

# THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

## MINUTES

Thursday, September 30, 2010

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**MINUTES of the Meeting of The Port Authority of New York and New Jersey held Thursday, September 30, 2010 at 225 Park Avenue South, City, County and State of New York**

**PRESENT:**

**NEW JERSEY**

Hon. Anthony R. Coscia, Chairman  
 Hon. Virginia S. Bauer  
 Hon. Raymond M. Pocino  
 Hon. Anthony J. Sartor

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

Susan M. Baer, Director, Aviation  
 A. Paul Blanco, Chief Financial Officer  
 Ernesto L. Butcher, Chief Operating Officer  
 Steven J. Coleman, Assistant Director, Media Relations  
 Rebecca C. Croneberger, Assistant Director, Labor Relations  
 Michael P. DePallo, Director, Rail Transit  
 Gretchen P. DiMarco, Special Assistant to the Deputy Executive Director  
 Francis A. DiMola, Director, Real Estate and Development  
 John J. Drobny, Director, Security Projects  
 Michael G. Fabiano, Acting Chief Technology Officer  
 Michael A. Fedorko, Director, Public Safety/Superintendent of Police  
 Michael B. Francois, Chief, Real Estate and Development  
 Jennifer Friedberg, Public Information Officer, Media Relations  
 Glenn P. Guzi, Senior External Affairs Representative, Government and Community Affairs  
 Linda C. Handel, Deputy Secretary  
 Mary Lee Hannell, Director, Human Resources  
 Kara E. Hughes, Senior External Relations Client Manager, Government and Community Affairs  
 Howard G. Kadin, Esq., Law  
 John P. Kelly, Director, Media Relations  
 Victoria C. Kelly, Director, Tunnels, Bridges and Terminals  
 Kevin J. Kirchman, Director, Marketing and Special Events  
 Louis J. LaCapra, Chief Administrative Officer  
 Cristina M. Lado, Director, Government and Community Affairs  
 Conor Lanz, Special Assistant to the Executive Director  
 Richard M. Larrabee, Director, Port Commerce  
 Francis J. Lombardi, Chief Engineer  
 Stephen Marinko, Esq., Law  
 James E. McCoy, Manager, Board Management Support, Office of the Secretary  
 Sanjay S. Mody, Advisor to the Chairman  
 Anne Marie C. Mulligan, Treasurer  
 Diane Paonessa, Associate Board Management Support Specialist, Office of the Secretary  
 Jeffrey P. Pearse, Deputy Director, Aviation  
 Steven P. Plate, Director, World Trade Center Construction  
 Alan L. Reiss, Deputy Director, World Trade Center Construction

**NEW YORK**

Hon. Stanley E. Grayson, Vice-Chairman  
 Hon. H. Sidney Holmes III  
 Hon. Henry R. Silverman

Stephen H. Sigmund, Chief, Public and Government Affairs  
Timothy G. Stickelman, Assistant General Counsel  
Gerald B. Stoughton, Director, Financial Analysis  
Robert A. Sudman, Acting Comptroller  
David B. Tweedy, Chief, Capital Programs  
Lillian D. Valenti, Director, Procurement  
Sheree Van Duyne, Manager, Policies and Protocol, Office of the Secretary  
Andrew S. Warshaw, Chief of Staff to the Executive Director

Guest:

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

Speakers:

Margaret Donovan, Twin Towers Alliance  
Theodore J. Goodreau, Student, Rutgers Graduate School of Social Work  
Richard Hughes, Member of the Public

The public meeting was called to order by Chairman Coscia at 1:02 p.m. and ended at 1:24 p.m.

### **Action on Minutes**

The Secretary submitted for approval Minutes of the meeting of August 26, 2010. She reported that copies of these Minutes were delivered to the Governors of New York (in electronic form) and New Jersey (in paper form) on August 27, 2010. She reported further that the time for action by the Governors of New York and New Jersey expired at midnight on September 13, 2010.

Whereupon, the Board unanimously approved the Minutes of the meeting of August 26, 2010.

### **Report of Committee on Capital Programs/Agency Planning**

The Committee on Capital Programs/Agency Planning reported, for information, on matters discussed in public session at its meeting on September 30, 2010, which included discussion of an item for planning work to support a multi-phased expansion of the terminal at Stewart International Airport, 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 30, 2010, which included discussion of matters involving public safety or law enforcement, 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 30, 2010, which included discussion of items that authorize new leases at Newark Liberty International Airport as part of the fifth phase of the Terminals A and B concessions program, an agreement for the operation and maintenance of Teterboro Airport, supplemental lease agreements for Buildings 75 and 77 at John F. Kennedy Airport, an air service incentive program at Stewart International Airport, a new lease agreement at Port Newark for the continued operation of a vehicle processing facility and the operation of an intermodal rail terminal, a Memorandum of Agreement to provide for reimbursement to the Trust for Public Land for the cost of public access improvements to certain property in Staten Island, New York, known as North Shore Marina, in connection with the Hudson-Raritan Estuary Resources Program, and discussion of matters related to the purchase, sale or lease of real property, or securities where public disclosure would affect the value thereof or the public interest, and the report was received.

### **Report of Committee on Construction**

The Committee on Construction reported, for information, on matters discussed in executive session at its meeting on September 30, 2010, which included 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 session at its meeting on September 30, 2010, which included an update on the status of construction activities at the World Trade Center (WTC) site, discussion of an item that authorizes a project to expand the existing security monitoring and access control capabilities at interim facilities for the WTC site, and the award of a construction trade contract in connection with the WTC Vehicular Security Center and Tour Bus Parking Facility project, and the report was received.

## **STEWART INTERNATIONAL AIRPORT – PHASED TERMINAL EXPANSION – PLANNING AUTHORIZATION**

It was recommended that the Board authorize planning work, in an estimated amount of \$2 million, for a phased terminal expansion at Stewart International Airport (SWF) to provide for a multi-functional facility to accommodate the processing of international passengers from scheduled and itinerant operations, as well as increased domestic passenger activity.

SWF's passenger terminal is limited in its ability to process international traffic. Currently, the airport only can handle an occasional international flight of up to 20 passengers, outside of the terminal at a hardstand parking area. Earlier this year, the airport received approval from U.S. Customs and Border Protection (Customs) to develop a portion of the arrivals area as an interim federal inspection service (FIS) facility to process scheduled or itinerant international flights of approximately 200 passengers. Customs' regulations allow the interim facility to operate only if a domestic arrival does not occur simultaneously. In addition, the interim facility may be operated for only two years. The interim FIS is expected to be completed in November 2010.

