

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Thursday, September 20, 2012

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MINUTES of the Meeting of The Port Authority of New York and New Jersey held Thursday, September 20, 2012 at 225 Park Avenue South, City, County and State of New York

PRESENT:

NEW JERSEY

Hon. David Samson, Chairman
 Hon. Richard H. Bagger
 Hon. Raymond M. Pocino
 Hon. Anthony J. Sartor
 Hon. William P. Schuber
 Hon. David S. Steiner

NEW YORK

Hon. Scott H. Rechler, Vice-Chairman
 Hon. H. Sidney Holmes III
 Hon. Jeffrey H. Lynford
 Hon. Jeffrey A. Moerdler
 Hon. James P. Rubin

Patrick J. Foye, Executive Director
 William Baroni, Jr., Deputy Executive Director
 Darrell B. Buchbinder, General Counsel
 Karen E. Eastman, Secretary

Susan M. Baer, Director, Aviation
 Steven J. Coleman, Deputy Director, Media Relations
 Stephanie E. Dawson, Acting Chief Operating Officer
 Gerard A. Del Tufo, Assistant Director of Development and Operations, Real Estate and Development
 John C. Denise, Audio Visual Supervisor, Marketing
 Michael P. DePallo, Director, Rail Transit
 Gretchen P. DiMarco, Special Assistant to the Deputy Executive Director
 John J. Drobny, Director, Security Projects, Office of the Chief Operating Officer/Co-Director, Security Transition Office/Acting Director, Security, World Trade Center
 Michael G. Fabiano, Chief Financial Officer
 Michael A. Fedorko, Director, Public Safety/Superintendent of Police
 Cedrick T. Fulton, Director, Tunnels, Bridges and Terminals
 Lash L. Green, Director, Office of Business Diversity and Civil Rights
 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
 Mark D. Hoffer, Director, New Port Initiatives, Port Commerce
 Howard G. Kadin, Esq., Law
 James A. Keane, General Manager, Inspection and Safety-Risk Management, Operations Services
 Kirby King, Director, Technology Services
 Stephen Kingsberry, Deputy Director, Rail Transit
 Cristina M. Lado, Director, Government and Community Affairs, New Jersey
 Richard M. Larrabee, Director, Port Commerce
 Diana Lopez, Senior Advisor, Port Commerce
 John H. Ma, Chief of Staff to the Executive Director
 Ron Marsico, Assistant Director, Media Relations, Public Affairs
 Michael G. Massiah, Director, Management and Budget
 Daniel G. McCarron, Comptroller
 James E. McCoy, Manager, Board Management Support, Office of the Secretary
 Patrick B. O'Reilly, Senior Advisor to the Chairman

Ann O'Rourke, Assistant Director, Government and Community Affairs
 Jared Pilosio, Staff External Relations Representative, Government and Community Affairs
 Steven P. Plate, Deputy Chief, Capital Planning/Director, World Trade Center Construction
 Monika A. Radkowska, Principle Board Management and Support Specialist, Office of the Secretary
 Richard J. Rebisz, Senior External Relations Representative, Government and Community Affairs
 Alan L. Reiss, Deputy Director, World Trade Center Construction
 Jessica D. Russ, Associate Board Management and Support Specialist, Office of the Secretary
 John Ryan, Acting Chief, Public Safety
 Brian W. Simon, Director, Government and Community Affairs, New York
 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
 I. Midori Valdivia, Principal Financial Analyst, Executive Director's Office
 Lillian D. Valenti, Director, Procurement
 Sheree Van Duyne, Manager, Policies and Protocol, Office of the Secretary
 Linda R. Vespoli, Manager, Business Services, Rail Transit
 Philippe Visser, Director, World Trade Center Redevelopment
 David M. Wildstein, Director, Interagency Capital Projects, Office of the Deputy Executive Director
 Christopher R. Zeppie, Director, Office of Environmental Policy, Programs and Compliance
 Peter J. Zipf, Chief Engineer

Guests:

Nicole Crifo, Assistant Counsel, Authorities Unit, Office of the Governor of New Jersey
 Regina Egea, Director, Authorities Unit, Office of the Governor of New Jersey

Speakers:

Murray Bodin, Member of the Public
 Cassandra Dock, Member of the Public
 Margaret Donovan, Twin Towers Alliance
 Yvonne Garrett-Moore, Member of the Public
 Richard Hughes, Twin Towers Alliance
 Donna Jackson, Member of the Public
 Leonard Ramroop, Unite Here
 Sally Regenhard, Co-founder, SkyScraper Safety Campaign
 Jim Riches, Retired Deputy Chief, Fire Department City of New York
 Kalev Savi, Member of the Public
 Cal Saydo, Teitelbaum & Evans, LLP
 Norman Siegel, Siegel, Teitelbaum & Evans, LLP
 Roopnarine Singh, Richmond Hills Economic Development Corporation

The public meeting was called to order by Chairman Samson at 1:29 p.m. and ended at 2:37 p.m. The Board met in executive session prior to the public session.

Action on Minutes

The Secretary submitted for approval Minutes of the meetings of August 1, 2012. 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 August 2, 2012. The Secretary reported further that the time for action by the Governors of New York and New Jersey expired at midnight on August 16, 2012.

Report of Committee on Governance and Ethics

The Committee on Governance and Ethics reported, for information, on matters discussed in executive session at its meeting on September 6, 2012, which included discussion of 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 executive session at its meeting on September 6, 2012, which included discussion of matters involving public safety or law enforcement, and matters involving ongoing negotiations or reviews of contracts or proposals, and the report was received.

The Security Committee also reported, for information, on matters discussed in public and executive sessions at its meeting on September 20, 2012, which included discussion of an agreement to partially fund the implementation of a Radio Frequency Identification system at the Port Authority's container terminal facilities, and discussion of matters involving public safety or law enforcement, and the report was received.

Report of Audit Committee

The Audit Committee reported, for information, on matters discussed in executive session at its meeting on September 19, 2012, which included discussion of matters involving external or internal investigations or audits, matters involving ongoing negotiations or reviews of contracts or proposals, and 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 in executive session at its meeting on September 20, 2012, which included discussion of matters involving ongoing negotiations or reviews of contracts or proposals, and matters related to the purchase, sale, or lease of real property, or securities where disclosure would affect the value thereof or the public interest, and the report was received.

Report of Committee on Operations

The Committee on Operations reported, for information, on matters discussed in public and executive sessions at its meeting on September 20, 2012, which included discussion of an item that authorizes the second phase of a program to implement certain energy conservation improvements at Port Authority facilities, and discussion of matters involving ongoing negotiations or reviews of contracts or proposals, and the report was received.

Report of Committee on Capital Planning, Execution and Asset Management

The Committee on Capital Planning, Execution and Asset Management reported, for information, on matters discussed in public and executive sessions at its meeting on September 20, 2012, which included discussion of a project for system enhancements to the existing Central Terminal Area electrical distribution system at Newark Liberty International Airport, and discussion of matters involving ongoing negotiations or reviews of contracts or proposals, 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 September 20, 2012, 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.

AMENDMENT TO BY-LAWS AND APPROVAL OF COMMITTEE CHARTERS

It was recalled that at its August 1, 2012 meeting, as part of the Board's continuing review of governance enhancements that improve oversight, accountability and transparency, the Board amended the By-Laws of the Port Authority (and its wholly owned subsidiary corporations) to provide for changes to the current Committee organization and operations, which included, among other things, a requirement that each Committee, with the approval of the Board, adopt a formal written charter defining the roles and responsibilities of such Committee.

Since that time, and consistent with direction provided by the Chairman and Vice-Chairman of the Port Authority, each Committee has prepared a formal written charter for consideration by the Board today. In addition, in view of the development of detailed charters defining the roles and responsibilities of each of the Board's Committees, it was recommended that the By-Laws be further amended to delete the general responsibilities and powers set forth therein for the Committees.

Conforming (i) charters for the Committees of the Boards of the Port Authority's wholly owned entities will be prepared and (ii) changes will be made to the By-Laws of each of the Port Authority's wholly owned subsidiary corporations.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bagger, Holmes, Lynford, Moerdler, Pocino, Rechler, Rubin, Samson, Sartor, Schuber and Steiner voting in favor. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that the proposed amended By-Laws of the Port Authority presently before the Board of Commissioners (a copy of which is annexed to these Minutes) be and it hereby is approved; and it is further

RESOLVED, that Committee charters (copies of which are annexed to these Minutes) for each of the Board's Committees, as established pursuant to Article VIII of the By-Laws, be and they hereby are approved; and it is further

RESOLVED, that Committee charters of the Boards of the Port Authority's wholly owned subsidiary corporations to be prepared be and each hereby is approved and the By-Laws of the Port Authority's wholly owned subsidiary corporations be and each hereby is amended, in each case, consistent with the foregoing; and it is further

RESOLVED, that the Executive Director be and he hereby is directed to arrange for the posting of amended By-Laws and Committee charters on the Port Authority's Internet site.

BY-LAWS OF
THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

I. SEAL

The official seal of The Port Authority of New York and New Jersey (hereinafter referred to as the “Port Authority”) shall be a design bearing a combination of the seals of the State of New York and of the State of New Jersey, and bearing the words “THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY — ESTABLISHED BY COMPACT BETWEEN NEW YORK AND NEW JERSEY — APRIL THIRTIETH — 1921.”

II. OFFICERS

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

III. DUTIES

A. Board of Commissioners — The Board of Commissioners shall establish the policies of the Port Authority and shall be responsible for reviewing and monitoring whether Port Authority procedures and regulations and executive staff’s financial, management, and operational decisions and controls are in compliance with such overall policies. The Board of Commissioners shall receive from the Executive Director reports on a regular basis, and shall cause the Executive Director to provide such reports, in order for the Commissioners to perform their oversight duties described herein. The Board of Commissioners shall also be responsible for adopting strategic plans, capital plans, and budgets of the Port Authority. In serving as a Commissioner of the Port Authority, each Commissioner shall act in a fiduciary capacity with a duty of loyalty and care owed to the Port Authority.

B. Chairman — The Chairman shall preside at all meetings of the Board of Commissioners; communicate to the Executive Director and, where appropriate, executive staff, the policies of the Port Authority established by the Board of Commissioners; and be responsible for advancing the mission and promoting the objectives of the Port Authority to members of the general public.

C. Vice-Chairman — The Vice-Chairman shall perform the duties of the Chairman in the event the office of Chairman is vacant, or in the event that the Chairman is unable to perform such duties by reason of illness, disability, or absence.

D. **Executive Director** — The Executive Director shall manage the operations of the Port Authority in compliance with the agency’s policies as established by the Board of Commissioners. The Executive Director shall prepare proposals for presentation to the Board of Commissioners which carry out approved policies or which propose policies for adoption and implement such proposals after presentation to and approval by the Board of Commissioners. In furtherance of these duties, the Executive Director shall hold executive staff responsible and accountable for making financial, management, and operational decisions in compliance with the policies established by the Board of Commissioners, and shall consult with the Board of Commissioners, as necessary, to enable the Commissioners to perform their oversight duties described above. The Executive Director shall sign all deeds of conveyance when authorized by resolution of the Board of Commissioners.

E. **Secretary** — The Secretary shall prepare the minutes of the meetings of the Board of Commissioners; keep the official records and the seal of the Port Authority; certify, when required to, copies of records; be responsible for administering the Freedom of Information Code providing for access by the public to records of the Port Authority; and perform such other duties as may be assigned by the Chairman.

F. **General Counsel** — General Counsel shall be legal counsel to the Port Authority and shall also furnish such legal opinions, advice, counsel, and representation as shall, from time to time, be required by the Board of Commissioners. In the performance of these duties, General Counsel is authorized to use Port Authority staff and, with the approval of the Executive Director, to retain outside counsel in accordance with policies established by the Board of Commissioners and guidelines adopted by General Counsel from time to time.

G. **Chief Financial Officer** — The Chief Financial Officer shall, under the supervision of the Executive Director, act as chief financial officer of the Port Authority and supervise the activities of the Treasurer and the Comptroller.

H. **Comptroller** — The Comptroller shall, under the supervision of the Chief Financial Officer, be in charge of the books of account of the Port Authority and be responsible for all payments to and expenditures by the Port Authority.

I. **Treasurer** — The Treasurer shall, under the supervision of the Chief Financial Officer, have custody of all funds and be responsible for investments of the Port Authority.

J. **Inspector General** — The Inspector General, under the general direction of the Chairman and the Executive Director, shall be charged with the responsibility for receiving and investigating, where appropriate, all complaints regarding wrongdoing, fraud, waste, and abuse by Commissioners, officers, and employees of the Port Authority, or third-party individuals or organizations doing business with the Port Authority; and consulting with the Board of Commissioners, the Audit Committee, the Executive Director, and General Counsel, as appropriate; provided, however, that the Inspector

General shall continue to be independent and free from interference in the conduct of the Inspector General's responsibilities. The Inspector General shall provide reports to the Board of Commissioners and, as appropriate under the circumstances, its Committees, with respect to the foregoing.

K. Director of the Audit Department — The Director of the Audit Department shall, under the general direction of the Inspector General, be responsible for the internal auditing functions in the Port Authority and for external auditing of financial and operating records of firms doing business with the Port Authority.

With respect to the Director of the Audit Department and Inspector General, the (i) appointment of any person to the position of Director of the Audit Department or Inspector General shall not be made or terminated; (ii) salary or benefits of the Director of the Audit Department and the Inspector General shall not be increased or reduced; and (iii) responsibilities of the Director of the Audit Department and the Inspector General shall not be changed in any way, without the approval of the Chairman of the Audit Committee (or of the Board of Commissioners); provided, that any increase or reduction in salary or benefits that may be made with respect to Port Authority department heads generally and would be effective as to the Director of the Audit Department and the Inspector General in the absence of the foregoing requirement of approval shall not require such approval in order to be effective as to the Director of the Audit Department and the Inspector General.

IV. TERM OF OFFICE

All officers of the Port Authority shall hold office until the next annual meeting of the Port Authority, or until their successors are elected or appointed, whichever may be the later.

V. MEETINGS; OPEN MEETINGS POLICY; FREEDOM OF INFORMATION CODE

A. An annual meeting of the Board of Commissioners shall be held each year for the purpose of election of officers. Special meetings of the Board of Commissioners may be called by the Chairman of the Port Authority and shall be called by the Chairman of the Port Authority on request of any two Commissioners, one from each State. The time and place for all annual, regular, and special meetings shall be determined by the Chairman of the Port Authority.

B. The Secretary shall give notice to the Commissioners of annual, regular, and special meetings, specifying the time and place of the meeting, by mail, facsimile, telephone, or in person, at least two days before the meeting. The notice of a special meeting shall specify the subject(s) to be considered thereat. Any Commissioner may waive the requirement for such notice.

C. The provisions of these By-Laws may be suspended by unanimous consent of a quorum of the Board of Commissioners.

D. Quorum – Six Commissioners, three from each State, shall constitute a quorum for all meetings of the Board of Commissioners. In the absence of a quorum at any meeting of the Board of Commissioners, or, if as a result of prospective recusals there would not be a sufficient number of Commissioners present at such meeting to consider any item on the agenda for such meeting, the Committee on Operations is authorized to act for and on behalf of the Board of Commissioners at a special meeting of the Committee on Operations called by the Chairman.

E. Votes – After due debate, the vote shall be recorded upon all resolutions or amendments thereto presented at any meeting of the Board of Commissioners. If three votes from each State shall not be cast therefor (or in case six Commissioners from either State are present, if four votes from such State shall not be cast therefor), the resolution or amendment shall be deemed lost. But a motion to adjourn, to lay on the table, to postpone consideration, or to refer a matter may be carried by a vote of a simple majority of Commissioners present.

F. Order of Business – The order of business at annual, regular, and special meetings of the Board of Commissioners shall be determined by the Chairman of the Port Authority; provided, however, that upon request of any two Commissioners, one from each State, received no less than two days prior to the meeting, a matter shall be placed on the calendar for any meeting as special business.

