedy International (JFK), Newark Liberty International (EWR) and LaGuardia (LGA) Airports by constructing additional Terminal Frontage Bollard Systems, at an estimated cost of \$120.4 million. Phase 3 would address tenant-operated terminals at the three airports.

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 all levels of the Central Terminal Building at LGA and the Terminal B middle and upper levels at EWR, in an estimated amount of \$3 million. At its May 22, 2008 meeting, the Board authorized Phase 2 of the project, at an estimated cost of \$28.4 million (inclusive of the previously authorized Phase 2 planning amount of \$3 million).

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 potentially could 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. Phase 3 would complete the implementation of Terminal Frontage Bollard Systems at JFK, EWR and LGA.

Phases 1 and 2 provide protective measures for Port Authority-operated terminals. Phase 3 would address tenant-operated terminals at the three airports. Passenger Facility Charges would pay for 100 percent of the estimated total project cost of \$120.4 million to install bollards at tenant terminals, as well as a portion of the costs of the prior phases.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Coscia, Grayson, Holmes, Moerdler, Pocino, Sartor, Silverman and Steiner voting in favor; none against:

RESOLVED, that Phase 3 of a project to enhance security along the terminal frontages at John F. Kennedy International Airport, Newark Liberty International Airport and LaGuardia Airport, through the construction of Terminal Frontage Bollard Systems, at an estimated cost of \$120.4 million, be and it hereby is authorized; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to take action with respect to construction contracts, 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.

LINCOLN TUNNEL – REHABILITATION AND REPLACEMENT OF THE HELIX – PHASE 1 – STRUCTURAL REHABILITATION AND REPAVING – PROJECT AUTHORIZATION

It was recommended that the Board authorize a project for the comprehensive structural rehabilitation and repaving of the Lincoln Tunnel (LT) helix, at an estimated total project cost, including design and construction, of \$98.1 million. This project would serve as the first phase of the program that ultimately will result in the replacement of the helix, with the second phase to cover the replacement of the helix.

The LT helix roadway was constructed in 1937 and is approaching the end of its useful life. The helix connects the LT to several major New Jersey highways, including the New Jersey Turnpike, U.S. Routes 1 and 9, and New Jersey Routes 3 and 495. Daily traffic levels on the helix in 2009 were approximately 50,000 vehicles per direction. The helix carries the Exclusive Bus Lane (XBL), which provides a vital link to the Port Authority Bus Terminal in midtown Manhattan. The XBL handles approximately 1,800 buses that carry approximately 63,000 passengers each day during the morning peak period, representing more than half of the total number of customers that travel through the LT during this period. In addition, the LT's eastbound truck traffic, the majority of which uses the helix, increased by 48 percent between 2001 and 2007, due to the post-9/11 truck restrictions at the Holland Tunnel.

A recent structural assessment and field investigation confirmed that the helix structure requires rehabilitation. It has become increasingly difficult to maintain a smooth riding surface, due to the age and condition of the underlying structural deck.

At its meeting of October 2, 2008, the Board authorized a \$5.2 million planning effort, which is now nearing completion, for the helix structural rehabilitation and repaving project, and a \$5 million planning effort, which is ongoing, for the helix replacement project. At that time, the Board was advised that staff had developed a program for the helix to address its short-term needs (pavement repairs), mid-term needs (structural rehabilitation and repaving) and long-term needs (replacement).

The proposed project would provide for: rehabilitation of the helix's concrete deck, columns, beams and structural steel; upgrading of the median barrier; replacement of expansion joints and roadway pavement; and miscellaneous traffic safety improvements. This work would ensure that the helix is maintained in an operational condition over the next 10 to 15 years, until replacement of the helix is undertaken under Phase 2 of the program.

In connection with the project, a work platform would be installed at the underside of the portion of the helix that extends over New Jersey Transit Corporation's (NJ Transit) Hudson-Bergen Light Rail System, in order to provide protection during the performance of the contract work. The installation of the work platform would require power shutdowns of the Light Rail System and would be scheduled over several weekends. A force account would be established by the Port Authority to reimburse NJ Transit for the costs associated with the power shutdowns.

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

RESOLVED, that a project for the comprehensive structural rehabilitation and repaving of the Lincoln Tunnel helix, including design and construction, at an estimated total project cost of \$98.1 million, be and it hereby is authorized; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to take action with respect to construction contracts, 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.

ELIZABETH-PORT AUTHORITY MARINE TERMINAL – McLESTER STREET WIDENING – PROJECT AUTHORIZATION

It was recommended that the Board authorize: (1) a project for the design and construction of the widening of McLester Street at the Elizabeth-Port Authority Marine Terminal (EPAMT), at a total estimated project cost of \$30 million; and (2) the Executive Director to enter into agreements with Public Service Electric and Gas Company (PSE&G), at an estimated cost of \$900,000, and with Verizon-NJ (Verizon), at an estimated cost of \$200,000, to provide for the relocation of overhead and underground utilities at the EPAMT in connection with the project, with funding for both agreements included in the amount of the proposed project authorization.

A comprehensive in-house study identified numerous locations at the New Jersey Marine Terminals that require road realignment, widening and traffic signalization improvements to increase capacity and enhance safety. At its meeting of January 22, 2009, the Committee on Operations, acting for and on behalf of the Board pursuant to delegated authority, authorized the North Avenue East/McLester Street Curve Realignment Project at the EPAMT, to make permanent changes to the curved roadway to improve safety, meet the existing vehicular access and egress needs of property owners along the roadway, and accommodate future traffic growth at the EPAMT. Construction of that project is already in progress and is scheduled to be completed in December 2011.

Consistent with the goals of the traffic study, the Board, at its meeting of April 30, 2009, authorized planning work, in an estimated total amount of \$2 million, for the continued widening of McLester Street. In addition, certain property transactions with tenants at the EPAMT were authorized by the Board in 2004, 2006 and 2008 for the surrender and/or acquisition of property needed to construct the widening project. Those transactions were completed as of March 2009.

The proposed widening project would complete roadwork on McLester Street and would include: construction of an additional traffic lane in both the northbound and southbound directions, improvements to the pavement surface, consolidation of access driveways, and installation of traffic signalization, a center traffic barrier, new driveway access, overhead signage, jug-handle turns and storm drainage. The proposed project also was designed to complement gate relocation and expansion projects currently being undertaken by APM Terminals, a container terminal operator at the EPAMT, which also will help to reduce congestion on this roadway.

The proposed agreements with PSE&G and Verizon are required for the relocation of overhead and underground utilities as may be necessary to complete the widening of McLester Street.

Completion of this roadway widening project would improve traffic flow, reduce fuel consumption and associated air pollution, increase safety for trucks entering and exiting the EPAMT from North Avenue East and the southern end of McLester Street, and reduce congestion and enhance safety for tenant traffic entering and exiting McLester Street. The project, when completed, would be designated as a Marine Terminal Highway for emergency response and evacuation purposes.

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

RESOLVED, that a project for the design and construction of the widening of McLester Street at the Elizabeth-Port Authority Marine Terminal (EPAMT), at a total estimated project cost of \$30 million, be and it hereby is authorized; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into agreements with Public Service Electric and Gas Company, at an estimated cost of \$900,000, and Verizon-NJ, at an estimated cost of \$200,000, to provide for the relocation of overhead and underground utilities at the EPAMT in connection with the foregoing project, with funding for both agreements included as part of the proposed project authorization; 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 construction contracts and contracts for professional and advisory services related to the foregoing project as he deems in the best interest of the Port Authority, pursuant to authority granted in the By-Laws or other resolutions 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.

**PORT NEWARK AND THE ELIZABETH-PORT AUTHORITY MARINE TERMINAL
– EXPRESSRAIL PORT NEWARK AND EXPRESSRAIL CORBIN STREET
INTERMODAL RAIL SUPPORT FACILITY – PHASE 2A – PROJECT
RE-AUTHORIZATION – AGREEMENTS WITH CONSOLIDATED RAIL
CORPORATION**

It was recommended that the Board, as part of the ongoing Port Intermodal Rail Development Program (Program): (1) re-authorize a project for the final design and construction of the full build-out of ExpressRail Port Newark (Phase 2A) at Port Newark and the Elizabeth-Port Authority Marine Terminal (EPAMT) and the ExpressRail Corbin Street Intermodal Rail Support Facilities, at a total estimated cost of \$97 million; and (2) authorize the Executive Director to enter into agreements with Consolidated Rail Corporation (Conrail) to provide reimbursement to Conrail, in a maximum amount of \$1.35 million, for work associated with the Phase 2A project.

Pursuant to previous Board authorizations, the Program consists of the design and construction of various elements of the ExpressRail System, providing on- and near-dock intermodal rail facilities in New York and New Jersey. To date, the construction of the 18-track ExpressRail Elizabeth facility, the dual lead track, the interim ExpressRail Port Newark facility, the first phase of ExpressRail Staten Island, and Phases 1A and 1B of the ExpressRail Corbin Street Intermodal Rail Support Facility (Support Facility) has been completed. These improvements have resulted in the ExpressRail System currently having the capacity to handle approximately 1.1 million rail lifts annually.

As the Port of New York and New Jersey's rail business continued to grow at a rapid pace, and in light of operational constraints at ExpressRail Port Newark, a decision was made to further expand the ExpressRail System while construction of earlier phases continued. To that end, in October 2006, the Board authorized a project to provide for the final design and construction of Phases 2A and 2B of ExpressRail Port Newark and the Support Facility, at a total estimated project cost of \$66 million.

ExpressRail Port Newark currently consists of a seven-acre site with two working tracks that total 4,200 linear feet. This interim facility is operated by Port Newark Container Terminal, LLC (PNCT), a container terminal tenant. The original scope of the Phases 2A/2B project, as authorized in October 2006, was composed of four components: (1) an expansion of ExpressRail Port Newark; (2) a bridge connection over Corbin Street (Flyover) to provide direct access to and from the PNCT leasehold and ExpressRail Port Newark; (3) an administration building for ExpressRail Port Newark (Administration Building); and (4) approximately 26,000 linear feet of additional support track for the three ExpressRail facilities.

