

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Tuesday, May 18, 2010

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MINUTES of the Annual Meeting of The Port Authority of New York and New Jersey held Tuesday, May 18, 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. David S. Steiner
 Hon. Anthony J. Sartor

NEW YORK

Hon. Michael J. Chasanoff
 Hon. Stanley E. Grayson
 Hon. H. Sidney Holmes III
 Hon. Jeffrey A. Moerdler

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

Susan M. Baer, Director, Aviation
 A. Paul Blanco, Chief Financial Officer
 Steven J. Coleman, Assistant Director, Media Relations, Public Affairs
 Stephanie E. Dawson, Chief of Staff, Office of the Chief Operating Officer
 Michael P. DePallo, Director, Rail Transit
 Gretchen P. DiMarco, Special Assistant to the Deputy Executive Director
 Francis A. DiMola, Director, Real Estate Services
 John J. Drobny, Director, Security Projects
 Michael G. Fabiano, Deputy Chief Financial Officer/Comptroller
 Michael A. Fedorko, Director, Public Safety/Superintendent of Police
 Michael B. Francois, Chief, Real Estate and Development
 Jennifer Friedberg, Staff Public Information Officer, Media Relations, Public Affairs
 Richard Friedman, Manager, Special Projects, Office of Environmental and Energy Programs
 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, Senior Counsel, Law
 Howard G. Kadin, Esq., Law
 John P. Kelly, Director, Media Relations
 Victoria C. Kelly, Director, Tunnels, Bridges and Terminals
 Kevin J. Kirchman, Director, Marketing and Special Events
 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
 Francis J. Lombardi, Chief Engineer
 Stephen Marinko, Esq., Law
 Ronald Marsico, Assistant Director, Media Relations, Public Affairs
 Michael G. Massiah, Director, 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
Steven P. Plate, Director, World Trade Center Construction
Alan L. Reiss, Deputy Director, World Trade Center Construction
Stephen H. Sigmund, Chief, Public and Government Affairs
Gerald B. Stoughton, Director, Financial Analysis
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
William J. Young, Client Manager, Government and Community Affairs
Peter J. Zipf, Deputy Chief Engineer/Director of Engineering

Guest:

Deborah Gramiccioni, Director, Authorities Unit, Office of the Governor of New Jersey

Speakers:

Paul Nunziato, President, Port Authority Police Benevolent Association, Inc.
Ken Paskar

The public meeting was called to order by Chairman Coscia at 2:17 p.m. and ended at 2:41 p.m. The Board met in executive session prior to the public session.

Report of Audit Committee

The Audit Committee reported, for information, on matters discussed in public and executive sessions at its meeting on May 18, 2010, which included discussion of and action taken pertaining to the retention of independent auditors for the year ending December 31, 2010, and discussion of matters involving external or internal investigations or audits, and the report was received, and is included with these minutes.

Report of Governance and Ethics Committee

The Governance and Ethics Committee reported, for information, on matters discussed in public session at its meeting on May 18, 2010, which included annual reviews pursuant to the By-Laws, and the report was received, and is included with these minutes.

Report of Security Committee

The Security Committee reported, for information, on matters discussed in executive session at its meeting on May 18, 2010, which included discussion of matters involving public safety or law enforcement, and the report was received.

Report of Committee on Finance

The Committee on Finance reported, for information, on matters discussed and action taken in public session at its meeting on May 18, 2010, which included discussion of an item for the purchase of property damage and loss of revenue insurance, and the report was received.

Report of Committee on Operations

The Committee on Operations reported, for information, on matters discussed and action taken in public and executive sessions at its meeting on May 18, 2010, which included discussion of an amendment to an existing Memorandum of Agreement for the acquisition of certain property in New Jersey as part of the Hudson-Raritan Estuary Resources Program, the rehabilitation of the Cross Harbor New York-New Jersey Rail Float System, a lease of several buildings at John F. Kennedy International Airport, a retail management agreement for the North and South Wings of the Port Authority Bus Terminal, as well as the extension of the exclusivity agreement for the development of air rights for the North Wing, 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 Committee on Construction

The Committee on Construction reported, for information, on matters discussed in public session at its meeting on May 18, 2010, which included review of a project for the completion of certain wharf improvements at Port Newark, and the report was received.

Report of World Trade Center Redevelopment Subcommittee

The World Trade Center Redevelopment Subcommittee reported, for information, on matters discussed in public and executive sessions at its meeting on May 18, 2010, which included discussion of several contracts and agreements in connection with the continued development of the World Trade Center site and discussion of matters involving ongoing negotiations or reviews of contracts or proposals, 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.