G. Open Meetings Policy

The Port Authority has an obligation to conduct its business and activities in the public interest and to solicit public participation and make its affairs known to members of the general public. In accordance with this obligation, the Port Authority shall follow an Open Meetings Policy, which shall require that: meetings of the Board of Commissioners and its Committees shall be open to the public consistent with the open meetings laws of the two States; sufficient advance notice shall be provided to members of the general public and representatives of the press of all meetings to be held in open public or closed executive session and, if in closed executive session, the reason(s) therefor; where meetings are held in open public session, anticipated agendas for such meetings shall be provided to members of the general public and representatives of the press sufficiently in advance of such meetings; representatives of all groups and constituencies who may wish to attend meetings held in open public session shall be accommodated; where meetings are held in open public session, members of the public shall have the opportunity to comment to the Board of Commissioners prior to action on those items; materials reflecting actions taken in open public and closed executive session, including minutes of meetings of the Board of Commissioners, shall be released to members of the general public. Meetings of the Board of Commissioners and its Committees (other than meetings held in closed, executive session) are to be publicly broadcast, to the extent technologically feasible.

The term “meeting” as used herein shall refer to any gathering, whether corporeal or by means of communications equipment, which is attended by, or open to, members of the Board of Commissioners, held with the intent, on the part of the Commissioners present, to discuss or act as a unit upon the specific public business of the Port Authority; provided, that the term “meeting” does not mean a gathering (1) attended by less than a quorum, or (2) attended by or open to all the members of three or more similar public bodies at a convention or similar gathering. The term “public business” shall refer to matters that relate in any way, directly or indirectly, to the performance of the functions of the Port Authority or the conduct of its business.

H. Open Meetings Policy – Limited Exceptions

1. In certain limited circumstances, public consideration by the Board of Commissioners (or a Committee thereof) of matters relating to the business and affairs of the Port Authority would clearly endanger the public interest or constitute an unwarranted invasion of the personal privacy of individuals (including Port Authority employees). Accordingly, in such limited circumstances, the Board of Commissioners or Committee may determine to take action on or discuss only such subjects in closed, executive session. Consistent with the open meetings laws of the two States, the following matters may be considered in closed, executive session: (i) public safety or law enforcement; (ii) proposed, pending, or current litigation, judicial or administrative proceedings, and external or internal investigations or audits; (iii) ongoing bargaining or negotiations, reviews of contracts or proposals related to the purchase, sale, or lease of real property or securities where disclosure could affect the public interest; (iv) the necessary consideration of facts that, if made public, would constitute an unwarranted invasion of an individual’s personal privacy; (v) the necessary consideration of facts that are deemed confidential, privileged, or private pursuant to federal or state law, regulations, rules, or decisions of court; or (vi) information that, if made public, could impair the Port Authority’s right to receive funds from the United States or other grantor.

2. From time to time, the Chairman of the Port Authority may, in the best interests of the Port Authority, permit discussion in public, open session of and action on any matter otherwise exempted under the Open Meetings Policy.

3. In exigent circumstances when required for action, the Chairman of the Port Authority may request that one or more absent Commissioners participate and attend any meeting of the Port Authority through the use of communications equipment.

I. Freedom of Information Code

The Port Authority conducts its business and activities in the public interest and therefore the public should have access to records of the Port Authority. The Port Authority shall follow a Freedom of Information Code consistent with the freedom of information laws of the two States.

The Port Authority shall, to the extent technologically feasible, provide access to the minutes of meetings of the Board of Commissioners and the Committees and to reports provided for in accordance with these By-Laws, by posting such documents on its Internet site, or any successor electronic media designated by the Executive Director for such purposes.

VI. PUBLIC HEARINGS

A. Public hearings shall be held on matters requiring public consideration or public comment and information and may be held upon the request of (i) the Chairman of the Port Authority or (ii) any two Commissioners, one from each State.

B. Pursuant to direction by the Board of Commissioners, the Executive Director shall have authority to arrange for public hearings, in connection with the budgeting, planning, and programming of the Port Authority, including proposals for instituting or changing tolls and fares imposed for use of the Port Authority's vehicular tunnels and bridges and passenger rail facilities. In connection therewith, the Executive Director shall

(1) determine the dates, times, and locations in each of the two States for the conduct of such hearings, which shall be designed to encourage the broadest possible attendance and participation, and which, in the case of each hearing pertaining to proposals for instituting or changing tolls and fares imposed for use of the Port Authority's vehicular tunnels and bridges and passenger rail facilities, shall include the attendance of at least two Commissioners, one from each State;

(2) provide for appropriate notice to be given not less than ten days in advance of such hearings, with notice to be published within the Port District in one or more newspapers of general circulation in each State, on the Port Authority Internet site or any successor electronic media designated by the Executive Director, and through other available electronic media used by the Port Authority, and which, in the case of each hearing pertaining to proposals for instituting or changing tolls and fares imposed for use of the Port Authority's vehicular tunnels and bridges and passenger rail facilities, shall include the charge or charges proposed to be instituted or changed, shall set forth a comparison of the existing charges with the proposed charges, and shall state the purpose or purposes for which such tolls, fares or other charges are to be instituted or changed and an estimate of the overall increase or decrease in revenues to the Port Authority resulting from such proposed charges;

(3) designate hearing officers (if any) in connection therewith;

(4) arrange for transcripts and reports of the hearings, which shall be made available to all Commissioners prior to the consideration of any proposal; and

(5) take such other action as will effectuate the Port Authority's policy, as established by the Board of Commissioners, for the conduct of public hearings.

VII. NOMINATING COMMITTEE

The Nominating Committee shall consist of all of the Commissioners of the Port Authority except the Chairman of the Port Authority and the Vice-Chairman of the Port Authority.

The Nominating Committee shall meet at least once during the 30 days immediately preceding the annual meeting of the Port Authority to consider a slate of officers for nomination and shall present such slate to the Board of Commissioners. If the office of Chairman of the Port Authority or Vice-Chairman of the Port Authority shall become vacant for any reason other than expiration of term, the Nominating Committee shall meet as soon as practical thereafter. The Nominating Committee may also meet to consider vacancies in any other office or offices.

Meetings of the Nominating Committee shall be held pursuant to notice given by the Secretary at the request of any member of the Committee.

At each meeting of the Nominating Committee, the members thereof shall elect a Chairman of the Committee whose duties shall be to preside at such meeting, and to submit or cause to be submitted to the Board of Commissioners any reports or recommendations adopted at such meeting.

VIII. COMMITTEES OF THE BOARD

The Committees on Capital Planning, Execution and Asset Management; Finance; Operations; Security; Audit; and Governance and Ethics, are established under this Article VIII to provide for the effective and efficient governance of the Port Authority, and to make recommendations to, and act on behalf of, the Board of Commissioners to the extent set forth in these By-Laws and the formal written charter of such Committee.

Each Committee shall, with the approval of the Board of Commissioners, adopt a formal written charter clearly defining the roles and responsibilities of such Committee. Committee charters shall be posted on the Port Authority's Internet site, or any successor electronic media designated by the Executive Director for such purpose. Each Committee shall follow the provisions of its charter in connection with the satisfaction of its responsibilities under these By-Laws, and shall review and reassess such charter from

time to time, with any amendments to such charter resulting from such review and reassessment to be made with the approval of the Board of Commissioners.

A Chairman, a Vice-Chairman, and members of all Committees shall be appointed by the Chairman of the Port Authority, who shall be an *ex officio* member of each Committee of which the Chairman of the Port Authority is not a regular member, except the Audit Committee. If one or more regular members are absent from any Committee meeting, the Chairman of the Port Authority shall be counted towards a quorum and entitled to vote on Committee business. The Chairman of the Port Authority shall also be entitled to vote to decide a tie vote.

The Vice-Chairman of the Port Authority shall likewise be an *ex officio* member of each Committee of which the Vice-Chairman of the Port Authority is not a regular member, except the Audit Committee. The Vice-Chairman of the Port Authority shall be counted towards a quorum and entitled to vote on Committee business under the same circumstances as the Chairman of the Port Authority, but only in the absence of the Chairman of the Port Authority.

A quorum for the conduct of business at any meeting of any Committee shall consist of a number equal to the majority of the regular members, provided that at least one Commissioner from each State shall be present. If there is no quorum at any regular, special, or adjourned meeting of any Committee, then the Commissioner presiding at such Committee meeting may, in order to achieve a quorum, designate any Commissioner present who is not already a member of such Committee as a substitute member *pro tem* to act at such meeting in the place and stead of an absent Committee member. Any Committee member *pro tem* shall be treated as a regular member for purposes of (i) determining whether a quorum is present; (ii) voting; and (iii) determining whether an *ex officio* member may vote. Action shall be taken by a majority vote of the Committee members present; provided that no action of a Committee shall be binding unless at least one Commissioner from each State shall vote in favor thereof.

In order to assure the right of approval or veto by the Governor of each State, any action by a Committee taken pursuant to the powers vested under these By-Laws or its formal written charter shall be considered part of the minutes of the Board of Commissioners.

Whenever a Committee purports to act pursuant to powers vested under these By-Laws or its formal written charter then all third persons are entitled to rely on the Committee's representation that it has power to act.

The Committees shall meet as determined in each Committee's charter, or at the request of the Chairman of the Port Authority, in connection with the conduct of Port Authority business. Each Committee shall provide written communications, reports, and recommendations to the Board of Commissioners from time to time, or at the request of the Chairman of the Port Authority, on the results of its oversight and other activities,

including any recommendations which in its opinion may be desirable regarding policies and procedures to govern the Port Authority.

Each Committee shall consist of five regular members (including a Chairman and Vice-Chairman), in addition to *ex officio* members, except the Audit Committee, which shall have no *ex officio* members and shall consist of four regular members (including a Chairman and Vice-Chairman), two from each State, and at least one of whom shall have a high level of financial expertise as determined in accordance with Article VIII of these By-Laws. When two or more Committees have powers relating to the same subject matter, none shall be deemed to have exclusive authority, but such Committees shall confer and cooperate in regard thereto. Executive management and support staff shall be assigned to each Committee as a continuing resource for such Committee to carry out its oversight responsibilities.

The members of the Audit Committee which, for independence purposes, shall not include the Chairman or Vice-Chairman, shall include at least one member, who in the determination of the Governance and Ethics Committee possesses a high level of financial expertise, which may be demonstrated, among other factors, by a general understanding of (i) generally accepted accounting principles and financial statements; (ii) the preparation or auditing of financial statements of entities comparable to the Port Authority; (iii) the application of such principles in connection with the accounting for estimates, accruals, and reserves; (iv) internal accounting controls; and (v) audit committee functions.

IX. RULES AND REGULATIONS

In compliance with policies established by the Board of Commissioners, the Executive Director shall establish rules and regulations as required for the conduct of the Port Authority's business, consistent with policies established by the Board of Commissioners.

The Executive Director shall cause such rules and regulations to be filed with the Board of Commissioners at least 30 days prior to the effective date of such rules and regulations. Absent objections by the Board of Commissioners such rules and regulations shall become effective upon the expiration of such 30-day period. If such objections are made, the Board of Commissioners shall, after due consideration, decide upon adoption, amendment or rejection of the proposed rules and regulations.

It is the policy of the Port Authority that the process for adoption of such rules and regulations shall be an open process with the opportunity for the general public to comment on such rules and regulations prior to adoption, and for such purposes such proposed rules and regulations shall be made publicly available at the time they are filed with the Board of Commissioners.

X. EXECUTIVE DIRECTOR POWERS AND RESPONSIBILITIES

The Executive Director shall have the following powers, unless otherwise provided by any resolution of the Board of Commissioners or a Committee thereof, subject to the limitations, if any, of the Budget adopted by the Board of Commissioners. These powers shall be in addition to any other powers conferred by any other provisions of these By-Laws, or by any resolution heretofore or hereafter adopted by the Board of Commissioners or a Committee thereof.

(a) Unless otherwise directed by the Committee on Operations or otherwise provided by any resolution of the Board of Commissioners and subject to the limitations, if any, of the Budget adopted by the Board of Commissioners, the Executive Director is authorized:

(i) To determine and prescribe the duties of new and existing positions and the qualifications for appointments made thereto;

(ii) Subject to the approval of the Chairman of the Committee on Operations, to make permanent appointments to the Port Authority staff;

(iii) To make promotions and demotions within the staff;

(iv) To terminate appointments to the staff subject to the approval of the Chairman of the Committee on Operations whenever approval of the Committee on Operations is not otherwise specifically required;

(v) To create temporary positions and to make temporary appointments thereto for periods not exceeding three (3) months' duration; and

(vi) To grant or authorize the granting of vacation, sick leave, other leave of absence and to establish or modify other employee benefits (other than retirement matters) and to take other action affecting personnel.

(b) The Executive Director is authorized:

(i) to authorize or arrange for the printing and engraving of bonds, notes or other securities or obligations, the issuance whereof has been authorized by the Board of Commissioners;

(ii) to authorize and arrange for the payment of the interest upon and principal of such bonds, notes, or other securities or obligations, in accordance with the resolutions authorizing their issuance, out of any revenues directly pledged therefor, out of any sinking funds or special reserve funds especially established in connection therewith and, in case there are no other moneys available for the payment of such interest and principal, out of the General Reserve Fund if such fund has been pledged as security for such payments;

(iii) to authorize or arrange for the making of payments into such reserve funds during the year for which such payments are to be made out of revenues directly pledged for such purposes, and to authorize or arrange for the making of payments into such sinking funds during the year for which such payments are to be made out of revenues directly pledged for such purposes, out of any special reserve funds especially established in connection with the particular issue of such bonds, notes, securities or other obligations for which such payments are to be made, out of any other special reserve funds available for such purposes, out of any other Port Authority funds available for such purposes, and, in case all the preceding available sources are insufficient to make such payment, then out of the General Reserve Fund; and

(iv) whenever the resolutions of the Board of Commissioners establishing the issue of bonds and the various resolutions of the Board of Commissioners establishing the separate series of such bonds require the redemption of bonds for retirement for sinking fund purposes, to (a) arrange for or authorize the call of such bonds for redemption, within the limitations of said bond resolutions to select or arrange for the selection of the particular bonds to be redeemed, (b) publish or arrange for the publication of notice of redemption, (c) pay or arrange for the payment of such bonds upon the date set for their redemption, and (d) generally do all things necessary or incidental to the redemption and retirement of such bonds.

(c) The Executive Director is authorized to authorize, approve, or award agreements, contracts, or purchase orders for

(i) professional, technical, or advisory services, including but not limited to the services of consultants, engineers, architects, designers, artists, technicians, inspectors, appraisers, and experts of any kind;

(ii) maintenance, repair, rehabilitation, or other operating expenses;

(iii) capital improvements and additions (including major repairs or rehabilitation);

(iv) construction;

(v) materials, equipment or supplies (including the leasing of equipment);

(vi) utility or other services;

(vii) insurance or brokerage services; and

(viii) settlement of claims (not covered under paragraphs (e) or (o) of this Article X)

upon such terms as the Executive Director may deem proper and to enter into or execute the same on behalf of the Port Authority where the amount of any such agreement, contract, or purchase order (inclusive of any renewal or extension) is not in excess of \$2,500,000; provided, however, that the Executive Director may not take such action where the amount of any such agreement, contract, or purchase order (inclusive of any renewal or extension) under subparagraphs (c)(i) through (c)(vii), above, is in excess of

- (a) \$1,500,000 but not in excess of \$2,500,000, unless the agreement, contract, or purchase order is awarded to the lowest qualified bidder after public advertisement, or through cooperative governmental purchasing arrangements; or
- (b) \$500,000 but not in excess of \$1,500,000, unless the agreement, contract, or purchase order is awarded to the lowest qualified bidder, or the proposer best qualified by reason of cost, responsibility, and capacity to perform the work and whose bid price or proposal is deemed reasonable, after the receipt of competitive bids or proposals; and,

provided, further, in connection with authorizations under subparagraph (c)(viii), above, the Executive Director may settle such claims if the total settlement is not in excess of \$500,000. In addition, the Executive Director may take such actions under this paragraph (c) with respect to an extension, amendment, or modification of any existing agreement, contract, or purchase order either

- (a) on terms and conditions at least as favorable to the Port Authority and under which the Port Authority will incur no additional expenditures or obligations; or
- (b) where the amount of the extension, amendment, or modification is not in excess of 25 percent of the base amount of the original agreement, contract, or purchase order, provided however that such excess amount is not greater than \$2,500,000.