Expanding the terminal is part of a larger effort to position the airport as a viable regional airport in the Hudson Valley and as an alternative gateway to the New York/New Jersey metropolitan region. The ability to attract and accommodate international carriers, charters, diversions and general/corporate aviation, however, requires a more permanent solution to international passenger screening. A terminal expansion is necessary to construct an adequate FIS facility and increase the terminal's overall capacity beyond its upper limit of approximately 1 million annual passengers.

The terminal expansion would be planned as a multi-phased project, with Phase I consisting of an approximate 25,000-square-foot expansion of the north side of the terminal, the relocation of the interim FIS operation and the construction of additional public restroom facilities. Contracts associated with this phase would cover the construction of the building shell and interior fit-out. Completion of Phase I would allow the terminal to handle simultaneous domestic and international arrivals. In addition, the expanded portion of the terminal could be used to handle increased domestic passenger activity when it is not handling international flights.

Phases II and III of the project will consist of customer service improvements, including an elevator and an automated baggage carousel, followed by the installation of office space and permanent walls to create a fully functioning FIS. Preliminary design also would be conducted for Phases II and III as part of this authorization. These phases would advance based on need, as passenger volumes increase.

Completion of the proposed planning effort is anticipated by December 2011. At that time, staff anticipates seeking project authorization for the construction of the building's shell.

The estimated \$2 million in planning costs are eligible for Passenger Facility Charges and Federal Airport Improvement funding.

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

**RESOLVED**, that planning work for a multi-phased terminal expansion at Stewart International Airport, in an estimated amount of \$2 million, be and it hereby is authorized; and it is further

**RESOLVED**, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to take action with respect to contracts for professional and advisory services and such other contracts and agreements as may be necessary to effectuate the foregoing planning work, pursuant to authority granted in the By-Laws or other resolution adopted by the Board; and it is further

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

**JOHN F. KENNEDY INTERNATIONAL AIRPORT – AMB PROPERTY, L.P. – BUILDINGS 75 AND 77 – SUPPLEMENTAL LEASE AGREEMENTS**

It was recommended that the Board authorize the Executive Director to enter into supplemental lease agreements with AMB Property, L.P. (AMB) for the continued letting of Building 75 and Building 77 at John F. Kennedy International Airport (JFK) through 2025. AMB has managed and operated these multi-tenant, multi-purpose facilities for over eight years, providing tenants, including federal agencies, cargo operators and freight forwarders, with space built to their specific requirements.

AMB is a leading owner, operator and developer of industrial property in some of the world's busiest distribution markets. The lease for Building 75 expires in June 2013, and the lease for Building 77 expires in November 2015. Many of AMB's tenants at JFK currently are prepared to renew long-term agreements. Extending the terms of the Port Authority's leases with AMB to 2025 would allow AMB to secure the pending lease renewals with its tenants and continue to maintain the high occupancy levels at each building.

AMB would make a total capital investment of \$3 million (\$1.5 million in each building) in upgrades and repairs that must be completed prior to the commencement of the extension periods. Under the proposed supplemental agreements, AMB would pay aggregate rentals over the extended terms of the supplemental lease agreements, at an estimated amount of approximately \$127 million. The Port Authority would have the right, under the Building 77 lease supplement, to recapture approximately one-half acre of vehicle parking area, should it be required for aeronautical enhancements. In such event, the Port Authority would provide AMB with replacement space adjacent to its premises.

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

**RESOLVED**, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into supplemental lease agreements with AMB Property, L.P. for the continued letting of Building 75 and Building 77 at John F. Kennedy International Airport, 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 agreements in connection with the foregoing shall be subject to the approval of General Counsel or his authorized representative.

**JOHN F. KENNEDY INTERNATIONAL AIRPORT – SHELTAIR AVIATION JFK, LLC  
– FIXED BASE OPERATOR AGREEMENT – NEW LEASE AYE-083**

It was recommended that the Board authorize the Executive Director to enter into a lease agreement with SheltAir Aviation JFK, LLC (SheltAir) for the management and operation of a fixed base operation (FBO) serving general aviation activity at the General Aviation Terminal (GAT) in Building 145 at John F. Kennedy International Airport (JFK).

Under the terms of the proposed agreement, SheltAir would lease approximately 4,300 square feet of space at the GAT in Building 145 and approximately 4.53 acres of land for a five-year term with one five-year renewal option, to be exercised at the discretion of the Port Authority. The term of the agreement would commence on or about November 1, 2010. Under the proposed agreement, SheltAir would replace the Port Authority as the provider of services to general aviation customers at JFK.

A Request for Proposals process was initiated to identify a dedicated entity that could implement a full range of services and improved amenities at the FBO, while providing the agency with additional revenues. The Port Authority received and evaluated three proposals. SheltAir was deemed the highest-rated proposer.

SheltAir would pay fixed ground and building rentals, as well as variable rent based on the number of gallons of jet fuel sold by SheltAir and percentage rent on gross receipts generated from other services provided by SheltAir, including terminal handling, parking and deicing. It is expected that the Port Authority would receive approximately \$3.18 million in fixed aggregate rent over the lease term. SheltAir would be responsible for environmental conditions at the leased premises above a baseline, with the initial baseline report to be conducted by SheltAir at its own cost and expense, subject to Port Authority acceptance. SheltAir has advised that it intends to invest approximately \$200,000 in renovations to Building 145 and \$700,000 in ground service equipment needed to support the operation of the FBO.

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

**RESOLVED**, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into a lease agreement with SheltAir Aviation JFK, LLC for the management and operation of a fixed base operation serving general aviation activity at the General Aviation Terminal in Building 145 at John F. Kennedy International Airport, substantially in accordance with the terms outlined to the Board; and it is further

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

**NEWARK LIBERTY INTERNATIONAL AIRPORT – TERMINALS A AND B  
CONCESSIONS PROGRAM – PHASE FIVE – NEW LEASE AGREEMENTS  
(ANC-203 THROUGH ANC-207 and ANC-217)**

It was recommended that the Board authorize the Executive Director to enter into six new concession leases for seven locations, constituting Phase Five of the concessions program for Terminals A and B at Newark Liberty International Airport (Airport). Phase Five would cover the leasing of approximately 10,383 square feet of space in Terminals A and B for the operation of these various concession establishments.