ELECTION OF OFFICERS

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

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

“On behalf of the Nominating Committee, I desire to report that at its meeting held earlier today, in accordance with the provisions of Article VII of the By-Laws, the Committee, by unanimous action, submits the nominations for election to the offices of Chairman and Vice-Chairman of The Port Authority of New York and New Jersey of Commissioners Anthony R. Coscia and Stanley E. Grayson, respectively. By unanimous action, the Committee also submits the nominations of Christopher O. Ward as Executive Director, William Baroni as Deputy Executive Director and Darrell Buchbinder as General Counsel of the Port Authority. By unanimous action, the Committee also submits the nominations of Karen E. Eastman as Secretary, A. Paul Blanco as Chief Financial Officer, Michael G. Fabiano as Comptroller and Anne Marie Mulligan as Treasurer.”

Pursuant to the foregoing report, Commissioners Bauer, Chasanoff, Coscia, Grayson, Holmes, Moerdler, Pocino, Steiner and Sartor voting in favor, the following were unanimously elected as officers of the Port Authority: Commissioner Anthony R. Coscia as Chairman, Commissioner Stanley E. Grayson as Vice-Chairman, Christopher O. Ward as Executive Director, William Baroni as Deputy Executive Director, Darrell Buchbinder as General Counsel, Karen E. Eastman as Secretary, A. Paul Blanco as Chief Financial Officer, Michael G. Fabiano as Comptroller and Anne Marie Mulligan as Treasurer.

GOVERNANCE AND ETHICS COMMITTEE ANNUAL REPORT

Commissioner Coscia, as Vice Chair of the Governance and Ethics Committee, submitted the following report:

The Chair and/or the Vice Chair of the Governance and Ethics Committee reports periodically on the activities of the Committee. At the present time, the Committee consists of Commissioners Silverman, Bauer, and Sartor, in addition to myself.

Pursuant to Article VIII. G of the Port Authority's By-Laws, the Governance and Ethics Committee has oversight of questions relating to the development of, and compliance with, governance and ethics principles of the Port Authority.

The Committee ensures that the Board and staff are familiar with and committed to the ethics principles and programs that have been adopted by the Port Authority, and assists the Board in fulfilling its oversight responsibility relating to the Port Authority's compliance with legal and regulatory requirements.

Since the establishment of the Committee in late 2007, the Governance and Ethics Committee has met six times.

Since its inception, the Committee has established a Committee Charter, consistent with best corporate practices approaches for governance committees, which translates the Committee's By-Law responsibilities into an action plan for committee activities that is divided into three broad areas of oversight, including governance, ethics and compliance.

Consistent with By-Law requirements, the Committee reviewed and discussed ethics policies for the Commissioners and made recommendations to the Board, which resulted in the adoption of a Commissioners' Code of Ethics replacing a 1988 Board ethics policy.

The Committee reviewed financial disclosure compliance of the staff during the year and found the agency to be fully compliant. The Committee also conducted a review of the statutory provisions pertaining to service as a Commissioner.

The Committee also received a report from the Inspector General, Robert Van Etten, and is confident that the Office of Inspector General continues to be independent and free from interference in the conduct of its responsibility.

In accordance with the By-Laws, the Committee conducted a number of reviews, including the review and evaluation of the performance of the Board and its members, the effectiveness of the Board's Committees and the Executive Director's performance, the review of ethical standards in the two states, as well as the review of the independence and objectivity of the members of the Board and its Committees. The Committee is confident that the Board and its Committees are operating in an efficient and independent manner and that the Executive Director is effectively managing the operations of the Port Authority, consistent with policies established by the Board.

The Committee is pleased to report that the Port Authority is operating efficiently and has programs in place that promote integrity and effectively identify, and take immediate steps to remediate, instances of wrongdoing, fraud, waste or abuse by staff, Commissioners, and those with whom we do business.

The Governance and Ethics Committee is dedicated to working with the Audit Committee to ensure the matters and trends identified in audit reports and by the Office of Investigations are addressed in a way that fosters compliance with legal and regulatory requirements.

The Committee believes that reasonable processes and controls are in place to ensure the integrity of staff and the Board, that there is a reasonable basis for the Board to have a high level of confidence in the professional and ethical conduct of Port Authority personnel, and that the Port Authority is conducting its business in a manner that ensures public confidence.

AUDIT COMMITTEE ANNUAL REPORT

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

In accordance with the By-Laws, the Chair of the Audit Committee reports periodically on the activities of the Audit Committee. At the present time, the Committee consists of Commissioners Grayson, Holmes and Pocino, in addition to myself.

Since last April, the Audit Committee has met five times. Senior Port Authority financial, investigative, governance and legal staff, as well as representatives of the Audit Committee's outside counsel and our independent auditors, regularly attend these meetings. Consistent with our policy that the independent auditors and members of the Audit Committee have direct and unrestricted access to each other, a portion of each meeting is held with only outside counsel and the independent auditors present.