(d) In the exercise of authority under this paragraph (d), the Executive Director may take the following actions only upon providing prior notice to the Board of Commissioners. The Executive Director, pursuant to authority granted to the Executive Director in conjunction with the adoption of the Budget or other resolutions of the Board of Commissioners, may, as the Executive Director deems in the best interest of the Port Authority, in connection with agreements, contracts or purchase orders:

- (i) (a) award to the bidder or proposer who, in the opinion of the Executive Director, is best qualified by reason of cost, responsibility, experience, and capacity to perform the work and whose bid price or proposal the Executive Director deems reasonable, (b) reject all bids or proposals, (c) solicit new bids or proposals on revised or the same requirements, (d) negotiate with one or more

- bidders, proposers, or other contractors; or (e) exercise any rights and the performance of any obligations vested in or assumed by the Port Authority under such agreement, contract, or purchase order;
- (ii) execute agreements, contracts, or purchase orders and supplemental agreements, contracts or purchase orders with such bidders, proposers, or contractors;
 - (iii) order extra work and net cost work; and
 - (iv) authorize payments to contractors or vendors.
- (e) The Executive Director may, in connection with any agreement, contract, or purchase order,
- (i) require a bond securing the performance thereof and/or the payment of subcontractors, materialmen, workers, and other third persons;
 - (ii) settle claims arising under or in connection with such agreements (including leases, permits, and licenses, for the use or occupancy of property), contracts, or purchase orders; provided, that the Executive Director may settle such claims if the total settlement is not in excess of \$500,000; and
 - (iii) authorize the payment to contractors and vendors of all or any portion of their compensation even though not yet payable under the terms of the agreement, contract, or purchase order, in each case whenever the Executive Director deems it advisable under the circumstances.
- (f) The Executive Director may acquire temporary interests in real property necessary in connection with construction or operation of Port Authority facilities, provided that the term of any such interest shall not be in excess of five years.
- (g) Not less than ten days in advance of any meeting of the Board of Commissioners at which the Board is to consider an action to authorize the sale of real property owned by the Port Authority, the Executive Director shall provide public notice of such proposed action, by posting on the Port Authority's Internet site or any successor electronic media designated by the Executive Director for such purposes.
- (h) In compliance with the policies established by the Board of Commissioners, the Executive Director shall, from time to time, adopt appropriate procedural guidelines, consistent with those applied to state authorities in the two States, to ensure that procurement, based on competitive contract-award processes, of agreements and contracts for the purchase of goods and contract services, professional, technical and advisory services, real estate and construction is based on open competition and fairness, with the highest level of integrity, and to discourage attempts by others to influence the Port Authority to achieve preferential, unequal or favored consideration of proposals for

procurement based on considerations other than on the merits of such proposals. Such procedural guidelines shall include: restrictions on contacts between Commissioners and staff regarding the procurement process and particular active procurement matters; restrictions on contacts between lobbyists representing contractors, vendors or service providers, and Commissioners and staff, regarding the procurement process and particular active procurement matters; rules controlling flow of procurement inquiries and bids to responsible staff and pursuant to pre-set procedures; advertisement of procurement opportunities by the Port Authority through a broad range of media outlets, to increase vendors' awareness of and participation in the procurement process; and equal opportunity for minority-owned, women-owned and small business enterprises.

(i) In compliance with the policies established by the Board of Commissioners, the Executive Director shall have authority to adopt, rescind, amend, and modify rules and regulations

(i) for and in connection with facilities and properties owned, leased, or operated by the Port Authority and for the conduct of the users thereof and all other persons in or about such facilities or properties, including the officers, employees, or representatives of the Port Authority and of the users of its facilities and properties and people doing business with it or them; and

(ii) for the operation, management, and conduct of the business of the Port Authority and the staff.

(j) The Executive Director shall have authority to enter into any agreement including, but not limited to, leases, permits and licenses, for the use or occupancy of any property owned or operated by the Port Authority and for the use or occupancy of property by the Port Authority or for the exercise of privileges thereat; provided, that such agreement

(i) is for a total term, including any renewals and extensions, of not more than ten years, and the average annual rental (net present value) is not more than \$1,000,000;

(ii) is unconditionally revocable without cause by the Port Authority upon 30 days' notice or less and there is no fixed obligation on the Port Authority in excess of \$1,000,000; or

(iii) substitutes another for the contracting party to an existing agreement.

Any such agreement may contain such indemnity and other provisions as the Executive Director may deem appropriate.

(k) The Executive Director may authorize or arrange for contracts for the sale of personal property owned by the Port Authority upon such terms and conditions as the Executive Director may deem proper and execute the same on behalf of the Port

Authority where the value of such personal property is not in excess of \$1,000,000; provided, however, that personal property valued at more than \$250,000 shall not be sold by authority of the Executive Director other than to the highest bidder after public advertisement.

(l) The Executive Director may authorize intervention and participation on behalf of the Port Authority in proceedings before any administrative tribunal of the United States or of the States of New York and New Jersey or their subdivisions affecting the trade, commerce, and economic development of the Port District or the terminal or transportation facilities or facilities of commerce and economic development therein; provided, however, that no statement as to the position of the Port Authority on the issues in the proceedings shall be submitted until the position has been authorized by the Board of Commissioners or the appropriate Committee thereof.

(m) With respect to the operation, planning, and development of Port Authority facilities and to other projects, programs, and studies which have been authorized by the Port Authority, the Executive Director may apply for and accept on behalf of the Port Authority grants from federal, state, or other governmental entities. Expenditures in connection with such grants or projects and activities funded in whole or in part by such grants are, however, subject to consideration and authorization in accordance with the provisions of these By-Laws.

(n) The Executive Director may, in the best interests of the Port Authority, enter into or authorize execution of agreements with federal, state, or other governmental entities for the performance of services by Port Authority employees or the participation by such employees in programs or other activities sponsored in whole or in part by such entities.

(o) The Executive Director shall have authority to settle all claims of and all claims against the Port Authority (not covered under paragraphs (c) and (e) of this Article X) when the total payment or the amount of damages incurred by the Port Authority is not in excess of \$1,000,000. Claims of and against the Port Authority shall include claims against individuals for which the Port Authority would be responsible under Article XI of these By-Laws; provided, however, that in the case of claims against individuals for which the Port Authority would be responsible under the said Article XI, which are covered by insurance purchased by or on behalf of such individuals, the Port Authority shall pay such claims only to the extent that they are in excess of the amount for which the insurance carriers are responsible.

(p) With respect to Port Authority property or to the operation, planning and development of Port Authority facilities the Executive Director may enter into such indemnity agreements as the Executive Director may deem appropriate.

(q) The Executive Director shall publish on a regular basis comprehensive reports
on

(i) transactions of the Port Authority relating to the business and activities of the Port Authority, which reports shall identify vendors retained to perform services through the procurement process and the terms of their engagements; and

(ii) expenditures and operations of the Port Authority, identifying its programs and associated expenditures, which shall also be delivered to the Governors of New York and New Jersey;

provided, however, that the failure of the Executive Director to report the same shall not affect the validity of any action taken by the Executive Director with respect thereto.

(r) The Executive Director is authorized to delegate in whole or in part any power, authority, or discretion conferred upon the Executive Director by these By-Laws, or by any resolution heretofore or hereafter adopted by the Board of Commissioners to any other officer or member of the executive staff; provided, however, that the Executive Director shall file all delegations with the Secretary; and, provided further, that this power shall not apply to any case where the Executive Director is authorized to sign checks, drafts, or commercial paper, or deeds of conveyance of real property, or to have access to safe deposit boxes

(s) In exigent circumstances, the Executive Director, after consultation with the Chairman of the Port Authority (which requirement for consultation is waived if the Chairman of the Port Authority cannot be contacted through reasonable means and in a reasonable period of time), may take any action, whether or not otherwise authorized in these By-Laws, with respect to the property or facilities, projects, programs, and business of the Port Authority, or the rules and regulations or fees, fares, tolls, and other charges relating thereto. The Executive Director shall report such action to the Board of Commissioners. The Executive Director shall notify the Chairman of the Port Authority of any contract entered into pursuant to this provision.

Whenever the Executive Director purports to act pursuant to power vested under these By-Laws, then all third persons are entitled to rely on the Executive Director's representation that the Executive Director has the power to act.

The powers conferred upon the Executive Director under these By-Laws shall be discretionary and, unless otherwise expressly provided, shall not be construed to impose upon the Executive Director a requirement to execute any agreement, contract, or purchase order, or to take any other action authorized under these By-Laws. Except as otherwise provided in this Article X, the Executive Director may take action as authorized without providing prior notice to the Board of Commissioners.

XI. DEFENSE AND INDEMNIFICATION OF INDIVIDUALS

1. As used in this Article XI, the term “indemnified party” shall mean an individual who is a Commissioner, officer, or employee of the Port Authority. The terms “Commissioner,” “officer,” and “employee” shall include a former Commissioner, officer, and employee, and the estate or a judicially appointed personal representative of such present or former Commissioner, officer, or employee.

2. Upon compliance by an indemnified party with the provisions of paragraph 8 of this Article XI, the Port Authority shall provide for the defense of the indemnified party in any civil action or proceeding in any state or federal court arising out of any alleged act or omission which occurred or is alleged in the complaint to have occurred while the individual was acting within the scope of Port Authority employment or duties; or which is brought pursuant to section nineteen hundred eighty-one or nineteen hundred eighty-three of title forty-two of the United States Code and the act or omission underlying the action occurred or is alleged in the complaint to have occurred while the individual was acting within the scope of Port Authority employment or duties. The Port Authority shall not provide for a defense where such civil action or proceeding is brought by or on behalf of the Port Authority or to recover Port Authority funds.

3. Where an individual seeking indemnification delivers process and a request for a defense to General Counsel as required by paragraph 8 of this Article XI, General Counsel shall take the necessary steps on behalf of the individual in order to avoid entry of a default judgment pending resolution of any question pertaining to the determination to provide for a defense. General Counsel shall represent such individual; provided, however, that General Counsel shall, with the approval of the Executive Director (in accordance with policies adopted by the Board of Commissioners), assign outside counsel where General Counsel determines, based upon an investigation and review of the facts and circumstances of the case, that representation by General Counsel would be inappropriate; or whenever a court of competent jurisdiction determines that a conflict of interest exists and that the individual is entitled to be represented by outside counsel.

4. The Port Authority shall indemnify and save harmless an indemnified party in the amount of any judgment obtained against such indemnified party in any state or federal court, or in the amount of any settlement of a claim, or shall pay such judgment or settlement; provided, however, that the act or omission from which such judgment or settlement arose occurred while the indemnified party was acting within the scope of Port Authority employment or duties; and provided, further, that the Port Authority shall not indemnify and save harmless or pay under this Article XI where the injury or damage resulted from actual fraud, actual malice, willful misconduct or intentional wrongdoing on the part of the party seeking indemnification, or where the Port Authority has brought the action.

5. Any proposed settlement or final judgment which may be subject to indemnification or payment by the Port Authority in accordance with these By-Laws, if not inconsistent with the provisions of this Article XI, shall, as applicable, be authorized

for payment in accordance with the provisions of these By-Laws; provided, however, that General Counsel has determined that such proposed settlement or final judgment is in the best interest of the Port Authority. Nothing in this Article XI shall be construed to authorize the Port Authority to indemnify and save harmless or pay an indemnified party with respect to a settlement not so reviewed and approved by General Counsel.

6. Nothing in this Article XI shall require the Port Authority to indemnify or save harmless an indemnified party with respect to fines or penalties; provided, however, that the Port Authority shall indemnify and save harmless an indemnified party in the amount of any costs, attorneys' fees, damages, fines, or penalties which may be imposed by reason of an adjudication that an indemnified party, acting within the scope of Port Authority employment or duties, has, without willfulness or intent, violated a prior order, judgment, consent decree, or stipulation of settlement entered in any court of the State of New York or New Jersey or of the United States.

7. The Port Authority may, consistent with applicable law, provide for a defense when punitive damages are sought or criminal charges are asserted, in connection with any alleged act or omission which occurred or is alleged in the complaint to have occurred while the individual was acting within the scope of Port Authority employment or duties, based upon an investigation and review of the facts and circumstances and a determination by General Counsel that provision of such defense would be in the best interest of the Port Authority; provided, however, that the Port Authority shall provide reimbursement of defense costs incurred by or on behalf of an indemnified party in defense of a criminal proceeding arising out of such an act or omission, upon acquittal or dismissal of the criminal charges. Furthermore, the Port Authority may, consistent with applicable law, indemnify or save harmless an indemnified party with respect to fines or penalties, based upon an investigation and review of the facts and circumstances of the case and a determination by General Counsel that to indemnify and save harmless such indemnified party would be in the best interest of the Port Authority.

8. The benefits of this Article XI shall be conditioned upon (i) delivery to General Counsel of the original or a copy of any summons, complaint, process, notice, demand or pleading within five days after receipt or service of such document, such delivery being deemed a request by the party seeking indemnification that the Port Authority provide for defense pursuant to this Article XI; (ii) the full cooperation of the indemnified party in the defense of such action or proceeding and in defense of any action or proceeding against the Port Authority based upon the same act or omission, and in the prosecution of any appeal; and (iii) the agreement of the indemnified party that the Port Authority shall be entitled to withdraw such defense and demand reimbursement from such party for costs incurred in connection with such defense in the event that, upon further discovery, indemnification is not required or otherwise warranted under this Article XI.

9. The benefits of this Article XI shall inure only to an indemnified party as defined herein and shall not enlarge or diminish the rights of any other party. This Article XI shall not in any way affect the obligation of any claimant to give any notice otherwise required by any provision of law. The provisions of this Article XI shall not be

construed to impair, alter, limit, or modify the rights and obligations of any insurer under any policy of insurance.

10. Except as otherwise specifically provided herein, the provisions of this Article XI shall not be construed in any way to impair, alter, limit, modify, abrogate, or restrict any immunity available to or conferred upon any unit, entity, Commissioner, officer, or employee of the Port Authority, or any right to defense and/or indemnification provided for any governmental officer or employee by, in accordance with, or by reason of, any other provision of state or federal statutory or common law.

11. In compliance with policies established by the Board of Commissioners, the Executive Director is authorized to publish such rules and regulations as are necessary to effectuate the purposes of this Article XI.

XII. BUDGET

Whenever reference in these By-Laws is made to a Budget, it shall mean the Budget of the Port Authority, together with a Capital Plan and Strategic Plan, approved or authorized by the Board of Commissioners at a meeting held pursuant to the Open Meetings Policy. Whenever in these By-Laws an officer is vested with powers or discretion by reason of a budget item, such officer shall also have the same powers and discretion in any case where the Board of Commissioners approves or authorizes an expenditure of a specified amount (or of an approximate sum or of an amount not to exceed a specified sum) for a specified purpose, by resolution or otherwise.

XIII. ANNUAL AUDIT OF FINANCIAL STATEMENTS; ANNUAL REPORT

A. The Port Authority shall prepare financial statements on an annual basis in accordance with accounting principles generally accepted in the United States of America.

B. The Audit Committee of the Port Authority shall arrange for an independent firm of certified public accountants to perform an audit of the financial statements of the Port Authority each year in accordance with auditing standards generally accepted in the United States of America.

C. As a condition to the issuance of the annual financial statements, the Executive Director and the Chief Financial Officer shall be required to make a written certification to the effect that, to the best of their knowledge and belief, the financial and other information in the consolidated financial statements is accurate in all material respects and has been reported in a manner designed to present fairly the Port Authority's net assets, changes in net assets, and cash flows, in conformity with accounting principles generally accepted in the United States of America; and, that on the basis that the cost of internal controls should not outweigh their benefits, the Port Authority has established a

comprehensive framework of internal controls to protect its assets from loss, theft, or misuse, and to provide reasonable (rather than absolute) assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America.