On July 26, 2007, the Board authorized the Executive Director to enter into a management agreement with Westfield Concessions Management, LLC (Westfield) for the management of the retail and food and beverage concessions at, and loading dock and storage facilities for, Terminals A and B at the Airport. That agreement was entered into for a seven-year term, which expires on August 31, 2014. The implementation of the concessions program is a multi-phase process. Phases One through Four of the program were authorized by the Board under separate actions from June 2008 through March 2010, which covered approximately 60,773 square feet of space in Terminals A and B for 57 concessions, including several newly created spaces under the Terminal B Modernization Project.

Each concessionaire would be obligated to pay the greater of a minimum annual guaranteed rent (MAG) or percentage rent based on the gross receipts of the concessionaire's operation. In addition, concessionaires would pay an additional promotion fee over the lease term. The concessionaires would be obligated to make an initial capital investment in connection with their occupancy of the leased premises, as well as a mid-term refurbishment investment. The Port Authority would retain the right to terminate the leases on 30 days' notice, without cause, in which event the Port Authority would be obligated to reimburse the concessionaires for their respective unamortized capital investments. The lease terms would be for seven or ten years.

Specific material terms of the concessions leases are as follows:

**OLDE MILL COMPANY, INC. d/b/a America! – Lease ANC-203**

Olde Mill Company, Inc. d/b/a America! would lease approximately 861 rentable square feet (rsf) of space in Terminal A for a specialty retail operation. The term of the letting would be for seven years from the Date of Beneficial Occupancy (DBO), commencing on or about August 1, 2011. The aggregate rental over the term of the lease would be approximately \$315,000 in MAG, in addition to the promotion fee.

**OLDE MILL COMPANY, INC. d/b/a Touch of Color – Lease ANC-204**

Olde Mill Company, Inc. d/b/a Touch of Color would lease approximately 759 rsf of space in Terminal A for a specialty retail operation. The lease term would be for seven years from the DBO, commencing on or about August 1, 2011. The aggregate rental over the lease term would be approximately \$245,000 in MAG, in addition to the promotion fee.

**ARA ROMANS, INC. d/b/a Golden Krust – Lease ANC-205**

ARA Romans, Inc. d/b/a Golden Krust would lease approximately 1,025 rsf of space in Terminal A for the operation of a food and beverage concession. The lease term would be for seven years from the DBO, commencing on or about August 1, 2011. The aggregate rental over the lease term would be approximately \$758,625 in MAG, in addition to the promotion fee.

**CBR SPECIALTY RETAIL, INC. d/b/a Creative Kidstuff – Lease ANC-206**

CBR Specialty Retail, Inc. d/b/a Creative Kidstuff would lease approximately 1,195 rsf of space for the operation of a specialty retail operation in Terminal A. The term of the letting would be for seven years from the DBO, commencing on or about August 11, 2011. The aggregate rental over the term of the lease would be approximately \$315,000 in MAG, in addition to the promotion fee.

**THE SWATCH GROUP, INC. d/b/a Swatch – Lease ANC-207**

The Swatch Group, Inc. d/b/a Swatch would lease approximately 1,144 rsf of space for the operation of a specialty retail operation in Terminal B. The term of the letting would be for seven years from the DBO, commencing on or about August 1, 2011. The aggregate rental over the term of the lease would be approximately \$350,000 in MAG, in addition to the promotion fee.

**HOST INTERNATIONAL, INC. d/b/a The Unusual Times and Belgian Beer Café – Lease ANC-217**

Host International, Inc. d/b/a The Unusual Times would lease approximately 1,144 rsf of space at one location and Belgian Beer Café would lease approximately 4,255 rsf at a second location for the operation of food and beverage concessions in Terminal B. The term of the letting would be for ten years from the DBO, commencing on or about August 1, 2011. The aggregate rental over the term of the lease would be approximately \$2,500,000 in MAG, in addition to the promotion fee.

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

**RESOLVED**, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into the six concession lease agreements set forth above, for a total of approximately 10,383 square feet of space in Terminals A and B at Newark Liberty International Airport, substantially in accordance with the terms outlined to the Board; and it is further

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

**TETERBORO AIRPORT – AWARD OF OPERATION AND MAINTENANCE AGREEMENT TO AFCO AVPORTS MANAGEMENT LLC D/B/A AVPORTS (AvPORTS)**

It was recommended that the Board authorize the Executive Director to: (1) enter into a negotiated five-year agreement with AFCO AvPORTS Management LLC d/b/a AvPORTS for continued operations and maintenance services at Teterboro Airport (TEB), at an estimated total amount of \$31.1 million for operating and maintenance expenses and an estimated management fee of \$1.8 million; and (2) exercise one five-year renewal option, at an estimated total amount of \$36.1 million for operating and maintenance expenses and an estimated management fee of \$2.1 million.

In June 2000, pursuant to a Request for Proposals process, the Board authorized a contract with American Port Services, Inc., now operating under the corporate name of AFCO AvPORTS Management LLC d/b/a AvPORTS, for the performance of all operations and maintenance services for landside and airside areas of TEB, at a total management fee of \$1.46 million for a five-year period. The contract included a five-year renewal option, for a total estimated management fee of \$1.65 million.

The renewal option was exercised, and the contract will expire on November 30, 2010. Two separate public solicitation efforts in 2008 to award a similar operations and maintenance contract for Stewart International Airport resulted in the receipt of only one qualified proposal, from AvPORTS. Based on those results and AvPORTS' excellent performance and significant experience, staff determined that negotiating a new contract with AvPORTS for TEB would be the best approach. In order to ensure that qualified contractors were provided an opportunity to express their interest in submitting a proposal, staff publicly advertised its intent to negotiate a new contract with AvPORTS. The agency did not receive any responses to that notice. Staff also has canvassed extensively the General Aviation community to identify potential operations and maintenance contractors, but was not able to identify other active operators. Therefore, staff recommended a negotiated contract with AvPORTS for the continued day-to-day operations and maintenance of TEB.

Under the proposed new contract, AvPORTS would continue to perform all airport operations and maintenance services on a continuous basis, providing an on-site manager and all appropriate personnel, equipment and materials. AvPORTS also would ensure compliance with Federal Aviation Administration operational safety certifications.

