

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Thursday, February 3, 2011

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MINUTES of the Meeting of The Port Authority of New York and New Jersey held Thursday, February 3, 2011 at 225 Park Avenue South, City, County and State of New York

PRESENT:

NEW JERSEY

Hon. David Samson, Chairman
 Hon. Virginia S. Bauer
 Hon. Anthony R. Coscia
 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

Heavyn-Leigh American, Associate Board Management and Support Specialist, Office of the Secretary
 Susan M. Baer, Director, Aviation
 Steven J. Coleman, Assistant Director, Media Relations
 Michael P. DePallo, Director, Rail Transit
 Claudia Dickey, Assistant Director, Public Safety
 Francis A. DiMola, Director, Real Estate and Development
 John J. Drobny, Director, Security Projects
 Daniel D. Duffy, Senior Business Manager, Office of the Secretary
 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
 Glenn P. Guzi, Senior External Affairs Representative, Government and Community Affairs
 Linda C. Handel, Deputy Secretary
 Mary Lee Hannell, Director, Human Resources
 Andrew T. Hawthorne, Director, Marketing
 John P. Kelly, Director, Media Relations
 Louis J. LaCapra, Chief Administrative Officer
 Cristina M. Lado, Director, Government and Community Affairs
 Richard M. Larrabee, Director, Port Commerce
 Jamie E. Loftus, Chief, Public and Government Affairs
 Thomas C. Lubas, Director, Operations Services
 Norma L. Manigan, Program Director, External Affairs, Marketing
 Ronald Marsico, Assistant Director, Media Relations
 James E. McCoy, Manager, Board Management Support, Office of the Secretary
 Sanjay S. Mody, Advisor to the Chairman

Anne Marie C. Mulligan, Treasurer

Jeffrey P. Pearse, Deputy Director, Aviation

Steven P. Plate, Director, World Trade Center Construction

Monika A. Radkowska, Principle Board Management and Support Specialist, Office of the Secretary

Desiree Ramos, External Relations Client Manager, Government and Community Affairs

Gerald B. Stoughton, Director, Financial Analysis

David B. Tweedy, Chief, Capital Programs

Lillian D. Valenti, Director, Procurement

Robert E. Van Etten, Inspector General

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:

Johanna Jones, Assistant Counsel, Authorities Unit, Office of the Governor of New Jersey

Jo-Ann Koodish, Windels Marx Lane & Mittendorf, LLP

Speakers:

Murray Bodin, Member of the Public

Margaret Donovan, Twin Towers Alliance

The public meeting was called to order by Chairman Coscia* at 11:50 a.m. and ended at 12:10 p.m. Commissioner Sartor was present for a portion of the public session. The Board met in executive session prior to the public session.

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of November 18, 2010. She reported that copies of these Minutes were delivered to the Governors of New York (in electronic form) and New Jersey (in paper form) on November 19, 2010. She reported further that the time for action by the Governors of New York and New Jersey expired at midnight on December 6, 2010, with the exception of the Industrial Development matter included on page 3 of the Special, Interim Meeting of the Committee on Operations Minutes for which the time for action by the Governors of New York and New Jersey expired at midnight on December 13, 2010.

The Secretary also submitted for approval Minutes of the meeting of December 7, 2010. She reported that copies of these Minutes were delivered to the Governors of New York (in electronic form) and New Jersey (in paper form) on December 8, 2010. She reported further that the time for action by the Governors of New York and New Jersey expired at midnight on December 22, 2010, with the exception of the Industrial Development matter included on page 328 of the Minutes for which the time for action by the Governors of New York and New Jersey expired at midnight on January 4, 2011.

The Secretary reported that the Minutes of December 7, 2010 contain a typographical error on page 338 in the second sentence of the fourth paragraph of the resolution entitled, “2011 Budget,” which resulted in an omission of the word “million” following the amount “\$2,530.” She further reported that the typographical error did not impact the calculation of the 2011 Budget.

Whereupon, the Board unanimously approved the Minutes of the meetings of November 18, 2010 and December 7, 2010.

Report of Committee on Operations

The Committee on Operations reported, for information, on matters discussed and action taken in public and executive sessions at its meeting on February 3, 2011, which included discussion of an agreement in connection with the acquisition of a property located in the Bronx, New York, as part of the Hudson-Raritan Estuary Resources Program, and discussion of matters related to the purchase, sale or lease of real property or securities, where public disclosure would affect the value thereof or the public interest, and the report was received.