D. The Executive Director shall make arrangements for the publication of the annual report submitted to the Governors and Legislatures of the two States as provided by law, which report shall include but not be limited to the following: (i) the Port Authority's annual financial statements; (ii) the independent auditor's report with respect to the annual financial statements; (iii) the certification referred to paragraph C of this Article XIII; and (iv) a list of the compensation, educational background and professional experience of, the 20 highest-paid executive staff members.

XIV. RESERVATION OF POWERS

The powers not delegated by these By-Laws are reserved to the Board of Commissioners. The powers vested by or pursuant to these By-Laws in the Committees shall not be construed or deemed to limit the authority of the Board of Commissioners to act in any instance or the statutory veto power of the Governor of each State. If such authority is exercised by the Board of Commissioners, it shall not be construed or deemed to affect the power of the Committees to act in similar cases thereafter. The powers vested in the Executive Director shall not be construed or deemed to affect the power of the Board of Commissioners to act in any case, nor shall any power vested in the Executive Director be construed or deemed to affect the power of any Committee to act where such power is also vested in a Committee, but where either the Board of Commissioners or any Committee exercises a power in any such case, such action shall not be construed or deemed to affect the power of the Executive Director to act in similar cases in the future.

XV. AMENDMENTS

These By-Laws may be amended by resolution duly adopted at any meeting of the Board of Commissioners, regular or special, provided that notice of intention to present such resolution shall be given at least two days in advance of the meeting at which the motion to adopt such resolution is made. Such notice may be given by any Commissioner or by any Committee (or by the Secretary at the request of any Commissioner or any Committee). Such notice shall be given to all Commissioners by mail, facsimile, telephone, or in person, at least two days before the meeting; in the alternate, such notice may be given orally at any meeting, in which event such notice shall be noted in the minutes of the meeting at which it is given. Advance notices of motions to amend motions to amend the By-Laws need not, however, be given. Any amendment of the formal written charter of a Committee adopted pursuant to these By-Laws shall follow the procedures set forth in this Article XV for the amendment of the By-Laws.

CHARTER OF THE COMMITTEE ON CAPITAL PLANNING, EXECUTION AND ASSET MANAGEMENT OF THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

This Charter was adopted by the Committee on Capital Planning, Execution and Asset Management (the “Committee”) with the approval on September 20, 2012 of the Board of Commissioners (the “Board”) of The Port Authority of New York and New Jersey (the “Port Authority”) to provide certain guidelines that the Committee shall follow in connection with the satisfaction of its responsibilities under the By-Laws of the Port Authority (“By-Laws”).

I. Function

The Committee shall be governed by the By-Laws and assist the Board in fulfilling its oversight responsibilities relating to the planning and execution of capital projects and the management of assets of the Port Authority.

II. Authority

The Committee has the authority (through the Board’s approval of this Charter) for and on behalf of the Port Authority to take any and all action to satisfy its responsibilities under the By-Laws and this Charter, including arranging for services to be received from external resources as deemed appropriate by the Committee. The Chairman of the Committee, in coordination with the Executive Director, shall assign executive management and support staff to serve as a continuing resource for the Committee.

The Committee has the authority to form subcommittees and assign tasks to those subcommittees as deemed appropriate by the Committee, but not otherwise delegate to such subcommittees the authority to take independent actions in connection with the satisfaction of the Committee’s responsibilities under the By-Laws and this Charter. Each subcommittee shall provide periodic reports to the Committee with respect to the performance of the assigned tasks and shall make recommendations to the Committee with respect to any actions to be considered by the Committee or the Board resulting from the performance of such tasks.

III. Meetings

The Committee shall meet as determined by the Chairman of the Committee, or at the request of the Chairman of the Port Authority, in connection with the satisfaction of the Committee’s responsibilities. In addition, to ensure effective communication and coordination between the Committees of the Board, the Committees shall meet with each other as determined by the Chairmen of the Committees, or at the request of the Chairman of the Port Authority.

Meetings of the Committee shall be conducted in accordance with the By-Laws. The Chairman of the Committee, in coordination with the Secretary, shall establish the agenda for each Committee meeting, and determine when the agenda requires that a matter be considered in closed, executive session of the Committee. The Secretary shall provide the Committee with all material information pertinent to matters appearing on the Committee agenda in sufficient time for the Committee to review such materials prior to the Committee meeting at which such matters are to be considered.

IV. Reports

The Committee shall provide, unless otherwise requested by the Chairman of the Port Authority, written communications, reports and recommendations to the Board on the results of its oversight and other activities, including any recommendations which in its opinion may be desirable regarding policies and procedures to govern the Port Authority.

V. Powers and Responsibilities

The Committee shall:

- (1) Have oversight of the development, implementation and updating of the Port Authority's capital plans and programs, including the duration thereof, and recommend for approval of the Board, such capital plans and programs;
- (2) Jointly with the Committee on Finance, have oversight of the development of, and recommend for the approval of the Board, the Port Authority's capital budget;
- (3) Jointly with the Committee on Security, have oversight of the development and updating of the security component of the Port Authority's capital plans and programs;
- (4) Have oversight of the development and implementation of a consolidated asset management plan and review quarterly reports from the Executive Director to the Board with respect to capital asset management against the plan's established goals (using standardized performance metrics where appropriate);
- (5) Have oversight of the long-term planning, including studies conducted in furtherance thereof, for the development of new facilities and commercial ventures and the initiation of new business opportunities related to existing Port Authority assets;
- (6) Keep informed of the needs of the Port District with regard to marine, air, railroad, and motor vehicle terminals and other transportation and terminal facilities and facilities of commerce and economic development, and matters relating thereto, and, from time to time, make recommendations in reference thereto;

- (7) Have oversight of transportation, terminal and commerce and economic development studies;
- (8) Have oversight of all construction by the Port Authority, including without limitation rehabilitation, repairs, demolition, excavation, and, from time to time, make such recommendations to the Board in reference to the establishment of policies with respect thereto as in its opinion may be desirable;
- (9) Have oversight of all agreements and contracts for the acquisition, purchase, lease, and/or use by the Port Authority of real property and for the exercise of any rights and the performance of any obligations vested in or assumed by the Port Authority under such agreements or contracts;
- (10) Jointly with the Committee on Operations, have oversight of the sale, consistent with legislation, of all real or personal property owned by the Port Authority;
- (11) Have oversight of all agreements and contracts for the purchase or acquisition of materials for use by the Port Authority in connection with construction and for the exercise of any rights and the performance of any obligations vested in or assumed by the Port Authority under such agreements and contracts;
- (12) Jointly with the Committee on Operations, have oversight of all environmental initiatives and policies of the Port Authority;
- (13) Have oversight of all sub-committees of the Committee; and
- (14) Review and assess the adequacy of this Charter from time to time and recommend any revisions to the Board for its approval.

**CHARTER OF THE COMMITTEE ON FINANCE OF THE BOARD OF
COMMISSIONERS OF THE PORT AUTHORITY OF NEW YORK AND NEW
JERSEY**

This Charter was adopted by the Committee on Finance (the “Committee”) with the approval on September 20, 2012 of the Board of Commissioners (the “Board”) of The Port Authority of New York and New Jersey (the “Port Authority”) to provide certain guidelines that the Committee shall follow in connection with the satisfaction of its responsibilities under the By-Laws of the Port Authority (“By-Laws”).

I. Function

The Committee shall be governed by the By-Laws and assist the Board in fulfilling its oversight responsibilities relating to the financial affairs of the Port Authority.

II. Authority

The Committee has the authority (through the Board’s approval of this Charter) for and on behalf of the Port Authority to take any and all action to satisfy its responsibilities under the By-Laws and this Charter, including arranging for services to be received from external resources as deemed appropriate by the Committee. The Chairman of the Committee, in coordination with the Executive Director, shall assign executive management and support staff to serve as a continuing resource for the Committee.

The Committee has the authority to form subcommittees and assign tasks to those subcommittees as deemed appropriate by the Committee, but not otherwise delegate to such subcommittees the authority to take independent actions in connection with the satisfaction of the Committee’s responsibilities under the By-Laws and this Charter. Each subcommittee shall provide periodic reports to the Committee with respect to the performance of the assigned tasks and shall make recommendations to the Committee with respect to any actions to be considered by the Committee or the Board resulting from the performance of such tasks.

III. Meetings

The Committee shall meet as determined by the Chairman of the Committee, or at the request of the Chairman of the Port Authority, in connection with the satisfaction of the Committee’s responsibilities. In addition, to ensure effective communication and coordination between the Committees of the Board, the Committees shall meet with each other as determined by the Chairmen of the Committees, or at the request of the Chairman of the Port Authority.

Meetings of the Committee shall be conducted in accordance with the By-Laws. The Chairman of the Committee, in coordination with the Secretary, shall establish the agenda for each Committee meeting,

and determine when the agenda requires that a matter be considered in closed, executive session of the Committee. The Secretary shall provide the Committee with all material information pertinent to matters appearing on the Committee agenda in sufficient time for the Committee to review such materials prior to the Committee meeting at which such matters are to be considered.

IV. Reports

The Committee shall provide, unless otherwise requested by the Chairman of the Port Authority, written communications, reports and recommendations to the Board on the results of its oversight and other activities, including any recommendations which in its opinion may be desirable regarding policies and procedures to govern the Port Authority.

V. Powers and Responsibilities

The Committee shall:

- (1) Have oversight of the financial affairs of the Port Authority, and, from time to time, make such recommendations to the Board in reference to the establishment of policies with respect thereto as in its opinion may be desirable;
- (2) Jointly with the Committee on Operations, have oversight of the development of, and recommend for the approval of the Board, the Port Authority's operating budget;
- (3) Jointly with the Committee on Capital Planning, Execution and Asset Management, have oversight of the development of, and recommend for the approval of the Board, the Port Authority's capital budget;
- (4) Review quarterly reports from the Executive Director to the Board with respect to the results from the application of the Port Authority's Integrated Financial Model (the "Model") to ensure:
 - a. the continuing validity of the assumptions utilized in the Model; and
 - b. that the financial performance of the Port Authority meets operating and capital funding requirements, and that such performance is consistent with the various financial metrics applicable to the Port Authority's financial performance;
- (5) Have oversight of the Port Authority's issuance of debt and overall access to the capital markets, including relationships with rating agencies and other capital markets participants;
- (6) Approve the selection of depositories for Port Authority funds and authorize and approve investments and reinvestments thereof;

- (7) Have oversight of the Port Authority's selection of underwriters, financial advisors, and other participants in Port Authority financing transactions;
- (8) Have oversight of the development of a long-range risk management financing plan for adoption by the Board, and of the implementation of such long-range risk management financing plan;
- (9) Approve insurance policies and/or programs and surety bonds, and adopt or approve policies or practices followed in connection with insurance policies and/or programs and surety bonds;
- (10) Have oversight of the development of policies and plans to address pension and other related liabilities arising from the retirement of employees of the Port Authority and its related entities, and review quarterly reports from the Executive Director to the Board with respect thereto;
- (11) Have oversight of the consideration of alternative financing strategies to improve financial capacity and/or reduce the cost of capital;
- (12) Have oversight of all sub-committees of the Committee; and
- (13) Review and assess the adequacy of this Charter from time to time and recommend any revisions to the Board for its approval.

CHARTER OF THE COMMITTEE ON OPERATIONS OF THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

This Charter was adopted by the Committee on Operations (the “Committee”) with the approval on September 20, 2012 of the Board of Commissioners (the “Board”) of The Port Authority of New York and New Jersey (the “Port Authority”) to provide certain guidelines that the Committee shall follow in connection with the satisfaction of its responsibilities under the By-Laws of the Port Authority (“By-Laws”).

I. Function

The Committee shall be governed by the By-Laws and assist the Board in fulfilling its oversight responsibilities relating to the operations of the Port Authority.

II. Authority

The Committee has the authority (through the Board’s approval of this Charter) for and on behalf of the Port Authority to take any and all action to satisfy its responsibilities under the By-Laws and this Charter, including arranging for services to be received from external resources as deemed appropriate by the Committee. The Chairman of the Committee, in coordination with the Executive Director, shall assign executive management and support staff to serve as a continuing resource for the Committee.

The Committee has the authority to form subcommittees and assign tasks to those subcommittees as deemed appropriate by the Committee, but not otherwise delegate to such subcommittees the authority to take independent actions in connection with the satisfaction of the Committee’s responsibilities under the By-Laws and this Charter. Each subcommittee shall provide periodic reports to the Committee with respect to the performance of the assigned tasks and shall make recommendations to the Committee with respect to any actions to be considered by the Committee or the Board resulting from the performance of such tasks.

III. Meetings

The Committee shall meet as determined by the Chairman of the Committee, or at the request of the Chairman of the Port Authority, in connection with the satisfaction of the Committee’s responsibilities. In addition, to ensure effective communication and coordination between the Committees of the Board, the Committees shall meet with each other as determined by the Chairmen of the Committees, or at the request of the Chairman of the Port Authority.

Meetings of the Committee shall be conducted in accordance with the By-Laws. The Chairman of the Committee, in coordination with the Secretary, shall establish the agenda for each Committee meeting, and determine when the agenda requires that a matter be considered in closed, executive session of the Committee. The Secretary shall provide the Committee with all material information pertinent to matters appearing on the Committee agenda in sufficient time for the Committee to review such materials prior to the Committee meeting at which such matters are to be considered.

IV. Reports

The Committee shall provide, unless otherwise requested by the Chairman of the Port Authority, written communications, reports and recommendations to the Board on the results of its oversight and other activities, including any recommendations which in its opinion may be desirable regarding policies and procedures to govern the Port Authority.

V. Powers and Responsibilities

The Committee shall:

- (1) Have oversight of the operation and maintenance of all facilities and properties owned and/or operated by the Port Authority;
- (2) Have oversight of the Executive Director's and Deputy Executive Director's performance in managing the operations of the Port Authority;
- (3) Jointly with the Committee on Finance, have oversight of the development of, and recommend for the approval of the Board, the Port Authority's operating budget;
- (4) Have oversight of all agreements and contracts for the acquisition or purchase by the Port Authority of equipment, tools, materials, supplies, or other personal property for use in connection with the operation of all facilities and properties owned and/or operated by the Port Authority, and for the exercise of all rights and the performance of all obligations vested in or assumed by the Port Authority under such agreements or contracts;
- (5) Have oversight of all personnel matters, and approve all agreements with organizations representing Port Authority employee groups relating to wages, working conditions and benefits;
- (6) Jointly with the Committee on Capital Planning, Execution and Asset Management, have oversight of the sale, consistent with legislation, of all real or personal property owned by the Port Authority;

- (7) Review quarterly reports from the Executive Director to the Board on the operating performance, financial (including overtime and benefits costs) or otherwise, of the Port Authority, and assess the performance relative to forecasts and staff's corrective action plans if necessary, and advise the Board with respect to the results of such review;
- (8) Have oversight of the Port Authority's communications strategies, transparency initiatives, and federal, state and local government, interagency and other constituent relations;
- (9) Jointly with the Committee on Capital Planning, Execution and Asset Management, have oversight of all environmental initiatives and policies of the Port Authority;
- (10) Have oversight of all legal matters of the Port Authority and review reports from the General Counsel concerning the status of pending or anticipated legal matters;
- (11) Review quarterly reports from the Executive Director to the Board on the Port Authority's efforts to implement performance improvement initiatives that focus on revenue generation, operating cost containment, and associated productivity and efficiency improvements, and to take appropriate remedial steps related thereto, and advise the Board with respect to the results of such review;
- (12) Have oversight of all sub-committees of the Committee; and
- (13) Review and assess the adequacy of this Charter from time to time and recommend any revisions to the Board for its approval.