The Audit Committee is responsible for the retention of the Authority's independent auditors, and consistent with best practices, the Committee has reviewed and determined to be satisfactory Deloitte & Touche's performance with respect to the 2009 audit process.

The Audit Committee also reviews reports of audit results prepared by the Audit Department, as well as reports prepared by the Inspector General's Office and the accounts receivable reports prepared by the Treasury Department.

Our Committee reviews, in detail, the Authority's audited financial statements prior to their release and makes such other inquiries in connection with the audited financial statements as it considers appropriate.

The independent auditors have advised us that they encountered no difficulties during the course of their audit, including restrictions on the scope of work or access to required information, and that there were no disagreements with staff in connection with the preparation of the 2009 consolidated financial statements. We appreciate the leadership efforts in this context provided by Chief Financial Officer Paul Blanco and Deputy Chief Financial Officer/Comptroller Michael Fabiano.

We were pleased to learn that, for the 25th consecutive year, the Port Authority has been awarded the Certificate of Achievement for Excellence in Financial Reporting for its 2008 Comprehensive Annual Financial Report, which is the highest form of recognition in governmental accounting and financial reporting.

The Committee continues to be actively engaged with staff in the ongoing development and implementation of a formal agency-wide enterprise risk management program to identify and address various business risks. We have been very pleased with the progress to date, and commend the staff for the proactive manner in which enterprise

risk management is being implemented and business risks are being identified and managed.

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

The Committee recognizes the strengths, talent and commitment of our financial and investigative professionals, who facilitate the Audit Committee's oversight of the quality and integrity of the Port Authority's framework of internal controls, compliance systems, and accounting, auditing, and financial reporting processes.

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

PORT NEWARK – BERTH 8 AND PART OF BERTH 10 – WHARF RECONSTRUCTION – PROJECT RE-AUTHORIZATION AND INCREASE IN AUTHORIZATION FOR CONTRACT PN-354.042A

It was recommended that the Board: (1) re-authorize a project for the design and reconstruction of the wharf at Berth 8 and part of Berth 10 at Port Newark, at a total estimated cost of \$39.6 million, inclusive of project costs previously authorized; and (2) authorize the Executive Director to increase the value of Contract PN-354.042A with the contractor, Simpson & Brown, Inc., from approximately \$29.4 million to approximately \$30.2 million, to increase the extra work allowance, from approximately \$2.4 million to approximately \$3.8 million (including the reallocation of \$0.7 million in previously authorized, unutilized net cost work funds to the extra work allowance), to provide for the performance of additional work and allow for the settlement of a claim by the contractor for damages resulting from a delay in the project.

At its July 26, 2007 meeting, the Board authorized a project for the reconstruction of the wharf structures at Berth 8 and part of Berth 10, at a total estimated project cost of \$36 million, and the award of Contract PN-354.042A to Simpson & Brown, Inc., at a total estimated cost of \$26.9 million, to perform the reconstruction.

The project was initiated as a result of: (1) condition surveys and evaluation reports, which revealed that supporting timber elements of the wharf structures have progressively deteriorated due to increased marine borer activity; and (2) subsequent analyses that determined that reconstruction of the wharf would provide the most cost-efficient solution, based on the results of the structural evaluations and the anticipated costs for continued inspection, maintenance and repairs. In addition, in anticipation of bringing deeper draft vessels to Port Newark in the future, the project provided for the deepening of the berths along the south portion of the Port Newark Channel from a depth of 40 feet to a depth of 45 feet below mean low water.

Contract PN-354.042A provides for: the removal of an existing low-level relieving platform, concrete deck and timber piles; the relocation of existing utilities; the construction of a high-level concrete deck supported on steel pipe piles; dredging to 45 feet below mean low water along the face of wharf; and the transport and disposal of the dredged material. Subsequent to contract award, the Chief Engineer authorized an approximate \$1 million increase in extra work and an approximate \$1.5 million increase in classified work, to address conditions encountered during construction, which resulted in a revised total contract cost of approximately \$29.4 million.

The proposed increase is necessary to accommodate additional costs associated with a 13-month delay in construction caused by a number of unforeseeable events, including a delay in obtaining approval from the U.S. Army Corps of Engineers for ocean disposal of dredged clay material, and the need to reinforce steel pipe and sheet piles due to soil shifting when the existing timber piles were removed as part of the reconstruction of the wharf structures.

Under the requested authorization, the extra work allowance for Contract PN-354.042A would be increased by approximately \$1.4 million, to provide for completion of the wharf reconstruction and to cover settlement of the contractor's claim resulting from the aforementioned project delays. This would result in a revised total contract cost of approximately \$30.2 million (inclusive of a reduction in the net cost work allowance from approximately \$1.8 million to \$1.1 million).

The current forecast for substantial completion of the project is July 2010.