The funds requested under the October 2006 authorization were based on an order-of-magnitude estimate prepared prior to the completion of detailed planning studies or engineering design. As the design process proceeded, certain site-specific conditions and stricter operating criteria developed that have resulted in numerous changes to the project's original design, scope, operational needs and cost. Among these changes are the following: (1) Due to a finding that Corbin Street would need to be widened to provide an additional lane of traffic, a re-design of the Flyover was required, in order to provide for an increased bridge span over Corbin Street. The Flyover's proposed proximity to the Federal Aviation Administration's ground radar tower

and a gas line owned by Public Service Electric and Gas Company precipitated further design modifications, as did additional tenant and facility operations requirements; (2) Conrail requested modifications to track alignments that required additional changes to the track design and additional provisions for construction staging, coordination and operating requirements; (3) Geotechnical soil borings indicated that: (a) soil conditions demand a more extensive engineering design, in order to sustain the loads of the rubber tire gantry cranes to be used by PNCT at ExpressRail Port Newark; (b) a more extensive engineering design effort is necessary to eliminate future differential (uneven) settlement; and (c) the presence of subsurface petroleum hydrocarbons requires precautions to protect workers and additional soil removal during construction; (4) Additional detailed construction staging and coordination with Conrail and PNCT are necessary in order to maintain container terminal and intermodal rail operations during construction, due to the recent increase in container traffic at ExpressRail Port Newark; and (5) Due to site congestion, extra precautions were required to protect existing underground utilities during construction.

The full build-out of ExpressRail Port Newark to four loading tracks to provide approximately 10,000 linear feet of working track is presently in Stage II design, and construction is forecasted to commence in early 2013. The construction of the Flyover is currently in final contract design, with construction scheduled to commence in March 2011. The construction of the Administration Building is planned to commence in early 2015. In addition, other improvements are being added to the Phase 2A project that were not part of the original scope. The Advanced Track 5 and Corbin Street Runner would provide additional capacity and more operational flexibility, through the additional realignment of tracks. Construction of the Phase 2A projects is expected to be completed in early 2016. At the completion of these improvements, ExpressRail Port Newark would have the capacity to handle approximately 250,000 rail lifts annually.

Authorization also is necessary for the Port Authority to enter into agreements with Conrail to provide reimbursement to Conrail, in a maximum amount of \$1.35 million, for costs associated with Conrail providing flagmen to ensure the safety of workers in areas where Phase 2A construction will be performed adjacent to active train tracks, performing excavation work to identify the exact location of existing utilities, reviewing contract documents and providing related engineering services to facilitate work on the Phase 2A project.

The Board's October 2006 authorization included the final design and construction of Phase 2B of the Support Facility project, which was anticipated to provide approximately 26,000 linear feet of additional new and upgraded support track for the three ExpressRail facilities, to achieve a total port-wide capacity of approximately 1.3 million lifts annually. Due to the request of Conrail (the railroad operator) to gain ample experience in utilizing the improvements constructed as part of the Phase 1A, 1B and 2A projects, as well as the current economic downturn and forecasted future capacity needs, it was recommended that the Phase 2B project be postponed until definitive future capacity needs and an optimal scope of work for efficient intermodal rail operations are better defined. Therefore, the Phase 2B work would not be included in the re-authorized project, and authorization of funds for that work would be requested in the future.

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

RESOLVED, that a project for the final design and construction of the full build-out of ExpressRail Port Newark (Phase 2A) at Port Newark and the Elizabeth-Port Authority Marine Terminal and the ExpressRail Corbin Street Intermodal Rail Support Facilities, at a total estimated cost of \$97 million, be and it hereby is re-authorized; and it is further

RESOLVED, that the Executive Director be and hereby is authorized, for and on behalf of the Port Authority, to enter into agreements with Consolidated Rail Corporation (Conrail) to provide reimbursement to Conrail, in a maximum amount of \$1.35 million, for work associated with the Phase 2A project; 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 construction contracts and contracts for professional and advisory services related to the foregoing project as he deems in the best interest of the Port Authority, pursuant to authority granted in the By-Laws or other resolutions 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.

JOHN F. KENNEDY INTERNATIONAL AIRPORT – BUILDING 66 – CARGO AIRPORT SERVICES USA, LLC – LEASE AYE-137 – NEW LEASE

It was recommended that the Board authorize the Executive Director to enter into a lease agreement with Cargo Airport Services USA, LLC (CAS) for the letting of Cargo Building 66 (Building 66), including approximately 79,000 square feet of building space (to be increased to 110,000 square feet after the first two years of the term of the lease or when the warehouse tonnage exceeds 85 million kilograms, whichever occurs first) and 5.6 acres of land at John F. Kennedy International Airport (JFK), for a four-year term, with a five-year extension period, at the option of CAS.

The proposed lease agreement would commence on or about January 1, 2011. Neither the Port Authority nor CAS would have the right to terminate the lease agreement during the initial four-year term of the lease. The total aggregate rental over the term of the lease is estimated to be approximately \$11.5 million.

This space is currently under lease to British Airways, Plc (BA), to accommodate its cargo operations for a one-year lease term. Pursuant to the existing lease agreement with BA, the Port Authority is required to make good-faith efforts to reach a new four-year agreement for the leasehold with BA's third-party cargo handler, CAS, which BA selected to manage its cargo operations in Building 66.

CAS has operated at JFK since 1998 and has a leasehold interest in Building 73. It currently holds a cargo-handling permit and provides services to other airlines at JFK, including services at Buildings 151, 261 and 263, among others. In addition to BA, it handles cargo for several other airlines, including KLM Royal Dutch Airlines, Emirates, Asiana Airlines, Eva Airways and Air China.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Coscia, Grayson, Holmes, Moerdler, Pocino, Sartor, Silverman and Steiner voting in favor; none against:

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into a lease agreement with Cargo Airport Services USA, LLC (CAS), for a four-year term, with a five-year extension period, at the option of CAS, for the letting of approximately 79,000 square feet of building space (to be increased to 110,000 square feet after the first two years of the term of the lease or when the warehouse tonnage exceeds 85 million kilograms, whichever occurs first) at Cargo Building 66 at John F. Kennedy International Airport for the operation of a cargo facility, 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 documents in connection with the foregoing shall be subject to the approval of General Counsel or his authorized representative.

PORT NEWARK – AARHUSKARLSHAMN USA, INC. – LEASE L-PN-301 – NEW LEASE AND AGREEMENTS

It was recommended that the Board authorize the Executive Director to enter into: (1) a new lease agreement with AarhusKarlshamn USA, Inc. (Aarhus) for the letting of approximately 6.6 acres at Port Newark, consisting of Building 131 (approximately 14,428 square feet of office space) and approximately 16,090 square feet of processing plant facilities, an approximately four-acre tank farm and approximately two acres of associated open area, for a 20-year period commencing January 1, 2011 and expiring December 31, 2030, for the continued operation and expansion of a refinery for vegetable oils and fats; and (2) agreements requiring the surrender at both of Aarhus's current leases (Nos. L-NS-114 and L-PN-232) covering much of the same premises.

In June 1988, the Board authorized a 25-year agreement with Aarhus (Lease L-NS-114) for the letting of approximately 3.5 acres at Port Newark for the construction and operation of a vegetable oil refining facility, which opened in October 1990 at a total construction cost to Aarhus of \$32 million. In July 2000, the Board authorized Lease L-PN-232 for the letting of an additional 1.8 acres of space at Port Newark to Aarhus for the construction of a warehouse and an expansion of its plant and rail track facilities.

Aarhus' facility and storage capabilities at Port Newark are nearing maximum capacity. Aarhus has committed to invest approximately \$14 million within the first three years of the new lease term to expand its processing facilities at Port Newark. In order to make this financial commitment, Aarhus requires a lease agreement with a minimum term of 20 years. Its planned investment is expected to generate approximately \$2.6 million in additional wharfage fees to the Port Authority over the proposed 20-year lease term.

The total aggregate rental over the term of Lease L-PN-301 is estimated to be \$25 million. Aarhus also would pay a Production Fee for every metric ton over 200,000 metric tons of refined vegetable oils and fats produced each year. Aarhus's two current lease agreements would be surrendered contemporaneously with the commencement of the new lease.

The Port Authority would have the unconditional right to terminate the lease on and after the last day of the 13th year of the letting, on five years' prior written notice. This right of termination would be forfeited should Aarhus complete its improvements to its refinery facility within three years of the commencement of the lease term.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Coscia, Grayson, Holmes, Moerdler, Pocino, Sartor, Silverman and Steiner voting in favor; none against:

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into: (1) a new lease agreement with AarhusKarlshamn USA, Inc. (Aarhus) for the letting of approximately 6.6 acres at Port Newark, consisting of Building 131 (approximately 14,428 square feet of office space) and approximately 16,090 square feet of processing plant facilities, an approximately four-acre tank farm and approximately two acres of associated open area, for a 20-year period commencing January 1, 2011 and expiring December 31, 2030; and (2) agreements requiring the surrender of both of Aarhus's current leases (Nos. L-NS-114 and L-PN-232) covering the much of the same premises; each substantially in accordance with the terms outlined to the Board; 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.

ESSEX COUNTY RESOURCE RECOVERY FACILITY – SUPPLEMENTAL AGREEMENT TO LEASE AND AGREEMENT – CONSTRUCTION AND OPERATION OF COMPRESSED NATURAL GAS FUELING STATION

It was recommended that the Board authorize the Executive Director to enter into a Supplemental Agreement to the Lease and Agreement (Site Lease) with Covanta Essex Company (Covanta) at the Essex County Resource Recovery Facility (ECRRF). The agreement would permit Covanta to sublease an unused portion of the ECRRF site for the construction and operation of a compressed natural gas (CNG) fueling station for the exclusive use of CNG-equipped waste collection vehicles and other authorized CNG-equipped vehicles using the ECRRF. Following the amendment of the Site Lease, the Port Authority would consent to a sublease agreement between Covanta and Clean Energy (CE) to allow for the stated sublease, for a term estimated to commence on or about June 1, 2011 (dependent on the modification (if required) by the New Jersey Department of Environmental Protection of Covanta's Permit for the ECRRF to accommodate the construction and operation of the fueling facility and fulfillment of the requirements of the Port Authority's Tenant Alteration Application process) and to expire on December 30, 2020, with one five-year renewal option, subject to concurrent extension of the Site Lease.