CHARTER OF THE COMMITTEE ON SECURITY OF THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

This Charter was adopted by the Committee on Security (the “Committee”) with the approval on September 20, 2012 of the Board of Commissioners (the “Board”) of The Port Authority of New York and New Jersey (the “Port Authority”) to provide certain guidelines that the Committee shall follow in connection with the satisfaction of its responsibilities under the By-Laws of the Port Authority (“By-Laws”).

I. Function

The Committee shall be governed by the By-Laws and assist the Board in fulfilling its oversight responsibilities relating to the reform and continuing development of the Port Authority’s policies and practices related to security and the implementation and ongoing performance thereof.

II. Authority

The Committee has the authority (through the Board’s approval of this Charter) for and on behalf of the Port Authority to take any and all action to satisfy its responsibilities under the By-Laws and this Charter, including arranging for services to be received from external resources as deemed appropriate by the Committee. The Chairman of the Committee, in coordination with the Executive Director, shall assign executive management and support staff to serve as a continuing resource for the Committee.

The Committee has the authority to form subcommittees and assign tasks to those subcommittees as deemed appropriate by the Committee, but not otherwise delegate to such subcommittees the authority to take independent actions in connection with the satisfaction of the Committee’s responsibilities under the By-Laws and this Charter. Each subcommittee shall provide periodic reports to the Committee with respect to the performance of the assigned tasks and shall make recommendations to the Committee with respect to any actions to be considered by the Committee or the Board resulting from the performance of such tasks.

III. Meetings

The Committee shall meet as determined by the Chairman of the Committee, or at the request of the Chairman of the Port Authority, in connection with the satisfaction of the Committee’s responsibilities. In addition, to ensure effective communication and coordination between the Committees of the Board, the Committees shall meet with each other as determined by the Chairmen of the Committees, or at the request of the Chairman of the Port Authority.

Meetings of the Committee shall be conducted in accordance with the By-Laws. The Chairman of the Committee, in coordination with the Secretary, shall establish the agenda for each Committee meeting, and determine when the agenda requires that a matter be considered in closed, executive session of the Committee. The Secretary shall provide the Committee with all material information pertinent to matters appearing on the Committee agenda in sufficient time for the Committee to review such materials prior to the Committee meeting at which such matters are to be considered.

IV. Reports

The Committee shall provide, unless otherwise requested by the Chairman of the Port Authority, written communications, reports and recommendations to the Board on the results of its oversight and other activities, including any recommendations which in its opinion may be desirable regarding policies and procedures to govern the Port Authority.

V. Powers and Responsibilities

The Committee shall:

- (1) Have oversight of the reform, continuing development and implementation of all security functions at the Port Authority so as to ensure that security is a permanent agency-wide priority and that the Board and the staff are familiar with and committed to the security principles and programs that have been adopted by the Port Authority;
- (2) Have oversight of the establishment and operation of a Port Authority Security Department, and ensure that such department has the necessary powers, authority, and resources to effectively and efficiently implement the Port Authority's security mission;
- (3) Jointly with the Committee on Capital Planning, Execution and Asset Management, have oversight of the development and updating of the security component of the Port Authority's capital plans and programs;
- (4) Review quarterly reports from the Executive Director to the Board on the performance of the Port Authority and its related entities with respect to security matters, and assess the performance relative to specific performance metrics relevant to security matters;
- (5) Have oversight of annual security goals and the development and implementation of a security strategy across all facilities and line departments to achieve those goals;
- (6) Review (a) reports received from law enforcement personnel and regulators; and (b) other legal and regulatory matters that may have a material effect on Port Authority security matters and operations, including any significant liabilities or anticipated significant expenditures with respect thereto;

- (7) Review current and proposed security-related programs, policies, practices and compliance issues covering the Port Authority's facilities and operations, including: (a) the Port Authority's security assessment practices; (b) significant developments related to security that may have an impact on the Port Authority, and on its processes for complying with applicable laws and regulations; (c) information security, public disclosure and public relations; (d) development and implementation of security regulations for line departments and tenants; (e) measures taken to ensure compliance with applicable governmental security mandates; (f) establishment and implementation of an agency-wide cyber security program; (g) development and conduct of security-related training for all line departments and employees; (h) administration of current security-related capital and technology contracts; (i) engagement and management of security providers and subcontractors; (j) performance of self-assessments, site assessments and annual audits to monitor effectiveness; and (k) any significant liabilities or significant expenditures with respect thereto;
- (8) Review corporate trends and best practices generally with respect to security;
- (9) Review relevant governmental security standards and practices, including of those entities with jurisdiction within the Port District (and other standards which may be useful in determining best practices for the Port Authority), and make recommendations to the Board concerning appropriate practices;
- (10) Monitor applicable federal, state, and international legislative and regulatory initiatives and the Port Authority's activities and relationships with government authorities on security matters, and related significant matters of public policy;
- (11) Jointly with the Audit Committee, have oversight of the Port Authority's activities in connection with applications for designation and certification of various qualifying items under the Support Anti-Terrorism by Fostering Effective Technology ("SAFETY") Act;
- (12) Have oversight of all sub-committees of the Committee; and
- (13) Review and assess the adequacy of this Charter from time to time and recommend any revisions to the Board for its approval.

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

This Charter was adopted by the Audit Committee (the “Committee”) with the approval on September 20, 2012 of the Board of Commissioners (the “Board”) of The Port Authority of New York and New Jersey (the “Port Authority”) to provide certain guidelines that the Committee shall follow in connection with the satisfaction of its responsibilities under the By-Laws of the Port Authority (“By-Laws”).

I. Function

The Committee shall be governed by the By-Laws and assist the Board in fulfilling its oversight responsibilities relating to the accounting, auditing, financial reporting processes, and internal controls of the Port Authority.

II. Authority

The Committee has the authority (through the Board’s approval of this Charter) for and on behalf of the Port Authority to take any and all action to satisfy its responsibilities under the By-Laws and this Charter, including arranging for services to be received from external resources as deemed appropriate by the Committee. The Chairman of the Committee, in coordination with the Executive Director, shall assign executive management and support staff to serve as a continuing resource for the Committee.

The Committee has the authority to form subcommittees and assign tasks to those subcommittees as deemed appropriate by the Committee, but not otherwise delegate to such subcommittees the authority to take independent actions in connection with the satisfaction of the Committee’s responsibilities under the By-Laws and this Charter. Each subcommittee shall provide periodic reports to the Committee with respect to the performance of the assigned tasks and shall make recommendations to the Committee with respect to any actions to be considered by the Committee or the Board resulting from the performance of such tasks.

III. Meetings

The Committee shall meet as determined by the Chairman of the Committee, or at the request of the Chairman of the Port Authority, in connection with the satisfaction of the Committee’s responsibilities. In addition, to ensure effective communication and coordination between the Committees of the Board, the Committees shall meet with each other as determined by the Chairmen of the Committees, or at the request of the Chairman of the Port Authority.

Meetings of the Committee shall be conducted in accordance with the By-Laws. The Chairman of the Committee, in coordination with the Secretary, shall establish the agenda for each Committee meeting, and determine when the agenda requires that a matter be considered in closed, executive session of the Committee. The Secretary shall provide the Committee with all material information pertinent to matters appearing on the Committee agenda in sufficient time for the Committee to review such materials prior to the Committee meeting at which such matter is to be considered.

IV. Reports

The Committee shall provide, unless otherwise requested by the Chairman of the Port Authority, written communications, reports and recommendations to the Board on the results of its oversight and other activities, including any recommendations which in its opinion may be desirable regarding policies and procedures to govern the Port Authority.

V. Powers and Responsibilities

The Committee shall:

- (1) Have oversight of the quality and integrity of the Port Authority's framework of internal controls, compliance systems, and accounting, auditing and financial reporting processes and the identification and management of enterprise risks to the Port Authority.
- (2) In connection with its responsibilities related to Auditors and Auditor Independence:
 - a. Select pursuant to a competitive process the Independent Auditors to: (i) audit the financial statements, books and accounts of the Port Authority and its wholly-owned entities and (ii) be solely accountable to the Board and the Committee.
 - b. Have oversight of the activities of the Independent Auditors and receive direct reports from the Independent Auditors.
 - c. Review on at least an annual basis a formal written statement from the Independent Auditors that discloses all relationships between the Independent Auditors and its related entities and the Port Authority and its related entities, consistent with Independence Standards Board Standard No. 1, and any subsequent modifications.
 - d. Have the power to determine the compensation of the Independent Auditors and approve the Independent Auditor's fees.
 - e. Have the power to discharge the Independent Auditors when circumstances warrant.
 - f. Work to resolve any disagreements that arise between the Port Authority's financial management staff and the Independent Auditors and report any prolonged impasse to the Board.
 - g. Present an evaluation of the Independent Auditor's qualifications, performance and independence to the Board annually. To be in a position to make such evaluation, the Committee shall:
 - i. Obtain and review a report by the Independent Auditors describing: the firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by professional authorities, within the preceding five

years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues;

- ii. Review and evaluate the lead partner of the Independent Auditors; and
- iii. Review the Independent Auditor's performance with the executive staff involved in the financial management of the Port Authority;

h. Review any proposed services not specifically included in the engagement agreement which are to be provided to the Port Authority by the Independent Auditors.

(3) In connection with its responsibilities related to Financial Reporting:

- a. Meet with the Independent Auditors and executive staff involved in the Port Authority's financial management, prior to the annual audit to review the scope and audit procedures of the proposed audit and, at the completion of the audit, meet again with the Independent Auditors to review audit results and discuss the Independent Auditors' judgment, comments and recommendations about the quality, not just the acceptability, of the Port Authority's accounting principles as applied in its financial reporting.
- b. Review the annual audited financial statements, the written certification by the Executive Director and the Chief Financial Officer with respect thereto, and any interim financial statements released to the public, with executive staff involved in the financial management of the Port Authority and the Independent Auditors and with each of them separately.
- c. Recommend to the Board inclusion of the annual audited financial statements in the Port Authority's annual report and other publications, as appropriate.
- d. Obtain and review a report of the Independent Auditors prior to the release of any audited financial statements of the Port Authority with respect to:
 - i. all critical accounting policies and practices to be used;
 - ii. all alternative treatments of financial information within generally accepted accounting principles that have been discussed with those involved in the financial management of the Port Authority, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the Independent Auditors; and
 - iii. other material written communications between the Independent Auditors and those involved in the financial management of the Port Authority, such as any management letter or schedule of unadjusted differences.

- e. Review any major changes to the Port Authority's auditing and accounting principles and practices as suggested by the Independent Auditors or executive staff involved in the financial management of the Port Authority.
 - f. Review with the Independent Auditors and the executive staff involved in the financial management of the Port Authority, the extent to which changes or improvements in financial or accounting practices have been implemented.
 - g. Discuss with the Independent Auditors their evaluation of the Port Authority's financial, accounting and auditing personnel and the cooperation that the Independent Auditors received during the course of their audit, and any audit problems or difficulties, including any restrictions on the scope of work or access to required information and management's response to the problem or difficulty.
 - h. Establish regular and separate systems of reporting to the Committee by executive staff involved in the financial management of the Port Authority, and the Independent Auditors regarding any significant judgments made by executive staff involved in the financial management of the Port Authority in preparation of the financial statements and the view of each as to appropriateness of such judgments.
 - i. Discuss with the appropriate members of the executive staff of the Port Authority, the Port Authority's major financial risk exposures and the steps taken to monitor and control such exposures, including the Port Authority's risk assessment and risk management policies.
- (4) In connection with its responsibilities related to Compliance and Internal Controls:
- a. Establish and maintain procedures for the receipt, retention and treatment of complaints received by the Port Authority regarding accounting, internal accounting controls or auditing matters (including anonymous submission of concerns about questionable accounting or auditing practices), including protocols by which such matters are assigned to the appropriate department within the Port Authority and reported to the Committee.
 - b. Have oversight of the Port Authority's compliance with legal or regulatory requirements relating to accounting, auditing, financial reporting and/or internal controls.
 - c. Review with the Independent Auditors and executive staff involved in the financial management of the Port Authority, the adequacy and effectiveness of the accounting and financial controls of the Port Authority, and elicit any recommendations for the improvement of such internal control procedures or particular areas where new or more detailed controls or procedures would be desirable. Particular emphasis will be given to the effectiveness of such internal controls to prevent, as well as detect, any payments, transactions or procedures that might be deemed illegal or otherwise

improper, in recognition of the principle that the cost of internal controls should not outweigh their benefits.

- d. Review the findings of any examinations by regulatory and other third party agencies.
- (5) In connection with its responsibilities related to Internal Audit:
 - a. Review the performance and effectiveness of the Port Authority's internal audit function, including the budget, staffing, organization, independence and proposed audit plans of the Audit Department.
 - b. Have the final authority to review and approve the annual audit plan.
 - c. Review a summary of findings from completed internal audits and a progress report on the proposed internal audit plan.
 - (6) In connection with its responsibilities related to the Inspector General:
 - a. Receive from the Inspector General reports regarding concerns and complaints received by the Office of the Inspector General involving wrongdoing, fraud, waste and abuse by a Commissioner, officer or employee of the Port Authority, or by a third party doing business with the Port Authority.
 - b. Establish and maintain procedures for receiving reports submitted by the Inspector General to the Committee, provided, however, that such procedures shall not limit the Inspector General's independence and freedom from interference in the conduct of the Inspector General's responsibilities.
 - (7) Review with General Counsel, on not less than a semiannual basis, all material litigation and other significant legal matters that may have a material impact on the Port Authority's financial reporting and internal controls;
 - (8) Jointly with the Committee on Security, have oversight of the Port Authority's activities in connection with applications for designation and certification of various qualifying items under the Support Anti-Terrorism by Fostering Effective Technology ("SAFETY") Act;
 - (9) Have oversight of all sub-committees of the Committee; and
 - (10) Review and assess the adequacy of this Charter from time to time and recommend any revisions to the Board for its approval.

**CHARTER OF THE COMMITTEE ON GOVERNANCE AND ETHICS OF THE
BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF NEW YORK AND
NEW JERSEY**

This Charter was adopted by the Committee on Governance and Ethics (the “Committee”) with the approval on September 20, 2012 of the Board of Commissioners (the “Board”) of The Port Authority of New York and New Jersey (the “Port Authority”) to provide certain guidelines that the Committee shall follow in connection with the satisfaction of its responsibilities under the By-Laws of the Port Authority (“By-Laws”).

I. Function

The Committee shall be governed by the By-Laws and assist the Board in fulfilling its oversight responsibilities relating to the development of, and compliance with, the governance and ethics principles of the Port Authority.

II. Authority

The Committee has the authority (through the Board’s approval of this Charter) for and on behalf of the Port Authority to take any and all action to satisfy its responsibilities under the By-Laws and this Charter, including arranging for services to be received from external resources as deemed appropriate by the Committee. The Chairman of the Committee, in coordination with the Executive Director, shall assign executive management and support staff to serve as a continuing resource for the Committee.

The Committee has the authority to form subcommittees and assign tasks to those subcommittees as deemed appropriate by the Committee, but not otherwise delegate to such subcommittees the authority to take independent actions in connection with the satisfaction of the Committee’s responsibilities under the By-Laws and this Charter. Each subcommittee shall provide periodic reports to the Committee with respect to the performance of the assigned tasks and shall make recommendations to the Committee with respect to any actions to be considered by the Committee or the Board resulting from the performance of such tasks.

III. Meetings

The Committee shall meet as determined by the Chairman of the Committee, or at the request of the Chairman of the Port Authority, in connection with the satisfaction of the Committee’s responsibilities. In addition, to ensure effective communication and coordination between the Committees of the Board, the Committees shall meet with each other as determined by the Chairmen of the Committees, or at the request of the Chairman of the Port Authority.

Meetings of the Committee shall be conducted in accordance with the By-Laws. The Chairman of the Committee, in coordination with the Secretary, shall establish the agenda for each Committee meeting, and determine when the agenda requires that a matter be considered in closed, executive session of the Committee. The Secretary shall provide the Committee with all material information pertinent to matters appearing on the Committee agenda in sufficient time for the Committee to review such materials prior to the Committee meeting at which such matters are to be considered.