This action would allow the project to advance toward completion and would implement the most cost-efficient solutions for restoring full serviceability and improved operational efficiency, adding load capacity for safe container handling and achieving a renewed 50-year service life to the wharf structure at Berth 8 and part of Berth 10.

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

RESOLVED, that a project for the design and reconstruction of the wharf at Berth 8 and part of Berth 10 at Port Newark, at a total estimated cost of \$39.6 million, including payments to contractors, allowances for extra work (if necessary) and net cost work, engineering and planning, administrative and financial expenses, and settlement of a contractor's claim, be and it hereby is re-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 increase the value of Contract PN-354.042A, from approximately \$29.4 million to approximately \$30.2 million, to increase the extra work allowance from approximately \$2.4 million to approximately \$3.8 million (including the reallocation of \$0.7 million in previously authorized, unutilized net cost work funds to the extra work allowance), to provide for the performance of additional work and to allow for the settlement of a claim by the contractor, Simpson & Brown, Inc., for damages resulting from a delay in the completion of the 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.

**JOHN F. KENNEDY INTERNATIONAL AIRPORT – AMERICAN AIRLINES, INC. –
NEW LEASE AGREEMENT AYE-053**

It was recommended that the Board authorize the Executive Director to enter into a new lease agreement with American Airlines, Inc. (American) for: (1) its continued occupancy of Hangar 10 at John F. Kennedy International Airport (JFK) for a five-year period, with one five-year renewal option; and (2) the rental of Buildings 121 and 122 at JFK for a two-year period.

American, a tenant at JFK for almost 60 years, is a wholly owned subsidiary of AMR Corporation. American recently increased its commitment to the airport by completing a \$1 billion state-of-the-art 36-gate facility at Terminal 8, adding seven new destinations and upgrading its aircraft.

Under the proposed lease agreement, American would lease approximately 526,000 square feet of hangar, office and flight kitchen space for its operations. The agreement with American would be effective on or about February 1, 2009. American would pay aggregate rentals of approximately \$57.6 million over the term of the lease.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into a new lease agreement with American Airlines, Inc. for: (1) its continued occupancy of Hangar 10 at John F. Kennedy International Airport (JFK) for a five-year period, with one five-year renewal option; and (2) the rental of Buildings 121 and 122 at JFK for a two-year period; 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.

**PORT AUTHORITY BUS TERMINAL – 20X SQUARE ASSOCIATES, LLC –
RETAIL MANAGEMENT AGREEMENT AND AMENDMENT OF THE
EXCLUSIVITY AGREEMENT TO DEVELOP THE AIR RIGHTS ABOVE THE
NORTH WING**

It was recommended that the Board authorize the Executive Director to: (1) extend the Exclusivity Agreement between the Port Authority and 20X Square Associates, LLC (20X Square), an entity that is majority owned indirectly and controlled by Vornado Realty L.P. and affiliates of Lawrence Ruben Company, Inc., regarding the development of an office tower above the North Wing of the Port Authority Bus Terminal (PABT) and renovations to the retail space in the North Wing (the Exclusivity Agreement), as amended, for a two-year period, expiring on August 7, 2011; and (2) enter into a Retail Management Agreement with 20X Square for the management and operation of retail space in the North and South Wings of the PABT for a five-year term, through August 7, 2014, and any related agreements necessary to effectuate the foregoing.

At its December 18, 2007 meeting, the Board authorized the Executive Director to execute a term sheet and enter into a lease and related agreements with 20X Square concerning the development, construction and operation of an office tower above the North Wing of the PABT, which was expected to add approximately 1.3 million square feet of office space, and the renovation and creation of approximately 60,000 square feet of retail space in the North Wing of the PABT. Subsequently, at its July 24, 2008 meeting, the Board authorized amendments to those agreements with 20X Square, in connection with proposed redevelopment activities for the North and South Wings of the PABT, to provide up to two, six-month extensions to finalize a lease for the redevelopment of the North Wing, including a retail complex in the North Wing, and to negotiate a transaction to lease, renovate and manage the retail areas within the South Wing. The term of the Exclusivity Agreement expired on August 7, 2009. Although the Port Authority and 20X Square had made significant strides in advancing business and financial terms and design documents, the current real estate market is not conducive to the development of a North Wing office tower, and as a result, negotiations for the development of a tower in the North Wing ceased. However, in an effort to improve and expand the retail experience at the PABT, the Port Authority negotiated the terms of the Retail Management Agreement, pursuant to which 20X Square would manage the retail space in both the North and South Wings. In exchange for 20X Square's participation as the retail manager, the Port Authority would extend the North Wing exclusivity period for the development of an office tower. Since the execution of the Exclusivity Agreement, 20X Square has developed a familiarity with the PABT and its operations, and would therefore need less time to move forward with the air rights development project when the real estate market recovers.