Covanta is a partnership formed to construct and operate the ECRRF. The ECRRF is a waste-to-energy facility located in Newark and is New Jersey's largest waste-to-energy facility, operating 24 hours per day, 7 days per week under strict environmental standards. Under the proposed sublease, CE would invest approximately \$3.1 million to construct the fueling station facility and connect to an existing natural gas pipeline within the ECRRF property. The U.S. Department of Energy would reimburse CE, in an amount of \$1.3 million, toward CE's cost to construct the fueling station and install associated equipment, from federal stimulus funds distributed by the New Jersey Clean Cities Coalition.

Over the term of the sublease, the Port Authority would receive approximately \$600,000 in total aggregate rental, based upon an estimated three-percent annual increase in guaranteed and percentage rental rates over what CE would pay in the first year of the sublease, which rent would commence on or about September 1, 2011.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Coscia, Grayson, Holmes, Moerdler, Pocino, Sartor, Silverman and Steiner voting in favor; none against:

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into a supplemental agreement with Covanta Essex Company to permit the sublease of space on the Essex County Resource Recovery Facility site to Clean Energy for the operation of a compressed natural gas fueling station, substantially in accordance with the terms outlined to the Board; and it is further

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

ALL AIRPORTS – AGREEMENT WITH THE UNITED STATES DEPARTMENT OF AGRICULTURE FOR WILDLIFE MANAGEMENT SERVICES

It was recommended that the Board authorize the Executive Director to enter into a two-year cooperative service agreement (Agreement) with the United States Department of Agriculture's Animal and Plant Health Inspection Service (APHIS) to provide technical, research, and operational assistance for the Wildlife Management Program at the five Port Authority airports (John F. Kennedy International (JFK), Newark Liberty International (EWR) Stewart International (SWF), LaGuardia (LGA) and Teterboro (TEB) Airports) (collectively, the Airports), at an estimated cost of \$2,947,112, with three one-year option periods (exercisable by either party) and a 120-day extension period, at an estimated total additional cost of \$5,373,434.

APHIS previously has assisted in developing Wildlife Hazard Management Plans for each of the Airports. They are currently conducting Wildlife Hazard Assessments at EWR, JFK and LGA. The contract with respect to JFK will expire on December 31, 2010. In order to structure this new agreement, the contracts for EWR and LGA, which are scheduled to expire on November 30, 2011, would be cancelled, effective December 31, 2010. APHIS also has performed similar functions at SWF and TEB through a contract with AvPORTS, which provides operations and maintenance for the Port Authority at those airports. The Agreement would consolidate the services provided under those contracts.

The Agreement would promote consistency with wildlife data collection, improve coordination for permit issues with federal and state agencies, and allow for the sharing of resources and equipment among the Airports. APHIS's services under the Agreement would include: routine monitoring of wildlife presence at and around the Airports, complementing Airport staff on wildlife hazard control; identifying and minimizing wildlife attractants; performing wildlife research and data analysis; reviewing wildlife hazard management plans; assisting with maintaining the Port Authority wildlife strike database; participating in task force and other meetings or committees; responding to media and public inquiries, as requested; making presentations, as necessary; conducting wildlife training for Port Authority staff, and staff of AVPORTS, the Federal Aviation Administration (FAA), tenants and/or vendors, as requested; assisting with wildlife permitting; liaising with off-airport land managers and owners; reviewing new construction and land use practices; and performing other wildlife hazard management measures.

The Agreement would provide the Port Authority with a continued means to manage wildlife at the Airports, in order to reduce potential hazards and help ensure enhanced adherence to FAA regulations. Costs associated with JFK, LGA and EWR would be fully recoverable through flight fees. Expenses for SWF would not be recoverable. Expenses for TEB would be offset with airport revenues and landing fees.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Coscia, Grayson, Holmes, Moerdler, Pocino, Sartor, Silverman and Steiner voting in favor; none against:

RESOLVED, that the Executive Director be and hereby is authorized, for and on behalf of the Port Authority, to enter into a two-year cooperative service agreement with the United States Department of Agriculture's Animal and Plant

Health Inspection Service to provide technical, research, and operational assistance for the Wildlife Management Program at the five Port Authority airports, at an estimated cost of \$2,947,112, with three one-year option periods (exercisable by either party) and a 120-day extension period, at an estimated total additional cost of \$5,373,434; 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.

**AUTHORIZATION FOR THE PORT AUTHORITY TO CONTRIBUTE TOWARD
CONTINUED MEMBERSHIP IN TRANSCOM, INC. FOR 2011-2013**

It was recommended that the Board authorize the Director, Tunnels, Bridges and Terminals, to provide for the Port Authority's financial contributions toward its continued membership in TRANSCOM, Inc. (TRANSCOM) for the three-year period from 2011 through 2013, at a maximum total amount of \$1.6 million, based upon a \$517,000 contribution for 2011 and an escalation of not more than three percent annually in the subsequent two years.

TRANSCOM originally was created in 1986 as a three-year demonstration program focused on enhancing the region's transportation management capabilities, and by 1989 TRANSCOM had become a permanent regional institution. Other TRANSCOM members include the Connecticut Department of Transportation (Connecticut DOT), the State of New York Metropolitan Transportation Authority (MTA), MTA Bridges and Tunnels (B&T), MTA New York City Transit (NYCT), New Jersey Department of Transportation (NJDOT), New Jersey State Police, New Jersey Transit Corporation (NJT), New Jersey Turnpike Authority (NJTA), New York City Department of Transportation (NYCDOT), New York City Police Department (NYPD), New York State Bridge Authority (NYSBA), New York State Department of Transportation (NYSDOT), New York State Police, New York State Thruway Authority (NYSTA), and Port Authority Trans-Hudson Corporation (PATH).

At its January 22, 2009 meeting, the Board authorized: (1) the Port Authority's continued membership in TRANSCOM for a five-year period commencing on January 1, 2009; and (2) the Director, Tunnels, Bridges and Terminals, to enter into an agreement with TRANSCOM's other members for the Port Authority to continue to participate in TRANSCOM programs and operations and to serve on TRANSCOM's Board of Trustees during such five-year period, at a cost of \$502,000 for 2009. At its December 10, 2009 meeting, the Board authorized the expenditure of \$502,000 for the Port Authority's financial contribution toward its continued membership in TRANSCOM for the 2010 calendar year.

A companion item is being submitted to PATH's Board of Directors requesting authorization to provide for PATH's financial contribution toward its continued participation in TRANSCOM for the 2011-2013 period. Together, the Port Authority and PATH provide 19.62 percent of TRANSCOM's member contributions toward the operating budget (15.69 percent for the Port Authority and 3.93 percent for PATH). The percentage shares of contributions of the Port Authority and PATH would remain the same in 2011 as in 2010.

The current list of TRANSCOM members and their percentage shares of contributions toward TRANSCOM's budget are as follows:

15.69 percent: Port Authority, NJDOT, NYSDOT
7.84 percent: MTA, B&T, NYCDOT, NJTA
3.93 percent: NJT, PATH, NYCT, Connecticut DOT, NYSTA
1.96 percent: NYSBA

The three police members (New Jersey State Police, New York State Police and NYPD) do not contribute financially.

To address a structural deficit in TRANSCOM's budget covering operations and ongoing technology infrastructure, the New York, New Jersey and Connecticut state departments of transportation have proposed to cover up to a maximum amount of \$3.2 million annually of TRANSCOM's deficit projected for 2011-2013, at a share of 50 percent, 45 percent and five percent, respectively. In 2011, the additional amount to be contributed by the three state departments of transportation totals \$3.1 million. This new funding has supplemented membership contributions and defrayed major dues increases for 2011.

Port Authority financial contributions toward TRANSCOM's budget in 2012 and 2013 are subject to the development of the TRANSCOM annual work plan and future budgets. TRANSCOM members have veto rights with respect to the TRANSCOM budget and have the right to terminate their participation.

Authorization for the Port Authority's continued participation in TRANSCOM would enable TRANSCOM to continue its regional transportation coordination and technology development programs, and ensure that the Port Authority's regional transportation leadership role is advanced. TRANSCOM's services to the Port Authority, its other members and the region include:

- Regional Interagency Transportation Monitoring and Incident Management through TRANSCOM's Operations Information Center, which collects and disseminates real-time regional information on highway and transit conditions, incidents, construction and special events, 24 hours a day.
- Regional Interagency Construction Coordination, to avoid restricting capacity on parallel or intersecting roadways or transit lines.
- Intelligent Transportation Systems (ITS) Program that enables members, including the Port Authority and PATH, to benefit from implementing transportation management technologies, including regional transportation information systems across modes, jurisdictions and states.
- TRANSCOM's TRANSMIT system, to relay real-time travel times and average speeds and to detect incidents.
- TRANSCOM's new OpenReach regional architecture, which integrates member agencies' ITS systems to enable electronic sharing of real-time operating conditions, information and facility video feeds among agency operations centers. The system also provides feeds for public traveler information, including the New York and New Jersey 5-1-1 traveler information systems.

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

RESOLVED, that the Director, Tunnels, Bridges and Terminals, be and he hereby is authorized, for and on behalf of the Port Authority, to expend a maximum total amount of \$1.6 million for the Port Authority's financial contribution toward its continued membership in TRANSCOM, Inc. for the three-

year period from 2011 through 2013, based upon a \$517,000 contribution for 2011 and an escalation of not more than three percent annually in the subsequent two years; and it is further

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

SECURITY CAPITAL PROGRAM - CONSTRUCTION MANAGEMENT/GENERAL CONTRACTING SERVICES – AWARD OF CONTRACT MF-100.511

It was recommended that the Board authorize the Executive Director to award Contract MF-100.511 to Tishman Technologies Corporation (Tishman) for Construction Management and General Contracting (CM/GC) services for the Security Capital and Operating Programs, at an estimated amount of \$56.5 million. The estimated total contract cost includes estimated construction costs of \$52 million and construction management services/fees of approximately \$4.5 million.

Under prior authorizations from April 2005 through January 2008, funding for various security-related projects was advanced via contracts for CM/GC services, in a total estimated amount of \$285.9 million. The funding authorized under those contracts will be fully committed by the end of December 2010. In order to continue the timely execution of security projects, a fourth CM/GC contract is needed.