IV. Reports

The Committee shall provide, unless otherwise requested by the Chairman of the Port Authority, written communications, reports and recommendations to the Board on the results of its oversight and other activities, including any recommendations which in its opinion may be desirable regarding policies and procedures to govern the Port Authority.

V. Powers and Responsibilities

The Committee shall:

- (1) In connection with its Governance responsibilities:
 - a. Assist in identifying qualifications for prospective appointments to the Board;
 - b. Evaluate the performance of the Board and its members;
 - c. Lead the Board in an annual review and evaluation of the Board's performance;
 - d. Lead the Board in an annual review and evaluation of the performance and effectiveness of the Board Committees;
 - e. Ensure that the Board and staff are familiar with and committed to the ethics principles and programs that have been adopted by the Port Authority;
 - f. Assist the Board in fulfilling its oversight responsibility relating to compliance with legal and regulatory requirements;
 - g. Ensure that the Inspector General shall continue to be independent and free from interference in the conduct of the Inspector General's responsibilities;
 - h. Make recommendations to the Chairman of the Port Authority concerning the size, composition, and organization of Board Committees;
 - i. Make recommendations to the Chairman of the Port Authority concerning policies and practices relating to Board operations, policies and practices for members of the Board, and associated matters of corporate governance;

- j. Lead the Board in an annual review and evaluation of the Executive Director's performance; and
 - k. Review corporate trends and best practices generally with respect to governance procedures;
- (2) In connection with its Ethics oversight responsibilities:
- a. Review the Code of Ethics and Financial Disclosure presently applicable to the staff, and the Commissioners' Ethics Policy to which the Board has subscribed;
 - b. Recommend, develop, and maintain a Code of Ethics for the members of the Board and staff;
 - c. Reassess the adequacy of the Code of Ethics on an annual basis;
 - d. Review the independence and objectivity of the members of the Board on a periodic basis (no less than once per year);
 - e. Review corporate trends and best practices generally with respect to ethics policies and procedures;
 - f. Annually review the ethical standards of the States of New York and New Jersey (and other standards which may be useful in determining best practices for the Port Authority), and make recommendations to the Board concerning appropriate practices. Such practices shall include adoption of the higher ethical standard when the two States apply different standards to the same conduct or situation; and
 - g. Ensure that each member of the Board has received training with respect to the ethical standards applicable to the member as an unsalaried public officer from the member's state of appointment;
- (3) In connection with its Compliance oversight responsibilities:
- a. Review and have oversight of compliance with the Code of Ethics for the Board of Commissioners and for the staff; and
 - b. Consider compliance matters, which are not primarily related to accounting, auditing, financial reporting, and/or internal controls;
- (4) Have oversight of all sub-committees of this Committee; and
- (5) Review and assess the adequacy of this Charter from time to time and recommend any revisions to the Board for its approval.

**NEWARK LIBERTY INTERNATIONAL AIRPORT – CENTRAL TERMINAL AREA –
27-KILOVOLT ELECTRICAL DISTRIBUTION LOOP CLOSURE – PROJECT
AUTHORIZATION**

It was recommended that the Board authorize: (1) a project for system enhancements to the Public Service Electric and Gas Company (PSE&G) electrical distribution service in the Central Terminal Area (CTA) at Newark Liberty International Airport (EWR), to upgrade the infrastructure and enhance operations, at a total project cost of \$8.9 million; and (2) the Executive Director to enter into agreements with PSE&G for the design and construction of electrical distribution work associated with this project, including granting PSE&G access rights to Port Authority property, at an estimated total cost of \$7.5 million, which is included within the total project cost.

The existing PSE&G electrical service was installed during the original construction of the CTA in 1968. The Port Authority has requested that PSE&G initiate modifications to the CTA electrical infrastructure, to provide alternate power delivery routes for the area, which would be accomplished by extending the existing service back to the PSE&G substation and installing isolation switches at four critical locations around the existing and proposed electrical loop. This would effectively create a backup electrical service, improving the reliability of electrical service to Terminals A, B and C, Switch House No. 2 (Runway 11/29 runway lights and associated taxiways), the fuel farm, the Marriott Hotel, the Federal Aviation Administration Tower and the Central Heating and Refrigeration Plant.

The existing electrical installation is, and the proposed new installation would be, a wholly owned asset of PSE&G. PSE&G would develop the design and submit it as a Tenant Construction Alteration Process application, to verify compliance with Port Authority standards. The Port Authority would reimburse PSE&G for all design and construction costs.

Once complete, the newly enhanced CTA electrical distribution loop would allow for the complete isolation of any of four distinct zones on the CTA to bypass a damaged segment while simultaneously backfeeding electrical power to the adjacent segments. This effectively would maintain service to the majority of the facility, minimize reliance on diesel-powered backup generators (thus reducing fuel consumption) and reduce emissions from aircraft due to slower pace of air traffic.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bagger, Holmes, Lynford, Moerdler, Pocino, Rechler, Rubin, Samson, Schuber and Steiner voting in favor; Commissioner Sartor recused and did not participate in the consideration of, or vote on, this item. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that a project for system enhancements to the Public Service Electric and Gas Company (PSE&G) electrical distribution service in the Central Terminal Area at Newark Liberty International Airport, to upgrade the infrastructure and enhance operations, at a total project cost of \$8.9 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 PSE&G for the design and construction of electrical distribution work associated with the foregoing project, including granting PSE&G access rights to Port Authority property, at an estimated cost of \$7.5 million, which is included within the total project cost; 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.

JOHN F. KENNEDY INTERNATIONAL AIRPORT – BUILDING 78 – ARK DEVELOPMENT, LLC – LEASE AYE-245 – NEW LEASE

It was recommended that the Board authorize the Executive Director to enter into a lease agreement with ARK Development, LLC (ARK) for Building 78 at John F. Kennedy International Airport (JFK), consisting of a total of approximately 172,165 square feet of office/warehouse space and approximately 14.4 acres of ground area, for a term of 20 years, with ARK having one five-year extension option, to provide for: (1) the development of the premises to accommodate an animal handling facility, full service veterinary clinic and hospital; and (2) the development of an air cargo handling facility. ARK would have a conditional, exclusive right to develop and operate an animal handling facility at JFK for only the first ten years of its lease agreement.

Under the proposed lease, ARK would invest approximately \$30 million to develop approximately 108,650 square feet of the office/warehouse space for a business center, animal handling modules and a full-scale veterinary hospital, as well as approximately 6.5 acres of ground area for ramp parking, public/employee parking, and land use for animal handling. Under the guidance of Cornell University, the veterinary hospital would establish an equine medical and surgical practice at JFK. ARK also would invest approximately \$2 million to develop a cargo handling facility, consisting of approximately 63,515 square feet of office/warehouse space for general administrative and office functions for cargo operations, as well as approximately 7.9 acres of ground area for the receipt and transportation of air cargo, ramp parking and public/employee parking. The aggregate rental over the initial term of the lease would be approximately \$108.6 million, of which \$62 million would be guaranteed fixed ground and building rent and the balance would be participatory, in the form of percentage rent on gross receipts.

ARK would develop, finance, construct, operate, and manage the animal handling, equine quarantine, veterinary and boarding center at JFK. ARK would provide both airside and landside services necessary for boarding, kenneling, quarantine, import, export, and general transportation of large and small animals. In addition, a portion of the facility would be used for the receipt, storage and distribution of air cargo, and related administrative or office functions, which ARK plans to sublet to an air cargo operator(s).

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bagger, Holmes, Lynford, Moerdler, Pocino, Rechler, Rubin, Samson, Sartor, Schuber and Steiner voting in favor. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

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 ARK Development, LLC for Building 78 at John F. Kennedy International Airport, consisting of a total of approximately 172,165 square feet of office/warehouse space and approximately 14.4 acres of ground area, for a term of 20 years, with ARK having one five-year extension option, substantially in accordance with the terms outlined to the Board; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into any other contracts and

agreements necessary or appropriate in connection with the foregoing; and it is further

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

NEWARK LIBERTY INTERNATIONAL AIRPORT AND STEWART INTERNATIONAL AIRPORT – ENERGY CONSERVATION IMPROVEMENTS TO BE IMPLEMENTED ON A PERFORMANCE BASIS – PROGRAM AUTHORIZATION – PHASE II

It was recommended that the Board authorize the Executive Director to take all actions necessary to implement the second phase of the Port Authority Multi-Facility Guaranteed Energy Savings Program (Program), under which the Port Authority would contract with an Energy Service Company (ESCO), Honeywell Building Solutions (Honeywell), through an existing call-in contract issued pursuant to a publicly advertised Request for Proposals (RFP) process, at an aggregate maximum price of \$12.2 million, to implement certain energy conservation improvements at Newark Liberty International Airport (EWR) and Stewart International Airport (SWF). These improvements would yield guaranteed annual operating savings of approximately \$1.43 million and approximately \$21.5 million in aggregate savings to the Port Authority over a 15-year term.

The scope of work under the proposed authorization includes implementation of energy conservation improvements, development of savings monitoring and verification plans, and analysis of baseline and post-installation energy use for each improvement. The proposed improvements at EWR, to be undertaken by Honeywell at an estimated cost of \$10.7 million, would include extensive interior and exterior lighting and control upgrades at multiple locations (including Terminal B, the Terminal C Parking Garage and the Central Heating and Refrigeration Plant), lighting and control upgrades at the Administration Building, Federal Inspection Services Building and AirTrain stations, heating upgrades at the AirTrain stations, and Northeast Corridor Station lighting, heating, ventilation and air conditioning and controls upgrades. The proposed improvements at SWF, to be undertaken by Honeywell at an estimated cost of \$1.5 million, would include lighting upgrades at several buildings, Main Terminal Building 128 Facility Management System control expansion and upgrades, Administration Building 138 boiler replacement, and installation of a rooftop photovoltaic array on the Main Terminal Building.

The Program would utilize the Energy Performance Contracting model, through which Honeywell would provide a turn-key solution, performing the audit, design, construction management and commissioning of improvements, while also assuming all technical and performance risks. Honeywell also would be responsible for identifying and pursuing grants and incentives available to reduce the total cost of improvements. The cost of the projects would be more than offset by resultant savings.

Each improvement would have a specific monitoring and verification plan, whereby Honeywell would verify its own performance to determine actual achieved energy consumption reductions, as is prevailing practice when Honeywell also will guarantee the savings. Contractually, the monitoring and verification would follow established industry protocol, to determine actual energy consumption reductions achieved, and the Port Authority may audit the monitoring and verification findings at any time – either by itself or through a third party. Port Authority staff also would track savings through utility bill analysis.

Honeywell would be compensated by the Port Authority through construction progress payments, based on the percentage completion of items identified in the project schedule, capped at the guaranteed maximum price provided in their accepted proposal. Honeywell has established

baseline energy usage figures for the project sites, based on metering of facility equipment, evaluation of facility occupancy characteristics, and analysis of actual utility bills – normalized for weather and other factors – and reviewed and approved by staff. Honeywell would perform an annual process of monitoring and verifying energy consumption reductions against this baseline, to ensure that guaranteed savings are realized. Honeywell would be obligated contractually to pay the Port Authority for a shortfall of expected consumption reductions and their attributed financial value, based on mutually agreed-upon escalation rates for energy market prices, or to modify improvements to ensure proper performance, as agreed by, and at no additional cost to, the Port Authority. In the event a specific work order were implemented at a cost below the guaranteed maximum price, the sum of the variance between the actual cost and the guaranteed maximum price would be shared between Honeywell and the Port Authority in a negotiated split, with Honeywell's share not to exceed 50 percent. If the parties were unable to resolve any disputes concerning energy savings calculations, disputes would be submitted to a third-party professional engineering firm for resolution.

In March 2010, through a competitive RFP process, the Port Authority established call-in agreements through which ESCOs (including Honeywell) performed audits of Port Authority/Port Authority Trans-Hudson Corporation (PATH) facilities and submitted proposals for energy conservation measures. After review of the proposals, work orders were issued for more detailed Investment Grade Audits, which resulted in the proposals for the energy upgrades at various Port Authority/PATH facilities.

At its meeting on February 9, 2012, the Board authorized the Program, and authorized the Executive Director, on behalf of the Port Authority, to contract with ESCOs, Constellation Energy and Johnson Controls, Inc., through existing call-in contracts issued pursuant to a publicly advertised RFP process, at an aggregate maximum price of \$19.2 million, to implement certain energy conservation improvements at the Port Authority Bus Terminal/Lincoln Tunnel and the PATH Journal Transportation Center/Harrison Car Maintenance Facility. The current ESCO agreements extend through 2016, if the Port Authority exercises all available option periods.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bagger, Holmes, Lynford, Moerdler, Pocino, Rechler, Rubin, Samson, Sartor, Schuber and Steiner voting in favor. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to take all actions necessary to implement the second phase of the Port Authority Multi-Facility Guaranteed Energy Savings Program, under which the Port Authority would contract with Honeywell Building Solutions, through an existing call-in contract issued pursuant to a publicly advertised Request for Proposals process, at a total guaranteed maximum price of \$12.2 million, to implement certain energy conservation improvements at Newark Liberty International Airport and Stewart International Airport, substantially in accordance with the terms outlined to the Board; and it is further

RESOLVED, that the form of any contracts and agreements 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 – IMPLEMENTATION OF RADIO FREQUENCY IDENTIFICATION SYSTEM – AGREEMENT WITH SUSTAINABLE TERMINAL SERVICES, INC.

It was recommended that the Board authorize the Executive Director to enter into an agreement with Sustainable Terminal Services, Inc. (STS), a not-for-profit corporation composed of the major container terminal operators at the Port of New York and New Jersey (Port), to provide for the Port Authority to fund a portion of the approximately \$6.5 million cost of implementing a Radio Frequency Identification (RFID) system at the Port Authority's container terminal facilities at Port Newark, the Elizabeth-Port Authority Marine Terminal, the Port Jersey-Marine Terminal, the Howland Hook Marine Terminal and the Brooklyn-Port Authority Marine Terminal, at a cost to the Port Authority of \$808,875.

Truck drivers servicing the Port Authority's container terminals, which are designated as secure areas under federal maritime security regulations, are currently identified by using both a federally issued Transportation Workers Identification Credential and a Port Authority-issued SEA LINK® truck driver identification card. However, the trucks they operate are not uniformly identified. In order to enhance security and Maritime Domain Awareness (MDA), a component of the National Strategy for Maritime Security in the Port, an effective method of identifying and tracking truck traffic at the container terminals is required.

The RFID system would provide a secure and effective means of identifying and tracking the trucks that request access to secure areas of the Port Authority's marine terminal facilities. The agreement with STS would define the roles and responsibilities of the Port Authority and STS in coordinating efforts to implement and manage the RFID project. The STS and the Port Authority are functioning under a Federal Maritime Commission discussion agreement authorizing such parties to collaborate with respect to certain matters at the Port, effective February 10, 2011. Pursuant to federal law, Port Authority terminal operators are responsible to meet a minimum set of standards for the security of their premises, and the terminal operators have the authority to require RFID tags on all trucks requesting access to their terminals. Port Authority staff has identified RFID reader locations at the Red Hook Container and Barge Terminals for inclusion in the project, because the current interim terminal operator – Red Hook Container Terminal LLC – is not a party to the STS agreement. The RFID system would permit the terminal operators and, in turn, the Port Authority to identify and track the specific trucks that are accessing the terminals. The information also could be used to provide necessary alerts and early warnings of suspicious activity, as well as be a forensic tool in criminal investigations.

A series of installed RFID readers and exciters would capture information transmitted by active tamper-resistant RFID tags that would be installed on all trucks using the agency's Port facilities. Trucks without an RFID tag would be denied entry to the marine terminals. The data would be transmitted to a central server and distributed to each of the project participants, including the Port Authority. This would facilitate MDA by providing information such as the location of the truck, license plate number and owner/operator of the truck, as well as the time and date when the truck passed an RFID reader.