The proposed Retail Management Agreement would provide an opportunity for the Port Authority to optimize the revenue potential of the PABT. Upon the execution of the Retail Management Agreement, 20X Square would provide specific services, which would include: the preparation of annual retail operating and capital budgets for Port Authority review and approval; the development of leasing and marketing plans; the performance of market analysis; and the negotiation of lease terms. It is expected that this agreement would result in an improved retail experience for PABT patrons and enhance the overall retail revenue potential of the PABT.

It has been estimated that over the term of the Retail Management Agreement, 20X Square would earn an estimated \$543,000 in management fees and incur \$3,154,000 in reimbursable operating expenses. Leasing commissions estimated at \$2,935,000 would be paid to 20X Square and other third-party brokers.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Chasanoff, Coscia, Grayson, Holmes, Moerdler, Pocino, Steiner and Sartor 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) extend the Exclusivity Agreement with 20X Square Associates, LLC (20X Square), an entity that is majority owned indirectly and controlled by Vornado Realty L.P. and affiliates of Lawrence Ruben Company, Inc., regarding the development of an office tower above the North Wing of the Port Authority Bus Terminal (PABT) and renovations to the retail space in the North Wing, as the same has been amended, for a two-year period, expiring on August 7, 2011; and (2) execute a term sheet and enter into a Retail Management Agreement with 20X Square for the management and operation of retail space in the North and South Wings of the PABT for a five-year term, through August 7, 2014, and enter into any related agreements necessary in connection with the foregoing; in each case, substantially in accordance with the terms outlined to the Board; and it is further

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

**WORLD TRADE CENTER TRANSPORTATION HUB PROJECT – PATH HALL
CONSTRUCTION – AUTHORIZATION OF SUPPLEMENTAL AGREEMENT
TO CONTRACT WTC-264.595**

It was recommended that the Board authorize the Executive Director to enter into a supplemental agreement (Supplemental Agreement) to Contract WTC-264.595 with Skanska USA Civil Northeast, Inc./Granite Construction Northeast, Inc./Skanska USA Building Inc, a Joint Venture (Skanska/Granite), in order to complete work in support of the scheduled opening of the World Trade Center (WTC) Memorial Plaza on September 11, 2011, at an estimated amount of \$5.4 million, inclusive of an eight-percent allowance for extra work.

The Supplemental Agreement would provide for construction in the southeast corner of the West Bathtub at the WTC site, consisting of an area of approximately 3,500 square feet, which work previously was intended to be performed as part of the adjacent WTC Vehicular Security Center Project. The scope of the work to be covered under this Supplemental Agreement includes demolition, foundation construction, and steel and concrete work to build a complete core and shell infrastructure up to street level. The scope also includes the support construction of the concrete fire tanks. Completion of this work is critical to meeting the September 11, 2011 milestone for the opening of the WTC Memorial Plaza, and the ability to continue operating both (north and south) reflecting pools following the 10th anniversary of the terrorist attacks.

At its February 25, 2010 meeting, the Board authorized the award of Contract WTC-264.595 to Skanska/Granite to construct the PATH Hall for the WTC Transportation Hub Project, at a total estimated amount of \$596,557,500, inclusive of a ten-percent allowance for extra work. Coincident with that award, the City of New York and the National September 11 Memorial and Museum at the World Trade Center Foundation, Inc. identified the area of the southeast corner of the West Bathtub as being a critical element in providing public access to the WTC Memorial by September 11, 2011.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Chasanoff, Coscia, Grayson, Holmes, Moerdler, Pocino, Steiner and Sartor 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 to existing Contract WTC-264.595 with Skanska USA Civil Northeast, Inc./Granite Construction Northeast, Inc./Skanska USA Building, Inc., a Joint Venture, in order to perform additional construction work in the southeast corner of the West Bathtub at the World Trade Center (WTC) site in support of the scheduled opening of the WTC Memorial Plaza on September 11, 2011, at an estimated amount of \$5.4 million, inclusive of a eight-percent allowance for extra work; 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.

ONE WORLD TRADE CENTER – AUTHORIZATION TO AWARD A CONSTRUCTION TRADE CONTRACT FOR ALUMINUM LINING FOR MECHANICAL AND ELECTRICAL ROOMS

It was recommended that the Board authorize 1 World Trade Center LLC (1 WTC LLC), through its construction manager, Tishman Construction Corporation (Tishman), to enter into a construction trade contract with Skyline Steel Corporation for aluminum lining work in mechanical and electrical rooms associated with the construction of One World Trade Center, at an estimated total cost of \$3,425,274, including an eight-percent allowance for extra work.

The scope of work for this contract includes fabrication, furnishing, delivery and installation of aluminum lining within various electrical closets and elevator machine rooms throughout One World Trade Center. The contractor also would be responsible for all welding and surveying, as well as coordinating with other trades associated with this work. The aluminum lining is necessary to shield the surrounding occupied areas from electrical interference.