The CM/GC firm would perform construction and administrative oversight and would earn a bid percentage fee mark-up on construction and a direct labor multiplier for staff costs. Work anticipated to be performed under the proposed contract would include asset/perimeter strengthening through various means, including structural improvements, the installation of fencing, gates, barriers, vehicular access control measures, access control/alarm monitoring, closed-circuit television and radio communication systems, and integration of new systems within existing systems at Port Authority/Port Authority Trans-Hudson system facilities.

The CM/GC firm also would assist in the development of construction strategies and phasing plans, perform cost estimating and constructability review, and develop work schedules. It would solicit sealed bids from at least three subcontractors for subcontract packages, award work to the lowest responsible bidder, coordinate and supervise construction and be responsible for timely completion. Work would be inspected for approval by Port Authority staff.

Bids were solicited from a list of five pre-qualified contractors developed from a publicly advertised Request for Qualifications. The recommended award is to the lowest bidder. The proposed contract award is subject to the resolution of open audit issues relating to an existing contract with Tishman to the satisfaction of the Port Authority.

A portion of the subcontract packages to be issued under the proposed contract would contain confidential/sensitive information, and would be protected accordingly.

Costs of some elements of work may be recovered, in part, through grants from the Federal Aviation Administration under the Airport Improvement Program, the U.S. Department of Homeland Security, Federal Transit Administration, Federal Emergency Management Agency, and others.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to award Contract MF-100.511 to Tishman Technologies Corporation to provide for construction management and general contracting services for the execution of the Security Capital and Operating Programs subcontract packages, at an estimated amount of \$56.5 million; and it is further

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

SALE OF PORT AUTHORITY HELICOPTERS

It was recommended that the Board authorize the Executive Director to enter into agreements with: (1) MVAir Charter, LLC (MV Air) for the purchase of the Port Authority's Sikorsky Model S-76C+ helicopter for an amount of \$3.3 million; and (2) Titan Helicopter (Pty) LTD (Titan) for the purchase of the Port Authority's Sikorsky Model S-76A++ helicopter for an amount of \$1 million.

The Port Authority currently owns two Sikorsky helicopters, which formerly were part of the Port Authority Police Department's (PAPD) Airborne Services Unit. The Model S-76A++ was purchased in 1984, and the Model S-76C+ was purchased in 2003.

As a result of the ongoing economic downturn and the associated impact on the Port Authority's revenues, earlier this year a review was conducted to analyze the costs and benefits of the PAPD's Airborne Services Unit. The cost to operate and maintain both helicopters is approximately \$4 million per year. It was determined the helicopters are not integral to police or facility operations, in light of the expense to operate and maintain the helicopters. Therefore in July 2010, the decision was made to eliminate the Airborne Services Unit and sell the helicopters. In August 2010, the Port Authority retained a broker, Cannon Aviation Group Inc. (Cannon), to market and facilitate the sale of the helicopters. Neither helicopter has been used since July 2010.

In October 2010, Cannon procured the buyer, Titan, for the 1984 Sikorsky helicopter. In November 2010, Cannon presented the Port Authority with the offer of MV Air for the 2003 Sikorsky helicopter. Cannon would receive a 3.5-percent commission for its assistance with the sale of both helicopters.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Coscia, Grayson, Holmes, Moerdler, Pocino, Sartor, Silverman and Steiner voting in favor; none against:

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into agreements with: (1) Titan Helicopter (Pty) LTD for the purchase of the Port Authority's 1984 Sikorsky S76A++ helicopter, in an amount of \$1 million; and (2) MV Air Charter LLC for the purchase of the Port Authority's 2003 Sikorsky S76C+ helicopter, in an amount of \$3.3 million; and it is further

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

2011 BUDGET

Consistent with long-standing Port Authority policy and in keeping with governance best practices, the Port Authority strives to adopt a Budget, to the greatest extent possible, prior to the commencement of the ensuing budget year. As such, the 2011 Budget is being presented to the Board for its consideration.

The 2011 Budget for The Port Authority of New York and New Jersey, including the anticipated expenditures of its wholly owned entities, provides for capital and operating expenditures during calendar year 2011 necessary to achieve the Port Authority's goals and objectives.

The proposed 2011 Budget represents a zero-growth operating expense budget, continuing aggressive cost containment efforts, and provides for, among other things, preserving safe and secure facilities by hardening facility infrastructure and installing state-of-the-art surveillance and detection equipment, and investing in energy conservation and environmental programs. In order to accommodate higher costs and provide resources for agency priorities such as the World Trade Center (WTC) site and Port Authority Trans-Hudson (PATH) Rail System Program and invest in new property development programs, the 2011 Budget reflects savings initiatives recommended through the agency's ongoing organizational effectiveness efforts, including reducing authorized staffing to the lowest level in 40 years through the reduction of 200 positions, as a result of the New York State and Local Employees Retirement System 2010 Retirement Incentive Program and by continuing to restructure functions, streamline operations and implement other staffing strategies. Also anticipated is the agency's ongoing commitment to environmental protection and energy conservation with the Clean Air Program, in participation with the U.S. Environmental Protection Agency, that includes financing and retrofitting trucks using the ports, an Ocean-going Vessel Fuel Incentive Program to partially offset the cost of low-sulfur fuel for vessels entering New York Harbor, and a program to procure carbon offsets in support of the Port Authority's goal to reduce greenhouse gas emissions; the continued development and construction of the WTC site, as well as continued Port Authority management of the site to provide a safe, secure and clean environment to facilitate construction; a capital infrastructure fund; modernizing the PATH system with new rail car purchases and signal system; advancing the JFK Flight Delay Reduction program; redevelopment of the Port Jersey-Port Authority Marine Terminal; continuing the dredging program in the Port of New York and New Jersey; rehabilitating the Holland Tunnel ventilation system; planning for the modernization of the Central Terminal Building at LaGuardia Airport, the expansion of Terminal 4 to better accommodate Delta Airlines operations at John F. Kennedy International Airport and planning for the modernization of Terminal A and continued development of Terminal B at Newark Liberty International Airport; modernization of Stewart International Airport; continued planning efforts to address the navigational clearance limitations associated with the Bayonne Bridge and priority rehabilitation of the structure; continued planning efforts associated with the Goethals Bridge modernization program; and completing a permanent ferry terminal in Hoboken, New Jersey.

The Port Authority exists to enhance the region's competitiveness and prosperity by providing transportation services that efficiently move people and goods within the region and facilitate access to the nation and the world. The Port Authority strives to better coordinate terminal, transportation and other facilities of commerce in the New York-New Jersey metropolitan region surrounding the Port of New York and New Jersey, and does so by

identifying and meeting the critical transportation infrastructure needs that support bi-state commerce, as well as trade in both goods and services between the region and the rest of the nation and world.

The agency meets its responsibility primarily through planning, constructing, financing, and operating trade and transportation infrastructure. It does so within the context of objectives that include enhancing safety and security, implementing new technologies, maintaining and enhancing infrastructure, advancing the delivery of capital programs, increasing agency cost effectiveness, pursuing improvements in regional mobility, and advancing regional economic competitiveness.

As part of a comprehensive planning process, the proposed 2011 Budget serves as a financial planning tool that outlines estimated expenditures for the next year to fulfill these objectives through programs already authorized or to be considered. In addition, the Strategic Plan serves as a tool for directing the agency's planning and project development resources for outlying years, and the Capital Plan represents the investment plan to develop and operate transportation facilities and services that contribute to regional economic growth and prosperity.

The 2011 Budget totals approximately \$7,165 million. It consists of \$2,530 in expenses, consisting of \$2,483 million for operating expenses plus \$47 million for new special project bonds, \$3,887 million for gross capital expenditures, \$701 million for debt service charged to operations, and \$47 million for other expenditures.

Our most critical capital initiatives include:

- the rebuilding of the WTC site and reinvigorating Lower Manhattan with the National September 11 Memorial and Museum, the World Trade Center Transportation Hub, One World Trade Center, a Vehicular Security Center, retail development, new public open spaces, new streets and a new common WTC site infrastructure;
- security projects to harden facility infrastructure and installing state-of-the-art surveillance and detection equipment;
- major upgrades and modernization of tunnels, bridges and terminals, such as: planning for the modernization of the Bayonne and Goethals Bridges; rehabilitating the Holland and Lincoln Tunnels; and improving the George Washington Bridge;
- completing a permanent ferry terminal in Hoboken, New Jersey;
- implementing a new toll collection system with cashless (all-electronic) capability;
- modernizing the region's airports, implementing a Flight Delay Reduction program at John F. Kennedy International Airport, undertaking terminal improvements at Newark Liberty International and LaGuardia Airports; and modernizing Stewart International Airport;

- redeveloping port facilities, including dredging to accommodate larger vessels and expanding ExpressRail; and
- expanding capacity and enhancing the PATH rail system by modernizing stations; adding new railcars and replacing the aging fleet; installing a new state-of-the-art signal and communication system; and enhancing security.

The 2011 Budget continues to assume uninterrupted payments from tenants at all facilities, as specified in their lease agreements. The 2011 Budget also provides for direct assistance to the two States for transportation and economic development projects, consistent with statutory, contractual and other commitments of the Port Authority, including agreements with the holders of its obligations, and spending to maintain existing Port Authority facilities in a state of good repair.

The Executive Director would implement the Budget in conjunction with his authority under the By-Laws and would take action with respect to professional, technical, or advisory services, contracts for maintenance and services, construction, commodities (materials, equipment and supplies) and utilities purchases, leasing of equipment, the purchase of insurance, and other actions, including staffing, personnel benefit, classification, range and procedural adjustments.

A provision is also included to reimburse the States of New York and New Jersey for up to \$295,000 of expenses incurred by each of the two States, including staff costs, in reviewing the Port Authority's annual Budget and any amendments thereto.

Circumstances arose during the year 2010 that were not foreseeable or determinable when the 2010 Budget was prepared, which are estimated to cause total expenditures to amount to \$15 million lower than the amounts set forth in the 2010 Budget.

The Executive Director would implement the Capital Plan in conjunction with his authority under the By-Laws, consistent with the 2011 Budget and capital program projections, through the application of moneys in the Consolidated Bond Reserve Fund to the Capital Fund, subject to statutory, contractual, and other commitments and financial policies of the Port Authority, in addition to other capital funds carried into 2011 and the proceeds of Port Authority obligations to be issued. As such, it would be desirable to establish a maximum limit on such Consolidated Bond Reserve Fund applications, in an amount not to exceed \$1,900 million (after reimbursement for temporary applications).