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

**RESOLVED**, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into an agreement with AFCO AvPORTS Management LLC d/b/a AvPORTS for operations and maintenance services at Teterboro Airport for a five-year term, at an estimated total amount of \$31.1 million and an estimated management fee of \$1.8 million; and it is further

**RESOLVED**, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to exercise one five-year renewal option to the foregoing agreement, in an estimated total amount of \$36.1 million for operations and maintenance services and an estimated management fee of \$2.1 million; 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.

**HUDSON-RARITAN ESTUARY RESOURCES PROGRAM – MEMORANDUM OF AGREEMENT WITH THE TRUST FOR PUBLIC LAND REGARDING PUBLIC ACCESS IMPROVEMENTS AT THE NORTH SHORE MARINA IN STATEN ISLAND, NEW YORK**

It was recommended that the Board authorize the Executive Director to enter into a memorandum of agreement (MOA) with the Trust for Public Land (TPL), a national non-profit land conservation organization, pursuant to which the Port Authority would provide up to \$3.5 million, on a reimbursement basis, toward TPL's costs to create public waterfront access to a piece of real property located at 1595 Richmond Terrace, Staten Island, New York (the Property), formerly known as the Blissenbach North Shore Marina, as part of the Port Authority's Hudson-Raritan Estuary Resources Program (Program). The Property, which consists of approximately 9.7 acres, was acquired in February 2004 pursuant to a prior MOA between the Port Authority and TPL as part of the Program.

At its meeting of July 26, 2001, the Board authorized the Program, to provide funding for the acquisition and improvement of strategic pieces of land to assure the timeliness and cost-effectiveness of facility expansion and redevelopment in the face of community concerns over loss of public access and natural resource areas and the impact from Port Authority facility operations. Under the Program, a total of \$60 million was allocated - \$30 million each for sites in the States of New York and New Jersey.

On March 20, 2003, the Committee on Operations authorized the provision of up to \$3,525,000, on a reimbursement basis, to TPL for it to purchase the Property for inclusion in the Program. The Property was deemed suitable for conservation, ecological enhancement, public access or environmental mitigation in support of Port Redevelopment, Economic Development or other Capital Programs, as ultimately being able to provide a rich estuarine wildlife habitat and community waterfront access. As a condition of reimbursement, TPL conveyed the Property to the New York City Department of Parks & Recreation (NYCDPR). The actual reimbursement amount was \$2,999,000.

NYCDPR has been unable to secure funding to move forward with certain environmental compliance necessary to allow public access to the Property.

The proposed funds to be provided by the Port Authority would be used for costs incurred by TPL for its work in preparation for the start of construction, including coordination with architects and contractors, project scoping, meeting any applicable permitting requirements, and construction bidding, as well as the construction of the following elements of the development of the Property: (1) any necessary soil removal and fill (to a level of two feet) for up to approximately four acres of upland area; (2) the creation of a lawn and meadow on the site; (3) construction of a fence; (4) the development of an area for arrival parking; and (5) pertinent landscaping and appropriate utility infrastructure improvements. These improvements would provide for public access up to approximately four acres of the Property, including waterfront access. These improvements are consistent with the stated purpose, scope and intent of the Program.

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

**RESOLVED**, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into a memorandum of agreement with the Trust for Public Land pursuant to which the Port Authority will provide up to \$3.5 million, on a reimbursement basis, toward the Trust for Public Land's costs to create public waterfront access to a piece of real property located at 1595 Richmond Terrace, Staten Island, New York, as part of the Hudson-Raritan Estuary Resources Program; and it is further

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

**GOETHALS BRIDGE – NATIONAL ESTUARY RESTORATION ACT –  
INDEMNIFICATION OF NEW YORK STATE DEPARTMENT OF  
ENVIRONMENTAL CONSERVATION AS NON-FEDERAL SPONSOR FOR  
OLD PLACE CREEK SALT MARSH RESTORATION PROJECT**

It was recommended that the Board authorize the Executive Director to enter into a memorandum of agreement (MOA) with the New York State Department of Environmental Conservation (NYSDEC) pursuant to which the Port Authority would indemnify and hold harmless NYSDEC, as the non-federal Sponsor of the Old Place Creek Salt Marsh Restoration Project, to be undertaken at a site adjacent to the Goethals Bridge. NYSDEC will indemnify the United States Army Corps of Engineers (Corps), by holding and saving it free from all damages arising from the design, construction, operation, maintenance, repair, rehabilitation and replacement of the Old Place Creek Salt Marsh, and any betterments, except for damages due to the fault or negligence of the Corps or its contractors.

The Old Place Creek Salt Marsh has been identified as suitable for habitat preservation and buffering from storm surge and erosion to the Goethals Bridge and roadway networks serving and served by the bridge, as well for minimizing drainage and erosion impacts to supporting structures of the Bridge. These benefits include the elimination/reduction of standing water on roadways, and the reduction of erosional forces. The restoration project is within the Port District on property owned by NYSDEC and maintained as a natural area. The project, which is being implemented by the Corps pursuant to the National Estuary Restoration Act, is funded through several sources, including a technical assistance grant from the Estuary Restoration Act of 2000.

The MOA with NYSDEC would provide for the indemnification of NYSDEC by the Port Authority, which is required as a predicate to fund for the project. NYSDEC has requested that the Port Authority participate in the project by indemnifying the State, as the State provides indemnification to the federal government. (Indemnification of the Corps by the non-federal sponsor, NYSDEC, is a prerequisite to the Corps' funding of the project.) The Port Authority indemnification would extend only through the construction phase of the project, because the Corps will enter into an agreement with NYSDEC to maintain the site, and the Corps' responsibility will terminate at that point. The Port Authority would be named as an additional insured by the Corps' contractors performing the restoration.

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

**RESOLVED**, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into a memorandum of agreement with the New York State Department of Environmental Conservation (NYSDEC) pursuant to which the Port Authority will indemnify NYSDEC, which, in turn, will indemnify the U.S. Army Corps of Engineers (Corps), for all damages arising from the design, construction, operation, maintenance, repair, rehabilitation and replacement of the Old Place Creek Salt Marsh Restoration Project adjacent to the Goethals Bridge and any betterments, except for damages due to the fault or negligence of the Corps or its contractors; and it is further

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

**STEWART INTERNATIONAL AIRPORT – AIR SERVICE DEVELOPMENT  
INCENTIVE PROGRAM – PROGRAM AUTHORIZATION**

It was recommended that the Board authorize the Executive Director to initiate a two-year air service incentive program, which would provide for financial and marketing incentives to passenger airlines and charter tour operators who initiate non-stop service to new markets from Stewart International Airport (SWF). Any new or incumbent carrier or charter tour operator providing scheduled non-stop passenger service to any destination currently not served from SWF would be offered: (1) a credit of up to \$525 per turn for Ground Handling service charges for the first 12 months of new non-stop service; and (2) marketing and advertising support valued at \$3 per outbound seat in the first 12 months of such new non-stop service, not to exceed \$150,000 per destination.