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

The terms of the construction trade contract proposed for award were negotiated and would be awarded to the lowest bidder, in accordance with the procurement procedures established in the Third Freedom Tower Amendment to the September 2003 General Contractor Agreement between Tishman and 1WTC LLC.

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

RESOLVED, that 1 World Trade Center LLC be and it hereby is authorized, through its construction manager, Tishman Construction Corporation, to enter into a construction trade contract with Skyline Steel Corporation for aluminum lining work at One World Trade Center, at an estimated cost of \$3,425,274, including an eight-percent allowance for extra work; and it is further

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

DOWNTOWN RESTORATION PROGRAM – AUTHORIZATION TO ENTER INTO A MEMORANDUM OF UNDERSTANDING WITH METROPOLITAN TRANSPORTATION AUTHORITY CAPITAL CONSTRUCTION COMPANY – RESTORATION OF THE R-LINE CORTLANDT STREET SUBWAY STATION

It was recommended that the Board authorize the Executive Director to enter into a Memorandum of Understanding with the New York State Metropolitan Transportation Authority (MTA) Capital Construction Company (MTACC), which would provide for: (1) the Port Authority to reimburse MTACC, in an amount not to exceed \$10.5 million, for the repair of limited areas of the World Trade Center (WTC) site directly impacted by the settlement of soil underlying the MTA New York City Transit's R subway line Cortlandt Street Station, specifically, compaction grouting, restoration of the condition of the box and finishes, and replacement of damaged tiles; and (2) the services of MTACC's staff who will manage the work.

The Cortlandt Street Station is an important point of access to and from Lower Manhattan, including the WTC site. Port Authority construction in the East Bath tub area of the WTC site has impacted the R subway line in ways that require remediation to soil settlement affecting the R-line tunnel box.

In July 2008, the Board authorized the provision of up to \$1.2 million to MTACC for a test program of grouting measures to stabilize the soil beneath the subway box, which had settled as a result of construction for the WTC Transportation Hub in the East Bath tub. Subsequently, the Executive Director authorized reimbursement to MTACC for emergency remediation work performed in October 2008 during the test pilot grouting program, in a total estimated amount of \$225,000. The test program determined that compaction grouting is a viable method for stabilizing the subway tunnel box. As a result, the Port Authority and MTA technical staffs developed a conceptual design to utilize compaction grouting to complete the remaining soil stabilization work.

Under the proposed agreement, MTACC would undertake the design and construction of work on the R-line, with reimbursement by the Port Authority for actual costs incurred, in an estimated total amount of up to \$10.5 million. The work would include design and installation of all compaction grout columns and chemical grouting which is required as a result of the soil settlement, restoration of the condition of the subway tunnel box and finishes, and replacement of tiles on the southbound platform that were damaged as a result of the soil settlement or settlement remediation construction.

Both parties anticipate that work can be performed more efficiently by MTACC, which will concurrently conduct a broader reconstruction of the R-line southbound platform, at its sole cost.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Chasanoff, Coscia, Grayson, Holmes, Moerdler, Pocino, Steiner and Sartor 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 Memorandum of Understanding with the New York State Metropolitan Transportation Authority (MTA) Capital Construction Company (MTACC), to provide for: (1) the Port Authority to reimburse MTACC for the repair of limited areas directly impacted by the settlement of soil underlying the MTA New York City Transit's R subway line Cortlandt Street Station; and (2) the services of MTACC's staff who will manage the work; all in an estimated total amount not to exceed \$10.5 million; 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.

WORLD TRADE CENTER SITE – EARLY-ACTION DESIGN AND CONSTRUCTION WORK AT WORLD TRADE CENTER TOWER 2

It was recommended that the Board authorize the Executive Director to reimburse Silverstein Properties, Inc. (SPI), in an amount of up to \$2.8 million, for the services of its designers and contractors to perform early-action design and construction work required to bring Tower 2 at the World Trade Center (WTC) site to grade. Total Port Authority expenditures for this work are estimated at \$5.6 million, of which \$2.8 million is attributable to SPI's portion of these costs. The Port Authority also would reimburse SPI for the Port Authority's portion of these costs, approximately \$2.8 million, consistent with the Board's action of April 16, 2009 authorizing the Executive Director to reimburse SPI for certain work performed on behalf of the Port Authority in the East Bathtub of the WTC site.

Due to the critical nature of various project schedules at the WTC site, SPI is moving forward, in cooperation with the Port Authority, with design and construction work required to bring the Tower 2 site to grade, including tower foundations. Tower 2 must be constructed approximately two levels ahead of the World Trade Center Transportation Hub (WTC Hub) construction, in order to provide for the necessary lateral structural support.