The Executive Director's authority, pending final adoption and approval of the annual Budget each year, to make expenditures and undertake contractual commitments, would also be confirmed.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Coscia, Grayson, Holmes, Moerdler, Pocino, Sartor, Silverman and Steiner voting in favor; none against:

RESOLVED, that the 2011 Budget of The Port Authority of New York and New Jersey, as set forth below, be and the same hereby is approved and adopted,

including authority for the Executive Director, pending final adoption of the annual Budget each year, to make expenditures and undertake contractual commitments:

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
Including Wholly Owned Entities
2011 BUDGET
(In Thousands)

Item	Total Expenditures	Personal Services	Materials & Services
Audit	\$13,722	\$11,713	\$2,009
Aviation	682,843	163,751	519,092
Chief Administrative Officer	1,215	985	230
Chief, Capital Planning	2,125	1,475	650
Chief Financial Officer	4,105	1,049	3,056
Chief Operating Officer	4,991	1,935	3,056
Capital Security Projects	12,643	5,385	7,258
Project Management Office	5,083	2,142	2,941
Chief of Public & Government Affairs	524	477	47
Chief, Real Estate & Development	3,280	2,341	939
Comptroller's	14,717	14,200	517
Engineering	302,198	103,485	198,713
Capital Construction Contracts	496,280	-	496,280
Executive Offices	3,081	2,755	326
Ferry Program	11,624	-	11,624
Government & Community Affairs	4,555	2,630	1,925
Human Resources	17,674	11,119	6,555
Medical Services	3,670	2,532	1,138
Inspector General	18,164	6,476	11,688
Labor Relations	2,387	1,850	537
Law	44,297	22,197	22,100
Management and Budget	7,785	6,594	1,191
Marketing	12,113	4,435	7,678
Media Relations	2,033	1,448	585
Office of Business and Job Opportunity	3,715	2,505	1,210
Office of Emergency Management	7,883	3,453	4,430
Office of Environmental & Energy Programs	5,065	2,538	2,527
Office of Financial Analysis	1,590	1,374	216
Office of the Secretary	4,617	2,884	1,733
Office of Strategic Initiatives	1,700	1,284	416
Operations Services	71,209	69,195	2,014 ⁽¹⁾
Operations Standards	1,606	1,254	352
Planning	5,287	4,186	1,101
Port Commerce	240,876	29,537	211,339
Procurement	17,442	14,294	3,148 ⁽¹⁾
Public Safety	393,302	361,261	32,041
Rail Transit	436,895	175,951	260,944
Real Estate & WTC Redevelopment	356,451	15,935	340,516 ⁽¹⁾
Technology Services	67,068	18,886	48,182 ⁽¹⁾
Corporate Enterprise Systems	18,219	-	18,219

Treasury	30,789	6,742	24,047
Tunnels, Bridges and Terminals	227,049	132,127	94,922
WTC Construction	1,525,153	27,625	1,497,528
Other:			
Amounts in Connection with Operating Asset			
Obligations	31,029	-	31,029
Bi-state Dredging Program	4,300	-	4,300
Capital Infrastructure Fund	594,519	-	594,519
Debt Service – Operating	701,432	-	701,432
Debt Service – Capital	215,538	-	215,538
Insurance	175,169	-	175,169
Municipal Rents and Amounts in Lieu of Taxes	227,437	-	227,437
Port Authority Insurance Captive Entity LLC	530	-	530
Regional Programs – Operating	22,063	-	22,063
Regional Programs – Capital	20,159	-	20,159
Special Project Bonds Debt Service	115,953	-	115,953
Position Reductions	(29,789)	(29,789)	-
Total Port Authority Budget	<u>\$7,165,365</u>	<u>\$1,212,216</u>	<u>\$5,953,149</u>

(1) Net after charges to other departments.

; and it is further

RESOLVED, that the revisions to the Budget for the year 2010 be and the same hereby are approved:

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
Including Wholly Owned Entities
2010 ESTIMATE VS. 2010 BUDGET
(In Thousands)

	<u>2010 ESTIMATE</u>	<u>2010 BUDGET</u>	<u>CHANGE</u>
Operating Expenses	\$2,555,650	\$2,482,998	\$72,652
Debt Service Charged to Operations	622,986	688,674	(65,688)
Other Expenses	<u>36,928</u>	<u>44,313</u>	<u>(7,385)</u>
Total Operating	3,215,564	3,215,985	(421)
Capital Expenditures	<u>3,112,021</u>	<u>3,126,548</u>	<u>(14,527)</u>
Total Port Authority Expenditures	<u>\$6,327,585</u>	<u>\$6,342,533</u>	<u>(\$14,948)</u>

; and it is further

RESOLVED, that, based upon a requisition of the Governor of the State of New York or the Governor of the State of New Jersey, or the duly authorized designee of each, the Port Authority shall pay to the State of New York or the State of New Jersey, or both, upon receipt of an appropriate expenditure plan from said State, an amount not in excess of \$295,000 to each said State to reimburse said State or States for expenses incurred by said State or States, including staff costs, in reviewing the annual Budget of the Port Authority and any amendments thereto; and it is further

RESOLVED, that the provision by the Executive Director of portions of the Port Authority's capital program from time to time, consistent with the 2011 Budget and capital program projections (including the continuing application of the Capital Fund on a temporary basis, subject to reimbursement), by application of moneys in the Consolidated Bond Reserve Fund to the Capital Fund for capital expenditures for the year 2011 in connection with the Port Authority's facilities, shall not, subject to statutory, contractual, and other commitments and financial policies of the Port Authority, exceed \$1,900 million (after any such reimbursements and in addition to other capital funds carried into 2011 and the proceeds of obligations to be issued).

WORLD TRADE CENTER TRANSPORTATION HUB PROJECT – AUTHORIZATION TO AWARD A CONSTRUCTION TRADE CONTRACT FOR TRANSIT HALL ELECTRIC AND INCREASES IN EXPERT PROFESSIONAL ARCHITECTURAL AND ENGINEERING SERVICES AND CONSTRUCTION MANAGEMENT SERVICES

It was recommended that the Board authorize the Executive Director to: (1) enter into a construction trade contract, through construction manager Tishman Construction Corporation and Turner Construction Company, a Joint Venture (Tishman/Turner), with Gilston Electrical Contracting Corp./Five Star Electric, a Joint Venture, for Transit Hall electrical work associated with the construction of the World Trade Center Transportation Hub (WTC Hub) Project, at an estimated total cost of \$68,364,000, inclusive of an eight-percent allowance for extra work; (2) increase, by an estimated amount of \$5.1 million, the compensation under the Port Authority's existing agreement with Tishman/Turner for construction management services; and (3) increase, by an estimated amount of \$4.7 million, the compensation under the Port Authority's existing agreement with Downtown Design Partnership (DDP), a joint venture of AECOM and STV, Inc., for construction-related architectural and engineering services to support the continued construction of the WTC Hub Project.

The WTC Hub Project is necessary to re-establish and enhance transportation facilities and infrastructure that existed at the World Trade Center complex prior to September 11, 2001, and to ensure the long-term accessibility and economic vitality of Lower Manhattan. The scope of work under the proposed contract includes the furnishing and installation of a complete electrical system, including normal and emergency power distribution, equipment and lighting installation, start-up, testing and temporary electrical services for the Transit Hall.

The recommended award is to the lowest-price proposer, Gilston Electrical Contracting Corp./Five Star Electric, a Joint Venture, which was selected by Tishman/Turner from a pre-qualified list of proposers. The proposed WTC Hub Project trade contract was procured pursuant to the procedures established in the Tishman/Turner Construction Management Agreement, dated August 10, 2009, and the Federal Transit Administration Lower Manhattan Recovery Office Third Party Contracting Requirements, dated August 21, 2003.

In July 2009, the Board authorized the retention of Tishman/Turner to provide construction management services to support the implementation of the WTC Hub Project. At the time of award, it was anticipated that the project would be implemented through the issuance of two major contracts to procure all trades needed to construct the Transit Hall in the East Bathtub. Through subsequent discussions with Tishman/Turner, the procurement strategy was modified to procure the construction trade packages individually, in order to best position the agency in attaining competition, flexibility and overall savings in contract value. The proposed increase in compensation to Tishman/Turner would provide for the development, management and supervision of this construction trade package. Including the requested increase of \$5.1 million and increases pursuant to companion items being advanced at this meeting, a total of \$110.2 million will have been authorized. Approximately \$17.8 million of that amount has been expended to date.

In September 2003, the Executive Director authorized an agreement with DDP to provide professional architectural and engineering services for the development of the WTC Hub Project for a five-year term, at an estimated amount of \$60 million. Through October 2010, the Board authorized increases to the existing DDP contract for additional architectural and engineering and construction support services through Stage IV of the WTC Hub Project, to implement various components of the project. To continue the implementation of the project, it is necessary to increase compensation to DDP at this time. Including the requested increase of \$4.7 million and increases pursuant to companion items being advanced at this meeting, a total of \$381.25 will have been authorized. Approximately \$301.3 million of that amount has been expended.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Coscia, Grayson, Holmes, Pocino, Silverman and Steiner voting in favor; none against; Commissioners Moerdler 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 construction trade contract, through construction manager Tishman Construction Corporation and Turner Construction Company, a Joint Venture, (Tishman/Turner) with Gilston Electrical Contracting Corp./Five Star Electric, a Joint Venture, for Transit Hall electrical work associated with the construction of the World Trade Center Hub (WTC Hub) Project, at an estimated total cost of \$68,364,000, inclusive of an eight-percent allowance for extra work; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to increase, by an estimated amount of \$5.1 million, the compensation under the existing agreement with Tishman/Turner for construction management services to support the continued construction of the WTC Hub Project; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to increase, by an estimated amount of \$4.7 million, the compensation under the existing agreement with Downtown Design Partnership, a joint venture of AECOM and STV, Inc., for professional architectural and engineering services to support the continued construction of the WTC Hub Project; and it is further

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

WORLD TRADE CENTER TRANSPORTATION HUB PROJECT – AUTHORIZATION TO AWARD A CONSTRUCTION TRADE CONTRACT FOR TRANSIT HALL FIRE PROTECTION AND INCREASES IN EXPERT PROFESSIONAL ARCHITECTURAL AND ENGINEERING SERVICES AND CONSTRUCTION MANAGEMENT SERVICES

It was recommended that the Board authorize the Executive Director to: (1) enter into a construction trade contract, through construction manager Tishman Construction Corporation and Turner Construction Company, a Joint Venture (Tishman/Turner), with Rael Automatic Sprinkler Company, Inc. for Transit Hall fire protection work associated with the construction of the World Trade Center Transportation Hub (WTC Hub) Project, at an estimated total cost of \$6,399,000, inclusive of an eight-percent allowance for extra work; (2) increase, by an estimated amount of \$450,000, the compensation under the Port Authority's existing agreement with Tishman/Turner for construction management services; and (3) increase, by an estimated amount of \$400,000, the compensation under the Port Authority's existing agreement with Downtown Design Partnership (DDP), a joint venture of AECOM and STV, Inc., for construction-related architectural and engineering services to support the continued construction of the WTC Hub Project.