Since the Port Authority acquired SWF in November 2007, overall passenger enplanements at the airport have decreased by 57 percent, following an unprecedented spike in fuel costs, a severe and ongoing economic recession, and the subsequent loss of service from AirTran Airways and the now defunct Skybus Airlines.

In an effort to prevent a further reduction in air service at SWF, at its August 14, 2008 meeting the Board authorized a Retention Incentive Program, which provided for a waiver of certain fees and rentals for all airlines providing passenger air service at SWF for the period of September 1, 2008 through February 28, 2009. At that time, the Board was advised that the Retention Incentive Program was an interim measure while staff developed longer-term solutions to grow air service at SWF.

In view of the competition among airports for the acquisition of service to additional destinations, staff undertook a review of similar airports' actions to attract airlines. The proposed program, which is designed to encourage carriers to offer service to new routes by mitigating start-up risks and providing marketing support during the critical first year of service, will enable SWF to compete more effectively with other area airports, such as those in Albany, Hartford and Westchester County.

The proposed incentive program would be in effect from November 2010 through October 2012. Participating carrier or tour operators would receive incentives for no more than 12 months from the first date of service, which must be on or before October 31, 2012.

The total amount of expenses associated with the program would be determined by the flight activity, and the number of outbound seats, to new destinations. It is expected that additional revenue generated by increased flights and passenger traffic would more than offset the cost of the program.

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

**RESOLVED**, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to offer any new or incumbent carrier or charter tour operator beginning scheduled non-stop passenger service from November 1, 2010 through October 31, 2012 to any destination currently not served from Stewart International Airport (SWF) the following: (1) a credit of up to \$525 per turn for Ground Handling service charges for the first 12 months of such non-stop service to a destination currently not served by flights from SWF; and (2) marketing and advertising support valued at \$3 per outbound seat in the first 12 months of such service, not to exceed \$150,000 per destination; and it is further

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

**HARBOR DEEPENING (50-FOOT) PROJECT – PORT JERSEY CHANNEL – PORT JERSEY-PORT AUTHORITY MARINE TERMINAL – NAVIGATION RANGE TOWERS – BERTH DREDGING AND PROTECTION OF UTILITIES -- AGREEMENTS WITH PUBLIC AND PRIVATE ENTITIES**

It was recommended that the Board authorize: (1) the Executive Director to enter into appropriate agreements with public and private entities, which, among other provisions, may include indemnification agreements, to: (a) design and construct two new navigation range towers on Port Authority property to serve the Port Jersey Channel (Channel) and demolish two existing navigation range towers that will become obsolete when the Channel is deepened to 50 feet, at an estimated cost of \$800,000, with funding to come from the Port Authority's Bi-State Dredging commitment at the request of the State of New Jersey (State), provide for the future operation and maintenance of the new navigation range towers, and grant licenses, leases or easements, as may be required, in connection therewith; and (b) accomplish, design and construct berth dredging and associated protection measures for the Passaic Valley Sewerage Commissioners (PVSC) outfall tunnel, in connection with planned wharf and berth improvements to be constructed at the Port Jersey-Port Authority Marine Terminal (Port Jersey) on behalf of the Port Authority's lessee, Global Terminal & Container Services, LLC (Global) adjacent to the Federal Channel; and (2) General Counsel, in connection with such agreements, to sign a Certificate or Certificates of Authority, in the form required by United States Department of the Army Corps of Engineers (Corps), including but not limited to provisions to pay damages in accordance with the terms of the agreement with the Department of the Army, if necessary.

In July 2001, the Board authorized a Project Cooperation Agreement (PCA) with the United States Government, Department of the Army, for the 50-foot deepening and the selective widening of the New York/New Jersey harbor channels, and the Port Authority's payment of the \$1.1 billion local sponsor cost share of the total estimated project cost of \$2.3 billion. The Port Authority is participating in the deepening and widening of the Channel pursuant to the Harbor Deepening Project PCA, dated May 28, 2004, and the Port Jersey Channel PCA with the Department of the Army and the State, dated July 23, 2002, as revised by Modification No. 1, dated July 11, 2007. The State, acting through its Department of Transportation/Office of Maritime Resources (NJDOT/OMR), is funding the deepening of the Federal Channel to 50 feet pursuant to the terms of the Port Jersey Channel PCA.

Upon completion of the Channel deepening, vessel navigation will require the construction of two new navigation range towers on Port Authority property. Navigation ranges are markers placed on top of towers spaced apart at a specified distance to identify the centerline of the Channel. These range towers will allow a ship pilot approaching the Channel visually to align the vessel's path to help ensure a safe transit of the vessel. The two existing navigation range towers will need to be demolished. The State will fund the design, construction and removal work, which the Corps will perform, at an estimated cost of \$800,000, by utilizing Port Authority Bi-State Dredging monies. The United States Coast Guard will operate and maintain the new range towers.

At its meeting of April 30, 2009, the Board authorized the Executive Director to enter into all agreements necessary to acquire approximately 100 acres of property owned by Global, located on the Federal Channel in Bayonne/Jersey City, and to enter into a new 37-year lease with Global for the 100-acre parcel and approximately 70 acres of property at Port Jersey.

Pursuant to that authorization, Global is responsible for the surcharging (if required), development and construction of the site for use as a container terminal and for the expansion of the existing berth, including bulkhead strengthening and dredging. The Corps, in consultation with NJDOT/OMR and the PVSC, has determined that the 50-foot deepening of the Federal Channel, including planned wharf and berth improvements, which would be constructed on behalf of Global adjacent to the Federal Channel, could adversely affect the structural integrity of the subsurface PVSC outfall tunnel unless protective measures are undertaken.