SPI will undertake the design and construction work, with its portion of the initial costs incurred during the period of April 2010 through July 2010 to be paid by the Port Authority, as early-action work in anticipation of the implementation of the March 25, 2010 framework for the redevelopment of the East Bathtub at the WTC site. The implementation of the March 25, 2010 framework, which is subject to future Board review and approval, provides for the Port Authority and SPI jointly to develop a plan to bring the Tower 2 site at least to grade, with the maximum costs to the Port Authority not to exceed \$200 million (including the Port Authority's funding of SPI's podium costs). SPI would be obligated to reimburse the Port Authority for SPI's allocated share of these costs, prior to the commencement of the tower construction phase of Tower 2.

At its meeting of April 16, 2009, the Board authorized reimbursement to SPI, in an amount of \$28.9 million (inclusive of certain specified multipliers), for the Port Authority's portion of design and construction costs for sub-grade and at-grade work to be performed in the East Bathtub of the WTC site under various construction trade contracts, including work on Tower 2, consistent with a December 2007 Board authorization for reimbursement to SPI of \$723 million for structural enclosure and associated work performed on behalf of the Port Authority for portions of the WTC Hub Project, several common infrastructure projects, the vehicular parking project and retail development within SPI's work area in the East Bathtub. To date, approximately \$13.4 million has been reimbursed to SPI by the Port Authority pursuant to the April 16, 2009 authorization.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Chasanoff, Coscia, Grayson, Holmes, Moerdler, Pocino, Steiner and Sartor 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 reimburse Silverstein Properties, Inc., in an amount of up to \$2.8 million, for the services of its designers and contractors to perform early-action design and construction work required to bring Tower 2 at the World Trade Center (WTC) site to grade; and it is further

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

GREENVILLE YARD-PORT AUTHORITY MARINE TERMINAL – REGIONAL GOODS MOVEMENT IMPROVEMENT PROGRAM - DEVELOPMENT OF THE NEW YORK-NEW JERSEY RAIL FLOAT SYSTEM – PROJECT AUTHORIZATION

It was recommended that the Board authorize: (1) a project (Project) to put the New York-New Jersey Rail Float System (Float System) on a more efficient and reliable footing, at an estimated cost of \$118.1 million, by effectuating the acquisition of certain real property, making certain improvements to rail facilities, and refining the design and layout of the Greenville Yard, including the provision of facilities for the transportation and transloading of containerized municipal solid waste (CMSW); and (2) the Executive Director to: (a) take such actions as are necessary to effectuate the Project, including the expenditure of federal earmark and other grant funding in support of the Project; the execution of an interim operating agreement with New York City Economic Development Corporation (NYCEDC), subject to the approval of the Chair of the Committee on Operations, for development of the 51st Street Rail Terminal and 65th Street Rail Terminal in Brooklyn, New York, and such other contracts, leases and operating agreements as he deems necessary and appropriate in order to effectuate the Project; and provide an appropriate governance structure for the New York New Jersey Rail, LLC (Rail LLC), consistent with the governance structure required of wholly owned entities of the Port Authority; and (b) negotiate the terms of an agreement(s) with the City of New York, a third-party operator and others to design, construct, and operate rail facilities for the transportation of CMSW. The authorized actions would be undertaken by the Port Authority and/or through its wholly owned entities or subsidiaries, including, but not limited to, Rail LLC or the New York and New Jersey Railroad Corporation.

At its meeting of October 18, 2007, the Board authorized a multi-modal Regional Goods Movement Improvement Program for: the development of comprehensive long-term plans to facilitate and improve the movement of goods into and through the Port District; the assumption of the local sponsorship of the Environmental Impact Statement (EIS) for the Cross Harbor Freight Movement Project (CHFMP); responsibility for conducting the EIS; and the acceptance of up to \$100 million in federal earmarked funds for CHFMP-related freight studies and investments. The real property acquisition and facility improvements to the Float System that would be authorized under the current action are among the CHFMP projects contemplated in the federal earmark, and, as such, earmarked funds are available to reimburse the Port Authority for the costs of such projects, subject to a 20-percent local match requirement.

At its meeting of August 14, 2008, the Board authorized the purchase of Rail LLC at a price not to exceed \$20 million. Rail LLC is wholly owned by the Port Authority and is the operator of the only cross-Hudson River rail service in the Port District, and operates rail car barge service between Brooklyn and Greenville Yard in Jersey City, New Jersey. The purchase of Rail LLC included the lease of approximately 27 acres at Greenville Yard from Consolidated Rail Corporation (Conrail), operating rights at the 51st Street Bush Terminal in Brooklyn, and rights to purchase certain property and riparian rights owned by Conrail at Greenville Yard.

The proposed authorization would improve the operations of the Float System and lay the groundwork for a unique and fully integrated intermodal facility at Greenville Yard.