The WTC Hub Project is necessary to re-establish and enhance transportation facilities and infrastructure that existed at the World Trade Center complex prior to September 11, 2011, and to ensure the long-term accessibility and economic vitality of Lower Manhattan. The scope of work under the proposed contract includes the furnishing and installation of a complete fire protection system for the Transit Hall, including standpipes, foam suppression, wet piping, dry pipe, gaseous fire suppression and pre-action systems. The Fire Protection System for the WTC Hub has been designed to meet, and for certain elements, exceed, New York City Codes, in consultation with the New York City Fire Department.

The recommended award is to the lowest-price proposer, Rael Automatic Sprinkler Company, Inc., which was selected by Tishman/Turner from a pre-qualified list of proposers. The proposed WTC Hub Project trade contract was procured pursuant to the procedures established in the Tishman/Turner Construction Management Agreement, dated August 10, 2009, and the Federal Transit Administration Lower Manhattan Recovery Office Third Party Contracting Requirements, dated August 21, 2003.

In July 2009, the Board authorized the retention of Tishman/Turner to provide construction management services to support the implementation of the WTC Hub Project. At the time of award, it was anticipated that the project would be implemented through the issuance of two major contracts to procure all trades needed to construct the Transit Hall in the East Bathtub. Through subsequent discussions with Tishman/Turner, the procurement strategy was modified to procure the construction trade packages individually, in order to best position the agency in attaining competition, flexibility and overall savings in contract value. The proposed increase in compensation to Tishman/Turner would provide for the development, management and supervision of this construction trade package. Including the requested increase of \$450,000 and increases pursuant to companion items being advanced at this meeting, a total of \$110.2 million will have been authorized. Approximately \$17.8 million of that amount has been expended to date.

In September 2003, the Executive Director authorized an agreement with DDP to provide professional architectural and engineering services for the development of the WTC Hub Project for a five-year term, at an estimated amount of \$60 million. Through October 2010, the Board authorized increases to the existing DDP contract for additional architectural and engineering and construction support services through Stage IV of the WTC Hub Project, to implement various components of the project. To continue the implementation of the project, it is necessary to increase compensation to DDP at this time. Including the requested increase of \$400,000 and an increase pursuant to companion items being advanced at this meeting, a total of \$381.2 million will have been authorized. Approximately \$301.3 million of that amount has been expended to date.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Coscia, Grayson, Holmes, Pocino, Silverman and Steiner voting in favor; none against; Commissioners Moerdler 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 construction trade contract, through construction manager Tishman Construction Corporation and Turner Construction Company, a Joint Venture (Tishman/Turner), with Rael Automatic Sprinkler Company, Inc. for Transit Hall fire protection work associated with the construction of the World Trade Center Transportation Hub (WTC Hub) Project, at an estimated total cost of \$6,399,000, inclusive of an eight-percent allowance for extra work; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to increase, by an estimated amount of \$450,000, the compensation under the existing agreement with Tishman/Turner for construction management services to support the continued construction of the WTC Hub Project; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to increase, by an estimated amount of \$400,000, the compensation under the existing agreement with Downtown Design Partnership, a joint venture of AECOM and STV, Inc., for professional architectural and engineering services to support the continued construction of the WTC Hub Project; and it is further

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

WORLD TRADE CENTER TRANSPORTATION HUB PROJECT – AUTHORIZATION TO AWARD A CONSTRUCTION TRADE CONTRACT FOR TRANSIT HALL PLUMBING AND INCREASES IN EXPERT PROFESSIONAL ARCHITECTURAL AND ENGINEERING SERVICES AND CONSTRUCTION MANAGEMENT SERVICES

It was recommended that the Board authorize the Executive Director to: (1) enter into a construction trade contract, through construction manager Tishman Construction Corporation and Turner Construction Company, a Joint Venture (Tishman/Turner), with WDF, Inc. for Transit Hall plumbing work associated with the construction of the World Trade Center Transportation Hub (WTC Hub) Project, at an estimated total cost of \$10,864,800, inclusive of an eight-percent allowance for extra work; (2) increase, by an estimated amount of \$650,000, the compensation under the Port Authority's existing agreement with Tishman/Turner for construction management services; and (3) increase, by an estimated amount of \$600,000, the compensation under the Port Authority's existing agreement with Downtown Design Partnership (DDP), a joint venture of AECOM and STV, Inc., for construction-related architectural and engineering services to support the continued construction of the WTC Hub Project.

The WTC Hub Project is necessary to re-establish and enhance transportation facilities and infrastructure that existed at the World Trade Center complex prior to September 11, 2011, and to ensure the long-term accessibility and economic vitality of Lower Manhattan. The scope of work under the proposed contract includes the furnishing and installation of a complete plumbing system, including water distribution and collection systems, equipment, piping and pump systems, fixtures and trim, and start-up and testing and temporary plumbing services for the Transit Hall.

The recommended award is to the lowest-price proposer, WDF, Inc., which was selected by Tishman/Turner from a pre-qualified list of proposers. The proposed WTC Hub Project trade contract was procured pursuant to the procedures established in the Tishman/Turner Construction Management Agreement, dated August 10, 2009, and the Federal Transit Administration Lower Manhattan Recovery Office Third Party Contracting Requirements, dated August 21, 2003.

In July 2009, the Board authorized the retention of Tishman/Turner to provide construction management services to support the implementation of the WTC Hub Project. At the time of award, it was anticipated that the project would be implemented through the issuance of two major contracts to procure all trades needed to construct the Transit Hall in the East Bath tub. Through subsequent discussions with Tishman/Turner, the procurement strategy was modified to procure the construction trade packages individually, in order to best position the agency in attaining competition, flexibility and overall savings in contract value. The proposed increase in compensation to Tishman/Turner would provide for the development, management and supervision of this construction trade package. Including the requested increase of \$650,000 and increases pursuant to companion items being advanced at this meeting, a total of \$110.2 million will have been authorized. Approximately \$17.8 million of that amount has been expended to date.

In September 2003, the Executive Director authorized an agreement with DDP to provide professional architectural and engineering services for the development of the WTC Hub Project for a five-year term, at an estimated amount of \$60 million. Through October 2010, the Board authorized increases to the existing DDP contract for additional architectural and engineering and construction support services through Stage IV of the WTC Hub Project, to implement various components of the project. To continue the implementation of the project, it is necessary to increase compensation to DDP at this time. Including the requested increase of \$600,000 and an increase pursuant to companion items being advanced at this meeting, a total of \$381.2 million will have been authorized. Approximately \$301.3 million of that amount has been expended to date.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Coscia, Grayson, Holmes, Pocino, Silverman and Steiner voting in favor; none against; Commissioners Moerdler 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 construction trade contract, through construction manager Tishman Construction Corporation and Turner Construction Company, a Joint Venture (Tishman/Turner), with WDF, Inc. for Transit Hall plumbing work associated with the construction of the World Trade Center Transportation Hub (WTC Hub) Project, at an estimated total cost of \$10,864,800, inclusive of an eight-percent allowance for extra work; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to increase, by an estimated amount of \$650,000, the compensation under the existing agreement with Tishman/Turner for construction management services to support the continued construction of the WTC Hub Project; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to increase, by an estimated amount of \$600,000, the compensation under the existing agreement with Downtown Design Partnership, a joint venture of AECOM and STV, Inc., for professional architectural and engineering services to support the continued construction of the WTC Hub Project; and it is further

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

WORLD TRADE CENTER TRANSPORTATION HUB PROJECT – AUTHORIZATION TO AWARD A CONSTRUCTION TRADE CONTRACT FOR LIGHT FIXTURES AND INCREASES IN EXPERT PROFESSIONAL ARCHITECTURAL AND ENGINEERING SERVICES AND CONSTRUCTION MANAGEMENT SERVICES

It was recommended that the Board authorize the Executive Director to: (1) enter into a construction trade contract, through construction manager Tishman Construction Corporation and Turner Construction Company, a Joint Venture (Tishman/Turner), with Cooper Electric Supply Company for interior and exterior light fixtures associated with the construction of the World Trade Center Transportation Hub (WTC Hub) Project, at an estimated total cost of \$5,805,000, inclusive of an eight-percent allowance for extra work; (2) increase, by an estimated amount of \$500,000, the compensation under the Port Authority's existing agreement with Tishman/Turner for construction management services; and (3) increase, by an estimated amount of \$400,000, the compensation under the Port Authority's existing agreement with Downtown Design Partnership (DDP), a joint venture of AECOM and STV, Inc., for construction-related architectural and engineering services to support the continued construction of the WTC Hub Project.

The WTC Hub Project is necessary to re-establish and enhance transportation facilities and infrastructure that existed at the World Trade Center complex prior to September 11, 2011, and to ensure the long-term accessibility and economic vitality of Lower Manhattan. The scope of work under the proposed contract includes furnishing interior and exterior light fixtures, exit signs, fluorescent fixtures and metal halides fixtures for the Transit Hall, PATH Hall and Oculus areas of the WTC Hub and on-site support during installation and testing. The PATH Hall contractor, Skanska/Granite, and the Transit Hall electric contractor, retention of which is expected to be sought in February 2011, would perform installation work.