The estimated total cost of implementing and operating the RFID project through September 30, 2014 is \$6,471,000. STS has been awarded a United States Department of Homeland Security 2009 Port Security Grant, in the amount of \$4,853,250, to offset 75 percent of the cost of the system. Under this authorization, the Port Authority and STS would agree

each to pay half of the required local sponsor cost share of 25 percent, or \$1,617,750, at a cost of \$808,875 to both STS and the Port Authority. STS would solicit bids for the design, installation, maintenance, and operation of the RFID system, and award and manage the various contracts associated with the project. The Port Authority's financial exposure for the RFID project would be limited to \$808,875, and STS would be responsible for any additional costs over and above the \$6,471,000 project cost.

After September 30, 2014, each of the terminal operators would pay a *pro rata* share of the ongoing maintenance and operation of the RFID system, which is estimated at \$400,000 per year. The Port Authority's ongoing support of the RFID system after its initial contribution would be limited to the provision of existing SEA LINK® staff (an in-kind cost share) to issue and troubleshoot the RFID tags after the initial issuance has been completed. Due to the Port Authority's interest in this project, the terminal operators would not be charged a fee in connection with any Port Authority Tenant Alteration Application(s) required for the RFID project.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bagger, Lynford, Moerdler, Pocino, Rechler, Rubin, Samson, Sartor, Schuber and Steiner voting in favor; Commissioner Holmes recused and did not participate in the consideration of, or vote on, this item. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into an agreement with Sustainable Terminal Services, Inc., a not-for-profit corporation composed of the major container terminal operators at the Port of New York and New Jersey, to provide for the Port Authority to fund a portion of the approximately \$6.5 million cost of implementing a Radio Frequency Identification system at the Port Authority's container terminal facilities at Port Newark, the Elizabeth-Port Authority Marine Terminal, the Port Jersey-Marine Terminal, the Howland Hook Marine Terminal and the Brooklyn-Port Authority Marine Terminal, at a cost to the Port Authority of \$808,875; 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 VEHICLE ROADWAY NETWORK AND EASTSIDE TOUR BUS PARKING FACILITY – AUTHORIZATION TO AWARD A CONSTRUCTION TRADE CONTRACT FOR CONCRETE AND REINFORCING STEEL

It was recommended that the Board authorize the Executive Director to award an early-action construction trade contract, through construction manager Tishman Construction Corporation (Tishman), to Oliveira Contracting, Inc., for the furnishing and installation of concrete and reinforcing steel associated with the construction of the World Trade Center (WTC) Vehicle Roadway Network and Eastside Tour Bus Parking Facility (WTC Roadway Network), at an estimated total cost of \$5,804,552, inclusive of an eight-percent allowance for extra work.

The WTC Roadway Network is a sub-grade roadway network that will span the length of the East Bath tub and connect to the loading docks of Towers 2, 3 and 4, as well as to the WTC Transportation Hub. Once completed, the WTC Roadway Network will accommodate delivery trucks, improve the operation and efficiency of the WTC complex, and enhance accessibility and circulation within Lower Manhattan. The WTC Roadway Network is critical for the redevelopment of the WTC site and will play an important role in the safe and efficient delivery of goods and services to the WTC site facilities, as well as provide for new tour bus parking areas that will accommodate approximately 46 buses, which will alleviate the need for tour buses to park or idle on local streets.

The scope of work under the proposed contract includes the furnishing and installation of all concrete and reinforcing steel, including floor preparation, concrete topping slab, concrete walks, reinforcing steel and dowels, pedestrian ramp, including detectable warning surface, steel face integral curb, joint sealer, stairs, including nosing with photo-luminescent and abrasive strips, and high density rigid insulation infill, fire-safing and/or caulking. The scope of work was designed in coordination with Silverstein Properties Inc.'s work in Towers 2, 3 and 4, in order to facilitate construction and installation of stakeholder work. The recommended award is to the lowest price qualified proposer, Oliveira Contracting, Inc., which was selected by Tishman following a publicly advertised Request for Proposals process.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bagger, Holmes, Lynford, Moerdler, Pocino, Rechler, Rubin, Schuber and Steiner voting in favor; Commissioners Samson and Sartor recused and did not participate in the consideration of, or vote on, this item. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to award an early-action construction trade contract, through construction manager Tishman Construction Corporation, to Oliveira Contracting, Inc., for the furnishing and installation of concrete and reinforcing steel associated with the construction of the World Trade Center Vehicle Roadway Network and Eastside Tour Bus Parking Facility, at an estimated total cost of \$5,804,552, inclusive of an 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.

WORLD TRADE CENTER VEHICLE ROADWAY NETWORK AND EASTSIDE TOUR BUS PARKING FACILITY – AUTHORIZATION TO AWARD A CONSTRUCTION TRADE CONTRACT FOR ARCHITECTURAL FIT-OUT

It was recommended that the Board authorize the Executive Director to award an early-action construction trade contract, through construction manager Tishman Construction Corporation (Tishman), to Holt Construction Corp. for architectural fit-out work associated with the construction of the World Trade Center (WTC) Vehicle Roadway Network and Eastside Tour Bus Parking Facility (WTC Roadway Network), at an estimated total cost of \$5,522,011, inclusive of an eight-percent allowance for extra work.

The WTC Roadway Network is a sub-grade roadway network that will span the length of the East Bath tub and connect to the loading docks of Towers 2, 3 and 4, as well as to the WTC Transportation Hub. Once completed, the WTC Roadway Network will accommodate delivery trucks, improve the operation and efficiency of the WTC complex and enhance accessibility and circulation within Lower Manhattan. The WTC Roadway Network is critical for the redevelopment of the WTC site and will play an important role in the safe and efficient delivery of goods and services to the WTC site facilities, as well as provide for new tour bus parking areas that will accommodate approximately 46 buses, which will alleviate the need for tour buses to park or idle on local streets.

The scope of work under the proposed contract includes furnishing and installation of all architectural fit-out work, including masonry, carpentry, drywall, acoustical, insulation, hollow metal (doors/frames), finish hardware, painting, sealing concrete floors, ornamental metals, miscellaneous iron, signage, traffic markings, plumbing systems and fire-safing and/or caulking. The scope of work was designed in coordination with Silverstein Properties Inc.'s work in Towers 2, 3 and 4, in order to facilitate construction and installation of stakeholder work. The recommended awardee is the lowest price qualified proposer, Holt Construction Corp., which was selected by Tishman pursuant to a publicly advertised Request for Proposals process.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bagger, Holmes, Lynford, Moerdler, Pocino, Rechler, Rubin, Schuber and Steiner voting in favor; Commissioners Samson and Sartor recused and did not participate in the consideration of, or vote on, this item. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to award an early-action construction trade contract, through construction manager Tishman Construction Corporation, to Holt Construction Corp., for architectural fit-out work associated with the construction of the World Trade Center Roadway Network and Eastside Tour Bus Parking Facility, at an estimated total cost of \$5,522,011, inclusive of an 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.

WORLD TRADE CENTER SITE – AUTHORIZATION TO ENTER INTO A MEMORANDUM OF UNDERSTANDING WITH THE NATIONAL SEPTEMBER 11 MEMORIAL AND MUSEUM AT THE WTC FOUNDATION (MEMORIAL FOUNDATION) AND INCREASE IN AUTHORIZATION UNDER VARIOUS CONSTRUCTION TRADE CONTRACTS TO PERFORM SCOPE REQUESTED BY THE MEMORIAL FOUNDATION

It is recommended that the Board authorize: (1) the Port Authority to enter into a Memorandum of Understanding (MOU) with the Memorial Foundation to support the completion and opening of the National September 11 Memorial and Museum; and (2) the Executive Director to: (a) release the remaining existing Port Authority contingency funds from the previously authorized \$45 million, adjusted to \$38 million due to the waiver of \$7 million in contingency, towards the Memorial and Museum project, as necessary; (b) increase compensation to contractors performing work under various existing construction trade contracts and related services at the Memorial Museum and Memorial at an estimated aggregate amount of \$104.4 million; (c) accept the assignment of four construction trade contracts awarded by the Memorial Foundation for Museum Flooring, Painting and Ceramic Tile, at an estimated aggregate amount of \$2,885,385, inclusive of an eight-percent allowance for extra work; (d) increase compensation to Lend Lease Corporation, for associated construction and construction management services at an estimated amount of \$3 million; and (e) increase compensation to Thacher Associates, LLC to provide continued integrity monitoring services to support the project at an estimated amount of \$1 million; on behalf of the Port Authority and its wholly owned entities.

On September 10, 2012, the Governors of the States of New York and New Jersey and the Mayor of New York City announced a tentative agreement resolving certain issues pertaining to the continuing construction of the museum portion of the Memorial/Museum, providing for, among other matters, enhanced transparency of Memorial Foundation financial matters, increased site-wide coordination, protocols for the coordination of major events, the creation of an advisory committee to include members designated by the Governors of the States of New York and New Jersey, a clarification of the financial commitments of the Port Authority and the Memorial Foundation, including additional funding commitments, and an allocation of the responsibility for costs resulting from any design changes to the party initiating such change, and a reduction of anticipated overtime costs.

The proposed authorization will provide for the completion of construction of this critical project and support the desired schedules under a revised Memorial budget of \$718 million excluding the \$150 million infrastructure costs and waiver of the disputed amounts claimed by the Port Authority of \$156 million, which will bring the current estimated cost to complete the project, including contingency, retainage and previously owed amounts of \$255 million.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bagger, Lynford, Pocino, Rechler, Rubin, Schuber and Steiner voting in favor; Commissioners Holmes, Moerdler, Samson and Sartor recused and did not participate in the consideration of, or vote on, this item. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that the Port Authority be and is hereby authorized, to enter into a Memorandum of Understanding (MOU) with the National September 11 Memorial and Museum at the WTC Foundation; and it is further

RESOLVED, that the Executive Director be and is hereby authorized, to release the remaining existing Port Authority contingency funds from the previously authorized \$45 million, adjusted to \$38 million due to the waiver of \$7 million in contingency, towards the Memorial and Museum project, as necessary; and it is further

RESOLVED, that the Executive Director be and is hereby authorized, to increase compensation to contractors performing work under various existing construction trade contracts and related services at the Memorial Museum and Memorial at an estimated aggregate amount of \$104.4 million; and it is further

RESOLVED, that the Executive Director be and is hereby authorized, to accept the assignment of four construction trade contracts awarded by the Memorial Foundation for Museum Flooring, Painting and Ceramic Tile, at an estimated aggregate amount of \$2,885,385, inclusive of an eight-percent allowance for extra work; and it is further

RESOLVED, that the Executive Director be and is hereby authorized, to increase compensation to Lend Lease Corporation for associated construction and construction management services at an estimated amount of \$3 million; and it is further

RESOLVED, that the Executive Director be and is hereby authorized, to increase compensation to Thacher Associates LLC to provide continued integrity monitoring services to support the project at an estimated amount of \$1 million; and it is further

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

ADDENDUM

The following increases would be provided in the extra work allowances to construction trade contractors and related services for the performance of work for the Memorial Museum and Memorial Pavilion:

Memorial Museum Work

<u>Contractor</u>	<u>Scope of Work</u>	<u>Amount</u>
4Js Plumbing	Plumbing	\$2,585,634
Atlantic Hoist	Hoists	\$500,000
Celtic Sheetmetal	HVAC	\$3,798,945
Component Assembly	Rough Carpentry	\$6,838,601
Five Star Electric	Low Voltage Electrical	\$29,039,288
Grand Mechanical	HVAC Water	\$4,102,305
Hugh O'Kane	High Voltage Electrical	\$3,541,638
Island Diversified	WVS Cladding	\$1,235,303
Kelco	Landscaping	\$1,913,226
KC Fabricators	Bronze Name Parapets	\$62,863
KJC Waterproofing	Waterproofing	\$400,000
KSW Mechanical	Parapet Heating/Cooling	\$613,955
L&L Painting	Museum Painting	\$200,000
Long Island Fire Door	Doors & Hardware	\$580,865
Navillus Concrete	Superstructure Concrete	\$7,499,464
Navillus Sitework	Plaza Construction	\$3,866,871
PABCO Construction	Millwork	\$1,308,000
Patti & Sons	Spray-on Fireproofing	\$1,247,925
Port Morris Tile	Ceramic Tile	\$100,000
Port Morris Tile	Fountain Stone	\$143,935
Port Morris Tile	Plaza Pavers	\$2,631,813
R. Baker	Artifacts	\$1,206,453
Rael	Fire Protection	\$983,333
Skyline Steel	Plaza Misc. Metals	\$250,000
ThyssenKrupp	Elevators/Escalators	\$533,333
W&W Glass	Ornamental Metals	\$2,098,410
Woodworks Construction	Flooring	\$400,000

Memorial Museum**Pavilion Work**

<u>Contractor</u>	<u>Scope of Work</u>	<u>Amount</u>
FCS Painting	Painting	\$589,520
Forest Electric	Electrical	\$2,341,370
Island Acoustics	Carpentry	\$852,111
Johnson Controls	Building Management System	\$1,816,228
Long Island Fire Door	Hollow Metal & Hardware	\$141,360
Navillus Tile	Ceramic Tile	\$50,000
Navillus Concrete	Masonry	\$200,000
Patti & Sons	Spray-on Fireproofing	\$236,000
PGS Millwork	Millwork	\$280,946
PJ Mechanical	HVAC	\$2,540,536
Rael Sprinkler	Fire Protection	\$428,853
R&L Construction	Misc. Metals	\$316,667
Skeie	Auditorium Seating	\$50,000
Sorbara Concrete	Concrete	\$3,658,795
Taggart Plumbing	Plumbing	\$545,826
Towne & Country	Flooring	\$450,000
Tractel	Façade Maintenance Equipment	\$100,000
Wolkow Braker	Waterproofing	\$311,424
W&W Glass	Curtain Wall	\$2,899,672
W&W Steel	Pavilion Steel	\$7,698,676
Downtown Streetscape Partners	Design Services	\$200,000
C&C Industries, Inc.	Construction Support Services	\$1,000,000

The following construction trade contracts would be awarded for the performance of work for the Memorial Museum and Memorial Pavilion:

<u>Contractor</u>	<u>Scope of Work</u>	<u>Amount</u>
Skeie AS	Auditorium Seating	\$135,975
Woodworks Construction Company, Inc.	Flooring	\$1,617,840
L&L Painting Co., Inc.	Ceramic Tile	\$753,570
Port Morris Tile & Marble	Ceramic Tile	\$378,000

**EXPANSION OF PORT AUTHORITY REGIONAL AIRPORT SYSTEM CAPACITY –
STUDY OF ATLANTIC CITY INTERNATIONAL AIRPORT**

It was recommended that the Board authorize the Executive Director to retain consulting services, on an “as-needed” basis, to assist in a study of the feasibility of incorporating Atlantic City International Airport (AC Airport) into the Port Authority’s regional airport system to provide additional aviation capacity for the Port Authority, at an estimated total cost of \$3 million.

The process of retaining consulting services and commencing the feasibility study shall begin forthwith and without delay.