In order to help ensure the timely construction of protective measures for the PVSC outfall tunnel, the NJDOT/OMR and PVSC have retained professional engineering consultants, who have developed the protective measures for the outfall tunnel, which are identified in a New Jersey Department of Environmental Protection Permit issued September 1, 2010. The cost of dredging and associated outfall tunnel protective measures within the Federal Channel would be funded by NJDOT/OMR, and within the planned Port Jersey berth deepening and wharf extension area by Global. The Corps has advised that, in order for it to include berth dredging and associated PVSC outfall tunnel protection measures within the planned berth deepening and wharf extension area in a contract for dredging and associated protection measures in the adjacent Federal Channel, the Port Authority would need to enter into an appropriate agreement with the Department of the Army, because the Port Authority is the non-federal sponsor of the Harbor Deepening Project PCA. At this time, the Corps has not supplied Port Authority staff with the form of agreement or agreements, including indemnification provisions, that it will require for the Corps to perform the requested work. In the past, in project cooperation agreements such as those referred to herein, the Corps has required the non-federal interest to provide an indemnification of the Department of the Army.

Accomplishing this work will contribute to the timely completion of the Harbor Deepening Project and help facilitate the expansion of container facilities at Port Jersey, which will result in improved efficiency at the Port of New York and New Jersey and enhance its competitive position. When completed, this work will help realize Harbor Deepening Project benefits, such as cleaner air from reduced truck traffic and cleaner waters associated with the advent of modern container/cargo ships.

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

**RESOLVED**, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into appropriate agreements with public and private entities which, among other provisions, may include indemnification agreements, to: (1) design and construct two new navigation range towers on Port Authority property to serve the Port Jersey Channel (Channel) and demolish two existing navigation range towers that will become obsolete when the Channel is deepened to 50 feet, at an estimated cost of \$800,000, with funding to come from the Port Authority's Bi-State Dredging commitment at the request of the State of New Jersey, provide for the future operation and maintenance of the new navigation range towers, and grant licenses, leases or easements, as may be required in connection therewith; and (2) accomplish, design and construct berth dredging and associated protection measures for the Passaic Valley Sewerage Commissioners outfall tunnel, in connection with planned wharf and berth improvements to be

constructed at the Port Jersey-Port Authority Marine Terminal on behalf of the Port Authority's lessee, Global Terminal & Container Services LLC, adjacent to the Federal Channel; and it is further

**RESOLVED**, that General Counsel be and he hereby is authorized, for and on behalf of the Port Authority, in connection with the foregoing agreements, to sign a Certificate or Certificates of Authority in the form required by United States Department of the Army Corps of Engineers, including, but not limited to, provisions to pay damages in accordance with the terms of the agreement with the Department of the Army, if necessary; and it is further

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

**DOWNTOWN RESTORATION PROGRAM – WORLD TRADE CENTER INTERIM SECURITY FACILITIES – PHASE I – PROJECT AUTHORIZATION AND AWARD OF SUPPLEMENTAL AGREEMENTS FOR SITE-WIDE LOGISTICS COORDINATION CENTER AND ASSOCIATED SYSTEMS**

It was recommended that the Board authorize: (1) a project to expand existing World Trade Center (WTC) site monitoring capabilities at interim security facilities, including associated equipment necessary for the Site-wide Logistics Coordination Center (SLCC), to support ongoing construction activities and the future public opening of WTC site facilities, at an estimated total project cost of \$5 million; and (2) the Executive Director to enter into supplemental agreements with Diebold Enterprise Security Systems, Inc. (Diebold) to provide for security system installation, integration and maintenance services for the SLCC systems and associated equipment necessary to effectuate the project.

The existing SLCC consists of a 1,045-square-foot access-controlled space with two workstations for security management and logistics management and a 57-inch operational video screen. Via several actions from early 2008 through 2009, the Executive Director authorized the award of certain contracts with Diebold and other entities for the design, testing, installation and maintenance of security systems and equipment to support construction operations at the WTC site. These contracts provided for the implementation of various infrastructure to monitor activity at the WTC site, including a perimeter closed-circuit television and digital video recording system, access control system, truck arrival scheduling system and a modular access control unit (*i.e.*, biometric iris scanning equipment). The existing systems provide for limited local and remote monitoring of activity at the WTC site.

With the increasing level of construction at the WTC site, as well as the commissioning and operation of the WTC Memorial plaza facility in 2011, additional security functionality will be required to ensure continued safe and secure WTC site operations. As such, the existing security systems will be enhanced to accommodate the additional security requirements at the WTC site.

The proposed project would enhance security to correspond with the scheduled opening of the Memorial Plaza on September 11, 2011, and support a secure environment for all WTC site stakeholders as other facilities begin operations in the coming years, including the WTC Memorial Museum, WTC Transportation Hub, WTC Vehicular Security Center and Tour Bus Parking Facility, and WTC retail facilities and commercial towers, until such time as a Site-wide Operations Coordination Center is constructed at the WTC site. The SLCC Phase II equipment, which would be subject to further authorization, will support security operations and situational awareness functions related to a Situational Awareness Platform Software system.

As part of the project, supplemental agreements to existing contracts would be required with Diebold, the contractor responsible for the installation and maintenance of existing security systems to be enhanced under the proposed project. The retention of Diebold to provide these additional services was recommended, in order to properly integrate the new equipment into the existing systems.

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

**RESOLVED**, that a project to expand existing World Trade Center site monitoring capabilities at interim security facilities, including associated equipment necessary for the Site-wide Logistics Coordination Center (SLCC), at an estimated total project cost of \$5 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 supplemental agreements with Diebold Enterprise Security Systems, Inc. to provide for security system installation, integration and maintenance services for the SLCC systems and equipment associated with the project, consistent with the terms outlined to the Board; and it is further

**RESOLVED**, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to take 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 resolutions adopted by the Board; 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 VEHICULAR SECURITY CENTER AND TOUR BUS PARKING FACILITY – AUTHORIZATION TO AWARD A CONSTRUCTION TRADE CONTRACT FOR STRUCTURAL STEEL AND INCREASE IN EXPERT PROFESSIONAL ARCHITECTURAL AND ENGINEERING SERVICES**

It was recommended that the Board authorize the Executive Director to: (1) enter into a construction trade contract, through construction manager Tishman Construction Corporation (Tishman), with W&W Steel Co. for structural steel work associated with the construction of the World Trade Center Vehicular Security Center and Tour Bus Parking Facility (WTC VSC), at an estimated total cost of \$45,956,160, inclusive of an eight-percent allowance for extra work; and (2) increase, by an estimated amount of \$3 million, the compensation under the Port Authority's existing agreement with Liberty Security Partners (LSP) for architectural and engineering services (Stage IV services) to support the construction of the WTC VSC Project.