The recommended award is to the lowest-price proposer, Cooper Electric Supply Company, which was selected by Tishman/Turner from a pre-qualified list of proposers. The proposed WTC Hub Project trade contract was procured pursuant to the procedures established in the Tishman/Turner Construction Management Agreement, dated August 10, 2009, and the Federal Transit Administration Lower Manhattan Recovery Office Third Party Contracting Requirements, dated August 21, 2003.

In July 2009, the Board authorized the retention of Tishman/Turner to provide construction management services to support the implementation of the WTC Hub Project. At the time of award, it was anticipated that the project would be implemented through the issuance of two major contracts to procure all trades needed to construct the Transit Hall in the East Bath tub. Through subsequent discussions with Tishman/Turner, the procurement strategy was modified to procure the construction trade packages individually, in order to best position the agency in attaining competition, flexibility and overall savings in contract value. The proposed increase in compensation to Tishman/Turner would provide for the development, management and supervision of this construction trade package. Including the requested increase of \$500,000 and increases pursuant to companion items being advanced at this meeting, a total of \$110.2 million will have been authorized. Approximately \$17.8 million of that amount has been expended to date.

In September 2003, the Executive Director authorized an agreement with DDP to provide professional architectural and engineering services for the development of the WTC Hub Project for a five-year term at an estimated amount of \$60 million. Through October 2010, the Board authorized increases to the existing DDP contract for additional architectural and engineering and construction support services through Stage IV of the WTC Hub project, to implement various components of the project. To continue the implementation of the project, it is necessary to increase compensation to DDP at this time. Including the requested increase of \$400,000 and an increase pursuant to companion items being advanced at this meeting, a total of \$381.2 million will have been authorized. Approximately \$301.3 million of that amount has been expended to date.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Coscia, Grayson, Holmes, Pocino, Silverman and Steiner voting in favor; none against; Commissioners Moerdler 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 construction trade contract, through construction manager Tishman Construction Corporation and Turner Construction Company, a Joint Venture (Tishman/Turner), with Cooper Electric Supply Company for furnishing interior and exterior light fixtures associated with the construction of the World Trade Center Transportation Hub (WTC Hub) Project, at an estimated total cost of \$5,805,000, inclusive of an eight-percent allowance for extra work; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to increase, by an estimated amount of \$500,000, the compensation under the existing agreement with Tishman/Turner for construction management services to support the continued construction of the WTC Hub Project; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to increase, by an estimated amount of \$400,000, the compensation under the existing agreement with Downtown Design Partnership, a joint venture of AECOM and STV, Inc., for professional architectural and engineering services to support the continued construction of the WTC Hub Project; and it is further

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

WORLD TRADE CENTER TRANSPORTATION HUB PROJECT – AUTHORIZATION TO AWARD A CONSTRUCTION TRADE CONTRACT FOR TRANSIT HALL HEATING, VENTILATION AND AIR CONDITIONING AND INCREASES IN EXPERT PROFESSIONAL ARCHITECTURAL AND ENGINEERING SERVICES AND CONSTRUCTION MANAGEMENT SERVICES

It was recommended that the Board authorize the Executive Director to: (1) enter into a construction trade contract, through construction manager Tishman Construction Corporation and Turner Construction Company, a Joint Venture, (Tishman/Turner), with A&A Industrial Piping, Inc. for Transit Hall heating, ventilation and air conditioning (HVAC) work associated with the construction of the World Trade Center Transportation Hub (WTC Hub) Project, at an estimated total cost of \$53,233,200, inclusive of an eight-percent allowance for extra work; (2) increase, by an estimated amount of \$3.9 million, the compensation under the Port Authority's existing agreement with Tishman/Turner for construction management services; and (3) increase, by an estimated amount of \$3.5 million, the compensation under the Port Authority's existing agreement with Downtown Design Partnership (DDP), a joint venture of AECOM and STV, Inc., for construction-related architectural and engineering services to support the continued construction of the WTC Hub Project.

The WTC Hub Project is necessary to re-establish and enhance transportation facilities and infrastructure that existed at the World Trade Center complex prior to September 11, 2001, and to ensure the long-term accessibility and economic vitality of Lower Manhattan. The scope of work under the proposed contract includes the furnishing and installation of a complete HVAC system, including air and water distribution systems, equipment, piping and ductwork, start-up and testing and temporary HVAC services for the Transit Hall.

The recommended award is to the lowest-price proposer, A&A Industrial Piping, Inc., which was selected by Tishman/Turner from a pre-qualified list of proposers. The proposed WTC Hub Project trade contract was procured pursuant to the procedures established in the Tishman/Turner Construction Management Agreement, dated August 10, 2009, and the Federal Transit Administration Lower Manhattan Recovery Office Third Party Contracting Requirements, dated August 21, 2003.

In July 2009, the Board authorized the retention of Tishman/Turner to provide construction management services to support the implementation of the WTC Hub Project. At the time of award, it was anticipated that the project would be implemented through the issuance of two major contracts to procure all trades needed to construct the Transit Hall in the East Bathtub. Through subsequent discussions with Tishman/Turner, the procurement strategy was modified to procure the construction trade packages individually, in order to best position the agency in attaining competition, flexibility and overall savings in contract value. The proposed increase in compensation to Tishman/Turner would provide for the development, management and supervision of this construction trade package. Including the requested increase of \$3.9 million and increases pursuant to companion items being advanced at this meeting, a total of \$110.2 million will have been authorized. Approximately \$17.8 million of that amount has been expended to date.

In September 2003, the Executive Director authorized an agreement with DDP to provide professional architectural and engineering services for the development of the WTC Hub Project for a five-year term, at an estimated amount of \$60 million. Through October 2010, the Board authorized increases to the existing DDP contract for additional architectural and engineering and construction support services through Stage IV of the WTC Hub Project, to implement various components of the project. To continue the implementation of the project, it is necessary to increase compensation to DDP at this time. Including the requested increase of \$3.5 million and increases pursuant to companion items being advanced at this meeting, a total of \$381.25 million will have been authorized. Approximately \$301.3 million of that amount has been expended to date.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Coscia, Grayson, Holmes, Pocino, Silverman and Steiner voting in favor; none against; Commissioners Moerdler 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 construction trade contract, through construction manager Tishman Construction Corporation and Turner Construction Company, a Joint Venture, (Tishman/Turner) with A&A Industrial Piping, Inc. for Transit Hall heating, ventilation and air conditioning work associated with the construction of the World Trade Center Transportation Hub (WTC Hub) Project, at an estimated total cost of \$53,233,200, inclusive of an eight-percent allowance for extra work; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to increase, by an estimated amount of \$3.9 million, the compensation under the existing agreement with Tishman/Turner for construction management services to support the continued construction of the WTC Hub Project; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to increase, by an estimated amount of \$3.5 million, the compensation under the existing agreement with Downtown Design Partnership, a joint venture of AECOM and STV, Inc., for professional architectural and engineering services to support the continued construction of the WTC Hub Project; and it is further

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

AGREEMENT TO PROVIDE CONSULTING AND MANAGEMENT SERVICES TO THE EMPIRE STATE DEVELOPMENT CORPORATION AND MOYNIHAN STATION DEVELOPMENT CORPORATION IN CONNECTION WITH THE MOYNIHAN STATION PROJECT

It was recommended that the Board authorize a consulting services and management agreement (Agreement) with the State of New York's Empire State Development Corporation and /or its subsidiary Moynihan Station Development Corporation (MSDC) (collectively, ESDC) for a term of six years. Under the Agreement, the Port Authority would, in connection with Phase 1 of a project to redevelop the James A. Farley United States Post Office Building and its Western Annex (together, the Farley Building) into a new transportation facility serving the New York and New Jersey region (Moynihan Station Project): (1) oversee, manage and coordinate design and construction activities, and (2) provide certain real estate and planning services. Port Authority costs, in the form of engineering staff time devoted to the oversight, management and coordination of design and construction activities (including salaries and benefits), would be recovered through payments by ESDC. The Port Authority would not recover the costs associated with the real estate and planning services to be provided.

The State of New York, acting through ESDC, is advancing the Moynihan Station Project, a two-phase plan for the financing, design and construction of a new transportation facility in the Farley Building, to be known as Moynihan Station. This new facility would accommodate increasing intercity and commuter ridership and address congestion at New York Pennsylvania Station (Penn Station) by providing a new train hall, additional passenger concourses and vertical circulation elements, new ticketing and passenger service facilities, station entrances, direct access to platforms and trains through the Farley Building, and improved connections between Penn Station, the new Moynihan Station and New York City Transit Authority subway lines.

In June and July 2010, ESDC and MSDC's Board of Directors each approved and adopted a Final Amended General Project Plan (describing the Moynihan Station Project) and authorized both ESDC and MSDC to proceed with Phase 1 of the project, as described below.

Phase 1 consists of: (1) an expanded West End Concourse at Penn Station, including an extension of the West End Concourse to the station's southern retaining wall and the installation of new stairways, escalators and elevators allowing users of the Concourse to access 10 of the 12 platforms serving Penn Station; (2) construction of new street-level entrances allowing the public to access the West End Concourse and the train platforms below, through the Farley Building; (3) expansion of the underground 33rd Street Connector which links the Farley Building to Penn Station, allowing the Connector to comply with the Americans with Disabilities Act and improving access to the Eighth Avenue subway lines; and (4) installing a platform ventilation system serving the western end of the platforms located beneath both the Farley Building and Penn Station. Design and construction of the above-ground portions of the Farley Building, including a new train hall and space for Amtrak station services, along with redevelopment of the Western Annex for retail and commercial uses, would form Phase 2 of the project.

Expansion of passenger and train capacity at Penn Station through Phase 1 activities would relieve congestion at Penn Station and the Port Authority Bus Terminal and facilitate the increased use of mass transit for airport access and short-haul intercity travel.

ESDC, and its MSDC subsidiary, have secured funding commitments for the cost of designing and constructing Phase 1, which is estimated at \$267 million, and have retained a team of design consultants (led by Skidmore, Owings & Merrill, Systra USA and Parsons Brinckerhoff) to prepare final designs.