Report of Nominating Committee

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

* Having previously announced that he would step down when a successor was elected, Commissioner Coscia chaired the meeting up until the election of the new Chairman.

ELECTION OF OFFICER

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

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

"On behalf of the Nominating Committee, I desire to report that at its meeting held earlier today, in accordance with the provisions of Article VII of the By-Laws, the Committee, by unanimous action, submits the nomination for election to the office of Chairman of The Port Authority of New York and New Jersey of Commissioner David Samson."

Pursuant to the foregoing report, Commissioners Bauer, Coscia, Grayson, Holmes, Moerdler, Pocino, Samson, Sartor, Silverman, and Steiner voting in favor, David Samson was unanimously elected as Chairman of The Port Authority of New York and New Jersey.

**LAGUARDIA AIRPORT – AVIS RENT A CAR SYSTEM, LLC – LEASE AG –624 –
SUPPLEMENT NO. 9**

It was recommended that the Board authorize the Executive Director to enter into a supplemental agreement with Avis Rent A Car System, LLC (Avis) to its lease at LaGuardia Airport (LGA), covering Buildings 25 and 83 on approximately 3.08 acres of associated ground area, pursuant to which the term of the letting would be extended for ten years and the ground and building rental rates would be increased. The extension term would commence as of June 1, 2010 and expire on May 31, 2020. The leased premises would continue to be used for the operation of an on-airport car rental facility, and Avis would continue to operate at Newark Liberty International Airport (EWR) and John F. Kennedy International Airport (JFK), consistent with the Port Authority's requirement that airport rental car companies operating at LGA, JFK and EWR serve all three of those airports.

During the term of the lease supplement, Avis would pay a fixed annual ground rent and building rent that would escalate annually by the greater of four percent or one-half the Consumer Price Index. The aggregate ground rental over the ten-year period would be approximately \$3.8 million, and the aggregate building rental over the ten-year period for Buildings 25 and 83 would be approximately \$1.7 million. Under its existing permit agreement with the Port Authority, AX-396, Avis would continue to pay a percentage fee based on gross receipts, and such percentage fee would be reduced by a construction credit.

It is anticipated that Avis would invest approximately \$319,000 in upgrades at the leased premises during the term of the supplement, and continue to make investments in maintenance and building upgrades, as needed.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Coscia, Grayson, Holmes, Moerdler, Pocino, Samson, 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 Avis Rent A Car System, LLC (Avis) providing for a ten-year extension of the term under Avis's existing lease at LaGuardia Airport, 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.

NEWARK LIBERTY INTERNATIONAL AIRPORT – HOST HOTELS AND RESORTS, L.P. – THE MARRIOTT HOTEL – LEASE ANA-037 – SUPPLEMENT NO. 3

It was recommended that the Board authorize the Executive Director to enter into a supplement to Lease ANA-037 with Host Hotels and Resorts, L.P. (Host) for the continued letting of Building 346 and its associated ground area of approximately 12.57 acres at Newark Liberty International Airport (EWR), which would extend the current lease term, which expires on December 31, 2015, for an additional 40 years, for the purpose of operating an upscale hotel.

Host has been a tenant at EWR since it constructed and opened the EWR Marriott Hotel in February 1983. Currently, the premises consist of a ten-story, 585-room hotel, with 26 meeting rooms, a pool and fitness center, two restaurants and a bar.

Throughout its tenancy, Host consistently has invested in and maintained Building 346. Host constructed the EWR Marriott Hotel, at a total cost of \$36 million, and in 1999 invested \$14.1 million to construct 200 additional rooms. Since 2000, Host has further invested over \$3.4 million in infrastructure improvements. In addition, Host consistently has maintained a reserve of five percent of gross receipts for furniture, fixtures and equipment (FF&E).

Under the proposed lease supplement, Host would continue its commitment to reinvest in and upgrade the facility. Host would commit approximately \$164 million in facility upgrades and building renovations over the extended term of the lease. Of these improvements, Host would commit to invest \$30 million for the construction of a 10,000-square-foot ballroom and an additional \$4 million to reconfigure and upgrade the food and beverage outlets, all to be completed prior to the Super Bowl to be held at New Jersey's Meadowlands Sports Complex in 2014. In addition, Host would commit to invest \$30 million in ongoing infrastructure improvements. Host also has committed approximately \$100 million in FF&E over the term, increasing the FF&E reserve from 5 percent to 6 percent.