The Port Authority’s four major airports (John F. Kennedy International, Newark Liberty International, LaGuardia and Stewart International Airports) handled 105.9 million passengers in 2011 and are projected to handle 107.5 million in 2012. Staff projects that these airports, together with Teterboro Airport, will be expected to handle 125 million passengers annually by 2015 and 150 million by 2025. Even with proactive management and timely investments in these airport facilities to meet these demand projections, the Port Authority’s regional airport system is expected to experience continuing aircraft delays, a greater number of days approaching peak capacity, and deteriorating levels of service during peak customer periods. In view of its location, current configuration and potential for expansion, AC Airport may be uniquely positioned to provide a viable alternative for addressing these expected capacity constraints.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bagger, Holmes, Lynford, Moerdler, Pocino, Rechler, Rubin, Sartor, Schuber and Steiner voting in favor; Commissioner Samson recused and did not participate in the consideration of, or vote on, this item. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that the Executive Director be and he is hereby authorized to retain consulting services, on an “as needed” basis, to assist in a study of the feasibility of incorporating Atlantic City International Airport into the Port Authority’s regional airport system to provide additional aviation capacity for the Port Authority, at an estimated total cost of \$3 million, with such retention of consulting services and commencement of the feasibility study shall begin forthwith and without delay; and it is further

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

HOWLAND HOOK MARINE TERMINAL/PORT IVORY – NEW YORK CONTAINER TERMINAL, LLC – LEASE HHT-4 – AMENDED AND RESTATED AGREEMENT – LEASE HHT-6 AND RAILROAD OPERATING AGREEMENT – SUPPLEMENTS; AMENDMENT OF PRIOR RESOLUTION

It was recommended that the Board authorize: (A) the Executive Director to enter into the following agreements with New York Container Terminal, LLC (NYCT) relating to the letting and operation of the Howland Hook Marine Terminal (HHMT) and Port Ivory: (1) an amended and restated Lease No. HHT-4, amending the existing lease to provide: (a) the following credits, allowances and reimbursements to NYCT: (i) a credit for each drayage related movement handled at the HHMT that transits Port Authority Staten Island crossings, such credit not to exceed the annual throughput component of the rental under the existing agreement, (ii) a tenant capital improvement allowance of up to \$30 million, to be paid by the Port Authority based on actual expenditures incurred by NYCT for terminal improvements; (iii) reimbursement to NYCT of up to \$3.2 million for the demolition of Building 3 at the HHMT and for the paving of the area; and (iv) up to \$15 million to be provided over a five-year period from outside sources, including the Empire State Development Corporation; (b) deletion of the requirement that NYCT reimburse the Port Authority for up to \$5 million of the cost of roadway improvement work; (c) a restructuring of the annual throughput component of the rental under the existing agreement to include a Terminal Throughput Guarantee, consistent with the leases of other Port Authority container terminal operators; (d) a change to the use clause to allow for the handling of Containerized Municipal Solid Waste (CMSW) and to include a fee provision; and (e) an extension of the term of the letting for a 10-year period, through December 31, 2029, at existing terms and conditions (subject to the foregoing amendments), assuming satisfaction by NYCT of a requirement to make capital investments of at least \$10 million by December 31, 2018 (the HHT-4 Investment Requirement); (2) a supplement to Lease No. HHT-6 for the letting of Building 74/75 and associated open area at Port Ivory, to extend the term for a 10-year period, through December 31, 2029, at the existing terms and conditions, assuming satisfaction of the HHT-4 Investment Requirement; and (3) a supplement to the Railroad Operating Agreement for the operation and maintenance of ExpressRail Staten Island at Port Ivory, to extend the term for an approximately 12-year period, through December 31, 2029, assuming satisfaction of the HHT-4 Investment Requirement, and to change the use clause to allow for the handling of CMSW; and (B) an amendment to the resolution adopted June 22, 2010, entitled “Howland Hook Marine Terminal – Memorandum of Understanding with the New York City Economic Development Corporation Regarding the Construction of Roadway Improvements in Staten Island, New York”, to eliminate the requirement that NYCT reimburse to the Port Authority the funds to be provided to New York City Economic Development Corporation pursuant to the Memorandum of Understanding authorized by such resolution.

NYCT currently leases from the Port Authority the 148.35-acre HHMT and 4.65 acres of unimproved open area at the HHMT for the storage of chassis and other equipment in support of its container operations under Lease No. HHT-4, which expires in December 2019. Under the HHT-4 Investment Requirement, provided pursuant to the current authorization, NYCT would be expected to make capital investments (including the purchase of new cranes that would accommodate larger ships) of at least \$10 million.

The adjacent 124-acre Port Ivory site, acquired by the Port Authority in 2000, contains the first phase of ExpressRail Staten Island, constructed by the Port Authority and currently operated by NYCT under an agreement that expires in July 2016. The Port Ivory site also contains a 211,317-square-foot warehouse building (Building 74/75) that is currently leased to NYCT for warehousing and distribution purposes under an agreement that expires in December 2019. NYCT is also exploring the possibility of expanding its operations by developing Berth 4 at Parcel C within the Port Ivory site as a deep-water container terminal space.

The extension of NYCT's current leases and railroad operating agreement would be necessary in order for NYCT to amortize the investment to be made pursuant to the HHT-4 Investment Requirement. Accordingly, the term of the agreements would be extended, under this authorization, through December 31, 2029, subject to reduction for failure to fulfill the HHT-4 Investment Requirement. Extending the term of these agreements also would provide NYCT with additional time to explore the possible development of Berth 4 and the handling of CMSW. Allowing NYCT to handle CMSW (sealed, watertight and indistinguishable to the public eye) also would provide the agency with an opportunity to secure a new revenue-producing line of business and provide significant transportation benefits to the region.

The total aggregate rental over the extended terms of Lease HHT-4 and Lease HHT-6 would be approximately \$198.7 million, including guaranteed land rent and guaranteed throughput rent.

The resolution adopted on June 22, 2010 by the Committee on Operations, acting for and on behalf of the Board pursuant to delegated authority, entitled "Howland Hook Marine Terminal – Memorandum of Understanding with the New York City Economic Development Corporation Regarding the Construction of Roadway Improvements in Staten Island, New York", authorized a Memorandum of Understanding (MOU) with New York City Economic Development Corporation (NYCEDC), pursuant to which the Port Authority would provide funds to NYCEDC for the performance of certain roadway improvements; the said resolution provided that NYCT, pursuant to its Port Authority lease, would reimburse the Port Authority for such funds. Since, pursuant to this authorization, HHT-4 will be amended to delete NYCT's obligation to reimburse the Port Authority for roadway improvement costs, authorization is also sought to amend the June 22, 2010 resolution to eliminate the requirement that NYCT reimburse the Port Authority for the funds provided to NYCEDC pursuant to the MOU.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bagger, Holmes, Lynford, Moerdler, Pocino, Rechler, Rubin, Sartor, Schuber and Steiner voting in favor; Commissioner Samson recused and did not participate in the consideration of, or vote on, this item. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into the following agreements with New York Container Terminal, LLC (NYCT) relating to the letting and operation of the Howland Hook Marine Terminal (HHMT) and Port Ivory: (1) an amended and restated Lease No. HHT-4, amending the existing lease to provide: (a) the following credits, allowances and reimbursements to NYCT: (i) a credit for each drayage related movement handled at the HHMT that transits Port Authority Staten Island

crossings, such credit not to exceed the annual throughput component of the rental under the existing agreement, (ii) a tenant capital improvement allowance of up to \$30 million, to be paid by the Port Authority based on actual expenditures incurred by NYCT for terminal improvements; (iii) reimbursement to NYCT of up to \$3.2 million for the demolition of Building 3 at the HHMT and for the paving of the area; and (iv) up to \$15 million to be provided over a five-year period from outside sources, including the Empire State Development Corporation; (b) deletion of the requirement that NYCT reimburse the Port Authority for up to \$5 million of the cost of roadway improvement work; (c) a restructuring of the annual throughput component of the rental under the existing agreement to include a Terminal Throughput Guarantee, consistent with the leases of other Port Authority container terminal operators; (d) a change to the use clause to allow for the handling of Containerized Municipal Solid Waste (CMSW) and to include a fee provision; (e) an extension of the term of the letting for a 10-year period, through December 31, 2029, at existing terms and conditions (subject to the foregoing amendments), assuming satisfaction by NYCT of a requirement to make capital investments of at least \$10 million by December 31, 2018 (the HHT-4 Investment Requirement); (2) a supplement to Lease No. HHT-6 for the letting of Building 74/75 and associated open area at Port Ivory, to extend the term for a 10-year period, through December 31, 2029, at the existing terms and conditions, assuming satisfaction of the HHT-4 Investment Requirement; and (3) a supplement to the Railroad Operating Agreement for the operation and maintenance of ExpressRail Staten Island at Port Ivory, to extend the term for an approximately 12-year period, through December 31, 2029, assuming satisfaction of the HHT-4 Investment Requirement, and to change the use clause to allow for the handling of CMSW; all of the foregoing to be substantially in accordance with the terms outlined to the Board; and it is further

RESOLVED, that it be and it hereby is authorized to amend the resolution adopted June 22, 2010, entitled “Howland Hook Marine Terminal – Memorandum of Understanding with the New York City Economic Development Corporation Regarding the Construction of Roadway Improvements in Staten Island, New York”, to eliminate the requirement that NYCT reimburse to the Port Authority the funds to be provided to New York City Economic Development Corporation pursuant to the Memorandum of Understanding authorized by such resolution.

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into any other contracts and agreements necessary or appropriate in connection with the foregoing; and it is further

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

REGIONAL FERRY PROJECTS – INCREASE IN AUTHORIZATION – AGREEMENT WITH NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION FOR THE RESTORATION OF FERRY PIERS AT LIBERTY STATE PARK

It was recommended that the Board authorize: (1) an increase of \$23 million in the amount of the authorization for the implementation of ferry services from areas in New Jersey and New York to midtown and/or lower Manhattan; and (2) the Executive Director to enter into an agreement with the New Jersey Department of Environmental Protection (NJDEP) for the Port Authority to provide up to \$23 million of such funds for the restoration of three ferry piers and related infrastructure at Liberty State Park, to accommodate expanded ferry service from the park, as well as the Trans-Hudson Emergency Transportation Plan (THETP).

At its meeting of February 22, 2001, the Board authorized the provision of \$22 million for the design and installation of ferry landings and parking facilities, and other measures necessary for the development of ferry services from various locations in New York and New Jersey to midtown and/or lower Manhattan. To date, approximately \$21 million of that amount has been expended or pledged in support of such initiatives, including an interagency regional transportation assessment, proposed ferry landing feasibility studies, site development and capital infrastructure projects in several locations, including Yonkers and Brooklyn in New York and Edgewater in New Jersey.

Liberty State Park, which is operated by NJDEP, is located in Jersey City along the Hudson River and is one of the busiest State Parks in New Jersey. The historic Central Railroad of New Jersey (CRRNJ) Terminal is located on the park's waterfront, along with a dock that consists of three interior "finger" piers and two end (side-loading) piers. A temporary barge moored at the southern end of the dock, as part of the THETP, has required frequent maintenance since its installation in 2004. The northernmost pier and one interior finger pier have previously been restored. The National Parks Service and its ferry operator, Statue Cruises, currently utilize the CRRNJ Terminal and the northernmost pier.

Currently, 1 million visitors per year use ferry service from Liberty State Park to the Statue of Liberty and Ellis Island, which represents 20 percent of all visitors to these historic sites. The National September 11 Memorial & Museum at the World Trade Center (WTC) Foundation, Inc. has forecast that the WTC Memorial Museum will attract 5.5 million visitors per year, and, assuming a similar transportation trend, ferry demand at Liberty Park could increase by 1 million riders annually when the Memorial Museum opens. Restoration of the remaining three piers at Liberty State Park would accommodate expanded ferry service to lower Manhattan commercial and recreational sites, along with the Statue of Liberty and Ellis Island, and ensure the availability of a designated ferry site in support of the THETP.

In consideration of the funds to be provided by the Port Authority, NJDEP would be obligated to: (1) maintain the ferry piers and related infrastructure in a condition suitable for use in providing regular passenger ferry service, and for use in responding to emergencies and conducting emergency evacuations, for a minimum period of 20 years; and (2) enter into an agreement(s) with a ferry service provider(s) to provide regular passenger ferry service between the ferry piers and Ellis Island/Liberty Island/Lower Manhattan for as long as practicable during the aforementioned 20-year period.

The scope of work for the ferry piers rehabilitation project includes: restoration of the southern pier, two interior finger piers and four pedestrian transfer bridges; installation of new gangways; removal of the temporary barge; and other ancillary work. The design and rehabilitation of the piers would be managed by NJDEP, with Port Authority staff to review the project design documents and monitor the construction budget.

NJDEP has committed dedicated revenues sufficient to cover any potential construction overruns above the \$23 million estimated for the project.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bagger, Holmes, Lynford, Moerdler, Pocino, Rechler, Rubin, Samson, Schuber and Steiner voting in favor; Commissioner Sartor recused and did not participate in the consideration of, or vote on, this item. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that an increase of \$23 million in the amount of the authorization for the implementation of ferry services from areas in New Jersey and New York to midtown and/or lower Manhattan 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 an agreement with the New Jersey Department of Environmental Protection for the Port Authority to provide up to \$23 million of such funds for the restoration of three ferry piers and related infrastructure at Liberty State Park, to accommodate expanded ferry service from the park, as well as the Trans-Hudson Emergency Transportation Plan; 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.

CONFIDENTIAL ITEM

The Board took action in executive session on a security matter that shall remain confidential until such time as its publication is determined not to endanger the public interest.

TRIBUTE TO MICHAEL P. DEPALLO

The Board of Commissioners, upon the departure of Michael P. DePallo, Director of Rail Transit, unanimously adopted the following resolution.

WHEREAS, from the time he joined the Port Authority in April 1996 as Director of Rail Transit and General Manager of Port Authority Trans-Hudson Corporation (PATH), Michael DePallo has served with great pride and distinction and has given the full measure of his talent, skill, and ability to further the mission and goals of the Port Authority and the region it serves; and

WHEREAS, over the past 16 years, as General Manager of PATH, Michael DePallo has demonstrated an exceptional commitment to effectively operating and maintaining the PATH rail system as a vital element of the regional transportation system, providing a high level of customer service to the approximately 250,000 daily weekday passengers utilizing 13 PATH stations in New Jersey and New York each day; and

WHEREAS, under the leadership of Michael DePallo, PATH implemented numerous customer service initiatives, including an in-station broadcast system known as PATHVISION in 1998, the introduction of the SmartLink fare card in 2007, and the implementation of PATHAlerts to provide customers with real-time information regarding rail service in 2006, each of which provide for an enhanced customer experience through the use of technology; and

WHEREAS, Michael DePallo has overseen the planning and development of PATH's ongoing multi-billion dollar Modernization Program, which has provided for the purchase of a new fleet of PATH rail cars, effectively making PATH's fleet the newest in the country; the planning and design of a new signal system, which will ensure the long-term viability of PATH by bringing it into the 21st century, using the latest technology while continuing to provide customers with reliable and safe service; and infrastructure improvements to stations throughout the PATH system, while preparing to accommodate forecast future capacity requirements through planning for the expansion of certain platforms to accommodate 10-car trains, and the expansion and modernization of the Harrison Station; and

WHEREAS, Michael DePallo has played an instrumental role in the initiation, planning and completion of infrastructure-strengthening projects at the agency's PATH facilities, which have led to enhanced security at all PATH facilities, to ensure safer, more secure facilities that benefit our customers, employees and the region at large; and

WHEREAS, Michael DePallo has also served with great pride and distinction as a member of the Board of Directors of the American Public Transportation Association and as Chair of its Security Affairs Steering Committee, whose mission is to guide, coordinate, and help develop security initiatives and resources to strengthen the security of public transportation services and environments and to increase the visibility and awareness of public transportation security needs and priorities; and

WHEREAS, following the terrorist attacks of September 11, 2001, Michael DePallo played a prominent role in the oversight of a massive project for the restoration of PATH service to the Exchange Place Station and lower Manhattan, which was completed ahead of schedule, thereby returning this vital service to the people of the region; and

WHEREAS, in keeping with the agency's continuing tradition of excellence and achievement in public service to the region, Michael P. DePallo was a recipient of the James G. Hellmuth Unit Citation in 2004 for the restoration of PATH service to Exchange Place Station and lower Manhattan; and

WHEREAS, under the direction of Michael DePallo, PATH was the recipient of the American Public Transportation Association's Outstanding Public Transportation Systems Award in 1998, 1999 and 2002; and

NOW, therefore, be it

RESOLVED, that the Board of Commissioners do hereby express to Michael P. DePallo their sincere appreciation for his service to the Port Authority and Port Authority Trans-Hudson Corporation and the region they serve; and it is further

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

Whereupon, the meeting was adjourned.

Secretary