Because of decades of neglect under prior ownership, the Float System has been underutilized and is in need of repair to make the facilities safe, reliable and efficient. To maximize the use of the Float System, it is necessary to finalize and execute the purchase of property at Greenville Yard from Conrail (approximately 47 upland acres and up to 72 acres of riparian rights), and to shift barge service operations in Brooklyn from the 51st Street/Bush Terminal Railyard to the 65th Street Railyard. Finally, to fully realize the potential of Greenville Yard as an integrated freight facility, it is desirable to refine and revise the design and layout of the yard to include accommodation of an intermodal container transfer facility (ICTF), similar to existing Port Authority ExpressRail facilities, for the transfer of containers from oceangoing vessels to rail, along with a lift-on/lift-off facility for transferring containerized cargo from barges to rail, including CMSW. In each case, containers would be loaded directly onto railcars and moved along the national rail freight network without the need for costly drayage to truck-to-rail transloading sites. Facilities for the movement of CMSW would allow municipal solid waste to be transported by barge in sealed containers from New York City to Greenville Yard, and then transferred to rail for shipment to disposal sites, instead of transporting the waste by truck. The Float System, the ICTF, and facilities for the movement of CMSW would complement and support each other by utilizing certain common trackage and rail infrastructure at Greenville Yard.

The August 14, 2008 authorization of the purchase of Rail LLC required that capacity enhancements involving CMSW be resubmitted to the Board for further approval. The New York City Department of Sanitation (NYCDOS) is currently conducting a competitive procurement process for long-term services to ship and dispose of the City's municipal solid waste. NYCDOS envisions shipping the waste in sealed, watertight containers by barge from various in-City marine transfer stations to transloading sites, where the containers would be loaded directly onto railcars and then shipped by rail to disposal sites outside of New York City. Staff has been contacted by several bidders in the NYCDOS procurement process, which have expressed interest in moving CMSW through the Greenville Yard. Rail shipment of containerized commodities, including CMSW, is a growing and potentially significant business nationwide, and development of appropriate barge-to-rail transfer facilities at Greenville Yard would allow the Port Authority to capture a sizeable portion of this business. Such development would also have the benefit of reducing truck traffic and associated congestion on area highways and improving air quality in the region, through reduced air emissions from fewer trucks.

The Executive Director would negotiate the terms of an agreement with, a third-party operator capable of designing, constructing, and operating appropriate CMSW transloading facilities at Greenville Yard. The Executive Director would request further authorization from the Board prior to entering into any such agreement.

With the availability of a federal earmark and other federal and state funding for railcar float infrastructure improvements, there is a unique opportunity to develop this important freight corridor, which would allow a higher volume of goods and material movement while significantly lowering the environmental impact of such operations through a reduction in truck traffic, roadway congestion, and air emissions. In addition, development of barge-to-rail transloading infrastructure would open up another potentially significant source of business for the Port Authority (coupled with Port Authority support of The City of New York's Long-term Solid Waste Management Plan).

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

RESOLVED, that a project (Project) to put the New York-New Jersey Rail Float System (Float System) on a more efficient and reliable footing, at an estimated cost of \$118.1 million, by completing any actions necessary to comply with federal or state environmental review laws, improving, rehabilitating, and developing Float System facilities, and, subject to the approval of the Chair of the Committee on Operations, consummating the purchase of certain real property and riparian rights at Greenville Yard, as described in the foregoing report, be and it hereby is authorized; and it is further

RESOLVED, that in designing and implementing the Project, sufficient allowance be made in the design and layout of Greenville Yard to accommodate the design, construction, and operation of additional facilities for the transloading and transportation of containerized municipal solid waste, and for the integration of such facilities with the other freight activities being conducted at Greenville Yard; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, in connection with the implementation of the foregoing Project, to: (1) expend federal earmark and other federal and state grant funding in support of such Project; (2) provide for an appropriate governance structure for New York New Jersey Rail, LLC; and (3) subject to the approval of the Chair of the Committee on Operations, enter into an interim operating agreement(s) with New York City Economic Development Corporation or others for the development and use of the 51st Street Rail Terminal and 65th Street Terminal in Brooklyn, New York; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to negotiate the terms of an agreement(s) with the City of New York, a third-party operator and others to design, construct, and operate facilities for the transloading and transportation of containerized municipal solid waste at Greenville Yard, subject to further authorization from the Board prior to entering into any such agreement; and it is further

RESOLVED, that the foregoing authorized actions be undertaken by the Port Authority and/or through any of its wholly owned entities or subsidiaries, including, but not limited to, New York New Jersey Rail, LLC, and the New York and New Jersey Railroad Corporation; 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 all other actions necessary to effectuate the foregoing Project, including the execution of agreements, contracts and other documents to facilitate such actions, together with amendments and supplements thereof, including amendments and supplements to existing agreements, and to take action in accordance with the terms of such agreements,

contracts, and other documents as may be necessary in connection therewith; and it is further

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

Whereupon, the meeting was adjourned.

Secretary