Under the proposed Agreement, the Port Authority would be responsible for the day-to-day oversight, management and coordination of the activities of all persons or entities hired by ESDC in connection with Phase 1 design and construction. Port Authority staff also would perform real estate and planning advisory services in connection with the transactions forming part of Phase 1. These would include: reviewing Phase 1 project documents, including agreements with Amtrak and other railroads to utilize project facilities; reviewing grant and other funding agreements to finance Phase 1, and providing recommendations regarding the financial procurement, reporting, auditing and other requirements of the United States Department of Transportation (USDOT) and its Federal Railroad Administration (FRA), in order to secure timely disbursements of grant funds; conducting valuation of the Farley Building, and reviewing proposed conveyances of leaseholds or other interests in the Farley Building, to other project parties, such as operating railroads or private developers. The Port Authority's management of the design and construction consultants' day-to-day operations would be subject to certain limitations, ensuring that the Port Authority would not have responsibility or the authority to modify design or construction contracts in the name of, or on behalf of, ESDC (including its MSDC subsidiary), or to take any action that would result in a material change to the scope, schedule or budget of Phase 1 of the Moynihan Station Project without prior approval.

As a condition of the consulting services agreement, ESDC would be required to procure and maintain, during the course of the agreement, an insurance program designed to mitigate the costs associated with potential third-party claims arising out of the design and construction management services being provided by the Port Authority. Moreover, the design and construction consultants retained would be required to indemnify the Port Authority in connection with Phase 1 of the Moynihan Station Project.

This action would build upon the Port Authority's previous assistance to New York State for transportation and economic development projects, including the redevelopment of the Farley Building and the creation of Moynihan Station. The Port Authority previously agreed to provide ESDC with funding, in the amount of \$145 million, for development of the Moynihan Station Project, as part of its commitment to provide the State of New York with a total of \$250 million for transportation, economic development and infrastructure renewal projects in the State of New York, as authorized by the Board at its June 2, 2000 meeting.

On November 18, 2004, the Board authorized an agreement to provide funding, in the amount of \$10 million, for the extension of the West End Concourse of Penn Station. The expansion and extension of the West End Concourse, as stated above, is a key feature of Phase 1 of the Moynihan Station Project.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Coscia, Grayson, Holmes, Moerdler, Pocino, Sartor, Silverman and Steiner voting in favor; none against:

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into a consulting services and management agreement for a term of six years with the Empire State Development Corporation and/or Moynihan Station Development Corporation, for the Phase 1 redevelopment of the James A. Farley United States Post Office Building into a new transportation facility serving the New York and New Jersey region, 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 incur all related costs and expenses and to execute all documents and agreements as may be necessary or incidental to the Port Authority's provision of such consulting and management services, substantially in accordance with the terms outlined to the Board; and it is further

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

PORT OF NEW YORK AND NEW JERSEY – ESTABLISHMENT OF CARGO FACILITY CHARGE – ELIMINATION OF INTERMODAL CONTAINER LIFT FEE AND SEA LINK CONTAINER TERMINALS SUBSCRIPTION FEE – AMENDMENT OF AGREEMENTS WITH MILLENNIUM MARINE RAIL, LLC, NEW YORK CONTAINER TERMINAL, INC., AND PORT NEWARK CONTAINER TERMINAL, LLC

It was recommended that the Board authorize the Executive Director to: (1) amend the Marine Terminal Tariff – Federal Maritime Commission Schedule No. PA-10 Tariff (Tariff) to establish a new Port Authority cargo-based port infrastructure and security fee, to be known as the Cargo Facility Charge, that would be applicable to waterborne cargo discharged from or loaded onto vessels at Port Authority leased and public berths, in order to foster a more efficient, secure and productive Port of New York and New Jersey (Port), with the timing of the implementation of the Cargo Facility Charge to be determined by the Executive Director and the Chairman, consistent with the By-Laws; (2) eliminate the Intermodal Container Lift Fee; (3) eliminate the Sea-Link Container Terminal Subscription Fee; (4) amend the railroad operating agreements with Millennium Marine Rail LLC (Millennium) for ExpressRail Elizabeth and New York City Container Terminal (NYCT) for ExpressRail Staten Island, and the interim agreement with Port Newark Container Terminal (PNCT) for ExpressRail Port Newark, to reflect the elimination of the Intermodal Container Lift Fee; and (5) approve, for and on behalf of the Port Authority, future adjustments to the rates with respect to the Cargo Facility Charge and existing fees contained in the Tariff.

Increasing the operational efficiency for the movement of goods at the Port and throughout the region is a key strategic goal. To achieve that goal, the proposed Cargo Facility Charge would be assessed on all cargoes that benefit from capital investments in security, rail and road improvements. The proposed Cargo Facility Charge would be levied on all types of waterborne cargo moving through Port Authority marine terminal facilities – containers, vehicles, and bulk/breakbulk, general, heavy lift and special cargo. The timing of its implementation would be determined by the Executive Director and the Chairman, consistent with the By-Laws.

One component of the fee would recover capital expenditures incurred to construct our ExpressRail infrastructure. In addition to those who directly utilize the rail system, given the long-standing issues of road congestion in the Port, those who ship by truck have benefited from the investment in the ExpressRail system and continue to do so. Accordingly, it is fair and appropriate that they share in the cost of the investment in the ExpressRail system.

In 2004, an intermodal lift fee was implemented to recover the expenditures to date to construct Port-wide ExpressRail facilities. Rail cargo movements remove trucks from our terminals' gates and the Port's and region's highways, and benefit regional cargo with the increased roadway and gate capacity they provide. The ExpressRail System is an important link in the Port's logistics chain, the existence of which creates a more efficient transportation network for the transportation of containers while also mitigating negative environmental impacts to the region. Implementation of the Cargo Facility Charge (which includes the rail component) would eliminate the need for the Intermodal Container Lift Fee and be a broader and fairer assessment on the direct and indirect beneficiaries of the investment in ExpressRail.

As the agency continues to invest in the ExpressRail System, sufficient capacity on the Port's roadway system also must be provided, because the truck is, and will remain, the dominant mode of transport in the Port, due to the large local market we serve. The second component of the proposed Cargo Facility Charge would be charged proportionately to recover the cost of important Port roadway projects at Port Newark and the Elizabeth-Port Authority Marine Terminal (EPAMT), to reduce truck idling times and mitigate the attendant negative environmental impact caused by idling.

Under the third component of the Cargo Facility Charge, all cargoes would be charged proportionately for the partial recovery of the Port Authority's incremental post-9-11 security costs. Since September 11, 2001, the Port Authority has been, and continues to be, faced with the need to make the Port safer and more secure, by implementing a number of operational and physical security improvements at the marine terminal facilities, including those required by federal mandates. The agency accepts these responsibilities; however, in today's financial environment, the costs associated with these improvements must be shared with the benefited Port users. Accordingly, the proposed Cargo Facility Charge also would be used to partially defray the Port Authority's non-reimbursed incremental post-9-11 security-related operations and maintenance costs, and to recover a portion of previously unamortized capital investments. The security component of the fee may be adjusted in the future to reflect later investments of security-related capital costs.

The Cargo Facility Charge would be collected by the Port Authority's marine terminal tenants that operate private berths, and the Port Authority would directly collect the charge at public berths. Authorization also is requested for the Executive Director to approve future adjustments to the rates with respect to the Cargo Facility Charge, as well as other existing fees contained in the Tariff.

The establishment of the Cargo Facility Charge would require the elimination from the Tariff of the Intermodal Container Lift Fee and the Sea Link Container Terminals Subscription Fee, as costs recovered from these fees would now be recovered by the Cargo Facility Charge. In order to reflect the elimination of the Intermodal Container Lift Fee from the Tariff, the railroad operating agreements with Millennium for ExpressRail Elizabeth and NYCT for ExpressRail Staten Island, and the interim agreement with PNCT for ExpressRail Port Newark, as authorized by the Board in August 2004, April 2006 and July 2001, respectively, would be amended.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Coscia, Grayson, Holmes, Moerdler, Pocino, Sartor, Silverman and Steiner voting in favor; none against:

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to: (1) amend the Marine Terminal Tariff – Federal Maritime Commission Schedule No. PA-10 Tariff (Tariff) to establish a new Port Authority cargo-based port infrastructure and security fee, to be known as the Cargo Facility Charge, that will be applicable to waterborne cargo discharged from or loaded on to vessels at Port Authority leased and public berths, with the timing of the implementation of the Cargo Facility Charge to be determined by the Executive Director and the Chairman, consistent with the By-Laws; (2) eliminate the Intermodal

Container Lift Fee; (3) eliminate the Sea-Link Container Terminal Subscription Fee; (4) amend the railroad operating agreements with Millennium Marine Rail LLC for ExpressRail Elizabeth and New York Container Terminal for ExpressRail Staten Island, and the interim agreement with Port Newark Container Terminal for ExpressRail Port Newark, to reflect the elimination of the Intermodal Container Lift Fee; and (5) approve, for and on behalf of the Port Authority, future adoption of and adjustments to the rates with respect to the Cargo Facility Charge and existing fees contained in the Tariff; and it is further

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

AWARD OF HOWARD S. CULLMAN DISTINGUISHED SERVICE MEDAL TO A. PAUL BLANCO AND FRANCIS J. LOMBARDI

The following resolution was unanimously adopted by the Board of Commissioners.

WHEREAS, by resolution adopted by the Board on March 14, 1957, the Howard S. Cullman Distinguished Service Medal was established to honor Howard S. Cullman for his outstanding achievements and contributions to the Port Authority and service to the people of the Port District, having served as a Commissioner, Vice Chairman, Chairman and Honorary Chairman of the agency over a significant period of time; and which award has been designated as the highest award for service given by the Port Authority to a Port Authority employee who has performed the most outstanding service; and

WHEREAS, in the case of A. Paul Blanco, it is recommended that the Howard S. Cullman Distinguished Service Medal be awarded to A. Paul Blanco for his 39 years of exemplary service to this agency, his integrity and dedication to a career in public service which has not only benefited the Port Authority but the entire region it serves; and

WHEREAS, in the case of Francis J. Lombardi, it is recommended that the Howard S. Cullman Distinguished Service medal be awarded to Francis J. Lombardi for his 39 years of exemplary service to this agency, his integrity and dedication to a career in public service which has not only benefited the Port Authority but the entire region it serves;

NOW, therefore, be it

RESOLVED, that the Howard S. Cullman Distinguished Service Medal be awarded to both A. Paul Blanco and Francis J. Lombardi for the performance of outstanding service.

Whereupon, the meeting was adjourned.

Secretary