The WTC VSC Project is critical for the redevelopment of the World Trade Center (WTC) site, because it will improve vehicular circulation and access within Lower Manhattan. Once completed, the WTC VSC will accommodate off-street screening of vehicles that enter the sub-grade roadway and loading docks, as well as new below-grade support for site-wide operations. The scope of work under the proposed construction trade contract includes the furnishing and installation of all structural steel columns, beams, girders, hangers, posts, framing, trusses and accessories for the WTC VSC, from the sub-basement level to and including the canopy roof level. The contract also would include the furnishing and installation of metal stairs and metal decking. The recommended award is to the lowest-price proposer, W&W Steel Co., which was selected by Tishman pursuant to a publicly solicited Request for Proposals process.

It is also necessary to increase the amount authorized under the existing agreement with LSP to provide for architectural and engineering services (Stage IV services) to support the construction of the WTC VSC Project. Since LSP's initial retention in September 2006, a total of \$50.4 million has been authorized for architectural and engineering design services to implement various components of the WTC VSC Project. Including the proposed increase, a total of \$53.4 million will have been authorized. Approximately \$40.6 million of that amount has been expended to date.

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

**RESOLVED**, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into a construction trade contract, through construction manager Tishman Construction Corporation, with W&W Steel Co. for structural steel work associated with the construction of the World Trade Center Vehicular Security Center and Tour Bus Parking Facility (WTC VSC), at an estimated total cost of \$45,956,160, inclusive of an eight-percent allowance for extra work; and it is further

**RESOLVED**, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to increase, by an estimated amount of \$3 million, the compensation under the existing agreement with Liberty Security Partners for architectural and engineering services to support the construction of the WTC VSC Project; and it is further

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

**PORT NEWARK – FAPS, INC. -- LEASE L-PN-309 – NEW LEASE – RAILROAD OPERATING AGREEMENT – LEASE L-PN-293 – SURRENDER AND TERMINATION AGREEMENT**

It was recommended that the Board authorize the Executive Director to enter into: (1) Lease L-PN-309 with FAPS, Inc. (FAPS) for the letting of approximately 104 acres at Port Newark for a term of approximately nine years and three months, commencing on or about October 1, 2010 and expiring on December 31, 2019, for the continued operation of a vehicle processing facility; (2) a Surrender and Termination Agreement providing for the termination of existing Lease L-PN-293 with FAPS at Port Newark and the surrender of a portion of the premises covered thereunder; and (3) a Railroad Operating Agreement with FAPS for the use and operation of an approximately 15-acre rail terminal, including all railroad tracks, adjacent to its leasehold at Port Newark for a term that is co-terminous with Lease L-PN-309, for the operation of an intermodal rail facility.

Under the new lease, FAPS would let the portion of the premises not surrendered under L-PN-293 and would pay rental as follows: (1) commencing on or about October 1, 2010, basic rental, subject to annual escalation, (2) commencing January 1, 2011, annual vehicle throughput rental based on vehicles handled by FAPS that enter the leasehold or are handled on the berth, and (3) commencing on or about October 1, 2010, an additional charge for non-waterborne vehicles handled by FAPS at the leased premises in excess of a specified maximum annual percentage. It is estimated that the total aggregate rental over the term of Lease L-PN-309 would be approximately \$71.9 million (not taking into account the rental under FAPS's existing lease, Lease L-PN-293).

In connection with the termination of Lease L-PN-293 and the surrender of a portion of the premises under that lease, the Surrender and Termination Agreement would require FAPS to pay to the Port Authority a termination fee (Surrender Fee) in the amount of \$1 million, which is to be incorporated into the vehicle throughput rental under Lease L-PN-309. The Surrender and Termination Agreement would acknowledge the elimination of FAPS's obligation under Lease L-PN-293 to demolish buildings on behalf of the Port Authority and the Port Authority's obligation to reimburse FAPS approximately \$4.25 million in connection with such demolition. It would acknowledge that FAPS would be relieved of the responsibility under Lease L-PN-293 to construct a vehicle storage facility. In addition, the Port Authority would be relieved of any obligation to deliver third-party leaseholds to FAPS or demolish any buildings, and would have the unrestricted right to enter into new leases and extend existing leases with any third parties on Port Newark North and Port Newark South. It also would acknowledge that the Port Authority has no obligation to close roads or deliver any road closure areas to FAPS for inclusion in its leasehold. The Surrender and Termination agreement also would contain a release from FAPS to the Port Authority for all claims relating to Lease L-PN-293.

The Railroad Operating Agreement would provide for the payment by FAPS of a usage fee, subject to annual escalation commencing January 1, 2012, for each vehicle that is imported and exported by railroad. The rail terminal would be open to all railroads and outside shippers for the import and export of cargo. FAPS would assume all maintenance and repair responsibilities at the site and be responsible for security of the terminal.

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

**RESOLVED**, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into: (1) Lease L-PN-309 with FAPS, Inc. for the letting of approximately 104 acres at Port Newark for a term of approximately nine years and three months, commencing on or about October 1, 2010 and expiring on December 31, 2019, for the continued operation of an auto-processing facility; (2) a Surrender and Termination Agreement for the termination of Lease L-PN-293 at Port Newark and the surrender of a portion of the premises covered thereunder; and (3) a Railroad Operating Agreement, to be co-terminous with Lease L-PN-309, for the use and operation of a rail terminal, including all railroad tracks, for the operation of an intermodal rail facility; each substantially in accordance with the terms outlined to the Board; and it is further

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

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

**PORT JERSEY-PORT AUTHORITY MARINE TERMINAL AND GREENVILLE YARD-PORT AUTHORITY MARINE TERMINAL – PURCHASE OF REAL PROPERTY AND OTHER ASSETS FROM THE PORT JERSEY RAILROAD COMPANY**

It was recommended that the Board authorize: (1) the purchase of certain assets of Port Jersey Railroad Company (PJRC), including approximately 6.2 acres of real property and certain easements located in Jersey City, New Jersey, railroad equipment and operating rights, at a purchase price not to exceed \$5.1 million; and (2) the assumption of PJRC's operating rights and Surface Transportation Board (STB) common carrier and related obligations, including the provision of continued freight rail service to existing PJRC customers at the Port Jersey Industrial Complex. The authorized actions would be undertaken by the Port Authority or, at the discretion of the Executive Director, a wholly owned entity of the Port Authority, such as the New York New Jersey Rail, LLC (Rail LLC).