Commencing from the effective date of the proposed supplemental agreement, rentals would increase over current levels, and would be subject to further escalations during the term, as extended. The guaranteed minimum rental payable to the Port Authority over the extended lease term would be approximately \$123 million.

Pursuant to the foregoing report, the following resolution was adopted in executive session with Commissioners Bauer, Coscia, Grayson, Holmes, Moerdler, Pocino, Samson, 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 supplement to Lease ANA-037 with Host Hotels and Resorts, L.P. for the continued letting of Building 346 and its associated ground area of approximately 12.57 acres at Newark Liberty International Airport, which would extend the current lease term, which expires on December 31, 2015, for an additional 40 years, for the purpose of operating an upscale hotel, substantially in accordance with the terms outlined to the Board; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to take any and all action to effectuate the

foregoing, including the execution of contracts, agreements and other documents, together with amendments and supplements thereof, or amendments and supplements to existing contracts, agreements and other documents, and to take action in accordance with the terms of such contracts, agreements and documents, as may be necessary in connection therewith; and it is further

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

MEMORIAL TRIBUTE TO THE HONORABLE MICHAEL J. CHASANOFF

It is with profound sadness that we mark the recent passing of our colleague, Michael J. Chasanoff, on January 21, 2011.

WHEREAS, from his appointment by New York Governor George E. Pataki in 1999 through his recent retirement from the Board of Commissioners of The Port Authority of New York and New Jersey, the Honorable Michael J. Chasanoff gave tirelessly of his time, talent and experience in furtherance of the agency's mission; and

WHEREAS, during his tenure on the Board, Michael J. Chasanoff brought to bear the full breadth of his vast business and real estate development expertise in furtherance of the missions and goals of the Port Authority; and

WHEREAS, Michael J. Chasanoff served with great pride as a member of the Board of Commissioners during some of the most productive and challenging periods in the agency's history; and

WHEREAS, during his years on the Board, Michael J. Chasanoff served with great distinction as Vice Chairman of the Committee on Capital Programs/Agency Planning, and as a member of the Committee on Finance, Committee on Construction, and the World Trade Center Redevelopment Subcommittee; and

WHEREAS, Michael J. Chasanoff played an active role in the advancement of numerous critical construction projects in the region, including terminal redevelopment projects at the agency's major airports; rail connections to John F. Kennedy and Newark Liberty International Airports; electronic toll collection at the Hudson River crossings; port channel deepening projects and ExpressRail facilities; and, most recently, the replacement of John F. Kennedy International Airport's longest runway, the Bay Runway; and

WHEREAS, Michael J. Chasanoff was dedicated to the agency's capital planning process, whereby he contributed to a set of strategic goals meant to stimulate and guide an ambitious long-term transportation investment plan to maximize the region's economic opportunities, productivity, and quality of life, and provided for further security enhancements, modernization of the PATH system, continued redevelopment of the World Trade Center site, and efforts to address flight delays at our airports, which included the acquisition of Stewart International Airport in 2007 in an effort to develop the airport as an economic alternative to the three commercial airports for travelers to and from the region; and

WHEREAS, Michael J. Chasanoff was committed to the agency's core mission of: building and maintaining transportation infrastructure; operating our facilities in a safe and secure manner; improving mass transit and reducing congestion in order to enhance regional capacity and the quality of intercity travel; increasing the number and proportion of regional commuters who travel by transit; fostering a streamlined goods movement network for faster and more reliable delivery; maintaining and modernizing existing facilities to ensure safety, security and environmental responsibility; and engaging its regional partners in the creation of plans, policies and investments that provide a significantly improved quality of transportation services for regional residents, businesses and visitors;

NOW, therefore, be it

RESOLVED, that the Commissioners of The Port Authority of New York and New Jersey express their deepest sorrow at the passing of the Honorable Michael J. Chasanoff; and it is further

RESOLVED, that the Board of Commissioners hereby directs that this resolution be suitably engraved and presented to the family of the Honorable Michael J. Chasanoff as a token of the high esteem in which he was held by his colleagues on the Board and by the staff of The Port Authority of New York and New Jersey.

Whereupon, the meeting was adjourned.

Secretary