At its meeting of October 18, 2007, the Board authorized a multi-modal Regional Goods Movement Improvement Program (Program) for the development of a comprehensive long-term goods movement plan. The Program provided for the assumption of the local sponsorship of the Environmental Impact Statement (EIS) for the Cross Harbor Freight Movement Project (CHFMP) and acceptance of federal earmarked funds for CHFMP-related freight studies and investments.

On August 14, 2008, the Board authorized the purchase of Rail LLC and its operation. Rail LLC is wholly owned by the Port Authority and is the operator of the only cross-Hudson River rail service in the Port District, operating rail car barge service between facilities in Brooklyn, New York, and Greenville Yard in Jersey City. The purchase of Rail LLC included, among other things, a lease of approximately 27 acres at Greenville Yard from the Consolidated Rail Corporation (Conrail) and rights to purchase certain property and riparian rights owned by Conrail at Greenville Yard.

At its meeting of April 30, 2009, the Board authorized, among other actions, the purchase of certain real property on the Port Jersey Peninsula from Global Terminal and Container Services, LLC (Global). The real property purchased from Global has been incorporated into a Port Authority facility known as the Port Jersey-Port Authority Marine Terminal (Port Jersey).

On May 18, 2010, the Board authorized the expenditure of up to \$118.1 million, including the acceptance of federal and state funds, for a project to put Rail LLC's rail car barge service (Float System) on a more efficient and reliable footing by completing actions necessary to comply with federal and state environmental review laws, and improving, rehabilitating, and developing the facilities used by Rail LLC. In addition, the Board authorized entering into an operating agreement with New York City Economic Development Corporation for the development and use of the 51<sup>st</sup> Street Rail Terminal and 65<sup>th</sup> Street Terminal in Brooklyn.

The Board's past authorizations were intended to improve the operations of the Float System and to lay the groundwork for integrated, multi-modal freight facilities at Port Jersey and Greenville Yard, including a unique and fully integrated intermodal container transfer facility at Greenville Yard (to be known as ExpressRail Port Jersey) and other rail facilities that may be constructed. The proposed authorization would be a step in furtherance of such previous

authorizations, by enhancing the development and operation of these facilities.

PJRC operates a short-line railroad at the Port Jersey Industrial Complex located in the Port Jersey/Greenville Yard section of Jersey City, and interchanges freight cars with Conrail. At the Port Jersey/Greenville Yard area, PJRC owns approximately 6.2 acres of land, various easements, operating rights, approximately 2.5 miles of rail track, and railroad equipment. PJRC services a warehouse complex adjacent to Port Jersey, and its rail trackage extends over a portion of Port Jersey. PJRC is privately held by two shareholders, and earlier this year, staff learned that the shareholders were interested in selling the company.

PJRC property interests and operating rights could severely limit the Port Authority's ability to develop and operate the expanded Port Jersey-Port Authority Marine Terminal, the planned ExpressRail Port Jersey facility and Greenville Yard. The timely acquisition of PJRC's assets would provide the Port Authority with the ability to develop these facilities, improve access between the marine terminal and the rail yards and secure assets for future development. The acquisition also would terminate the existing easement that prohibits any railroad company other than PJRC or Conrail from providing rail service to Port Jersey.

The total purchase price for the real property, easements, assets, and operating rights being acquired from PJRC would not exceed \$5.1 million. The acquisition of PJRC's assets would become effective after a required STB filing regarding the transaction, including a 30-day public notice period. As part of the sale, PJRC requires that the closing take place by December 31, 2010, and that the Port Authority enter into a four-year employment contract with its Vice President. As part of the acquisition process, General Counsel would retain a title company to secure title searches and title insurance, perform related services, and in connection therewith, to incur costs and execute on behalf of the Port Authority other agreements related thereto. The PJRC operation would function as a division of a wholly owned entity of the Port Authority, such as Rail LLC.

Under the terms of a confidentiality agreement with PJRC, this action would not be made available for public inspection until closing.

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

**RESOLVED**, that: (1) the purchase of certain assets of Port Jersey Railroad Company (PJRC), including approximately 6.2 acres of real property and certain easements located in Jersey City, New Jersey, railroad equipment and operating rights, at a purchase price not to exceed \$5.1 million, and (2) the assumption of PJRC's operating rights and Surface Transportation Board common carrier and related obligations, be and they hereby are authorized; and it is further

**RESOLVED**, that, in connection with the authorized purchase of such assets and the assumption of such rights and obligations, the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority or one of its wholly owned entities, to enter into a four-year employment agreement with the Vice President of PJRC; and it is further

**RESOLVED**, that the authorized purchase of the foregoing assets and the assumption of the foregoing rights and obligations, and the actions related thereto, would be undertaken by the Port Authority or, at the discretion of the Executive Director, through a wholly owned entity of the Port Authority, such as the New York New Jersey Rail, LLC; and it is further

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

**RESOLVED**, that General Counsel be and he hereby is authorized, for and on behalf of the Port Authority, in connection with the foregoing purchase, to retain a title company to secure title searches and title insurance, perform related services, and, in connection therewith, incur costs and execute on behalf of the Port Authority other agreements related thereto; 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.

**SETTLEMENT – THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY v. KLM  
ROYAL DUTCH AIRLINES**

It was recommended that the Board authorize General Counsel to settle an action brought by the Port Authority against KLM Royal Dutch Airlines (KLM), pending in the Supreme Court of the State of New York, New York County, to collect unpaid electricity charges (together with interest), in the total amount of \$900,000, to be paid to the Port Authority in three equal monthly installments over a three-month period beginning 30 days after the settlement agreement is signed.

On October 15, 2009, the Port Authority brought an action against KLM, a tenant at Cargo Building 261 at John F. Kennedy International Airport, for unpaid electricity charges. KLM initially disputed the billings, but now has agreed to pay the full amount (together with interest) for its electricity usage.

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

**RESOLVED**, that General Counsel be and he hereby is authorized, for and on behalf of the Port Authority, to settle an action brought by the Port Authority against KLM Royal Dutch Airlines for unpaid electricity charges at John F. Kennedy International Airport (together with interest), in the amount of \$900,000.

Whereupon, the meeting was adjourned.

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Secretary