Torres Rojas, Genara FOI #14286

From: kkullas@assetsearch.com
Sent: Thursday, September 19, 2013 2:02 PM
To: Duffy, Daniel
Cc: Torres Rojas, Genara; Van Duyne, Sheree; Qureshi, Ann
Subject: Freedom of Information Online Request Form

Information:

First Name: Karyn
Last Name: Kullas
Company: Investigative Network Inc.
Mailing Address 1: 424 E. Gurley St
Mailing Address 2:
City: Prescott
State: AZ
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Phone: 9288995995
Required copies of the records: Yes

List of specific record(s):
Requesting copies of the Minutes of the Annual Meetings of the Port Authority of NYNJ for the years 1985, 1986, 1987 and 1988.

THE PORT AUTHORITY OF NY & NJ

FOI Adm[illegible]

September 25, 2013

Ms. Karyn Kullas
Investigative Network Inc.
424 E. Gurley St.
Prescott, AZ 86301

Re: Freedom of Information Reference No. 14286

Dear Ms. Kullas:

This is a response to your September 19, 2013 request, which has been processed under the Port Authority's Freedom of Information Code (the "Code", copy enclosed) for copies of the Minutes of the Annual Meetings of the Port Authority for the years 1985, 1986, 1987 and 1988.

Material responsive to your request and available under the Code can be found on the Port Authority's website at http://www.panynj.gov/corporate-information/foi/14286-O.pdf.

Please refer to the above FOI reference number in any future correspondence relating to your request.

Very truly yours,

Ann L. Qureshi
FOI Administrator

Enclosure

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THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES
Thursday, September 12, 1985

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MINUTES of meeting of The Port Authority of New York and New Jersey held Thursday, September 12, 1985, at the Port Authority offices, One World Trade Center, City, County and State of New York. (338)

PRESENT:

NEW JERSEY

Alan Sagner, Chairman
Jerry Fitzgerald English
Robert V. Van Fossan
Philip D. Kaltenbacher
William K. Hutchison
Henry F. Henderson, Jr.

NEW YORK

Robert F. Wagner, Vice-Chairman
William J. Ronan
Howard Schulman
John G. McGoldrick
H. Carl McCall

Patrick J. Falvey, Acting Executive Director
Doris E. Landre, Secretary
Robert J. Aaronson, Director of Aviation
Anthony J. Barber, Director of Tunnels, Bridges and Terminals
Pilar G. Carbajal, Director of the Office of Medical Services
Stephen Carlson, Assistant Director of Planning and Development
Henry DeGeneste, Superintendent of Police, Public Safety
Sidney Frigand, Assistant Executive Director/Director of Public Affairs
Louis J. Gambaccini, Assistant Executive Director/Director of Administration
Gene Gill, Director of General Services
Francis A. Gorman, Director of Rail Transportation
John E. Jacobsen, Assistant Treasurer
Leon Katz, Supervising Information Office, Public Affairs
James J. Kirk, Port Director
Philip LaRocco, Director, Economic Development Department
Donald R. Lee, Director of Audit
Joseph Lesser, Deputy General Counsel
Lillian C. Liburdi, Director of Management and Budget
Katharine B. MacKay, Assistant Executive Director/Director of State Relations
Mark Marchese, Assistant Director, Information Services, Public Affairs
Rino M. Monti, Director of Engineering/Chief Engineer
James H. Mullen, Administrative Assistant
Edward J. O'Malley, Director of Personnel
James J. O'Malley, Director of Management Information Services
Martin E. Robins, Director of Planning and Development
Victor T. Strom, Director of Public Safety
Guy F. Tozzoli, Director of World Trade
Joseph L. Vanacore, Executive Officer for Capital Programs
Barry Weintrob, Director, Finance Department/Comptroller, Acting Chief Financial Officer

The meeting was called to order by the Chairman.

Election of Chairman, Vice-Chairman and Executive Director

Chairman Alan Sagner announced that in accordance with the requirements of the By-Laws the election of officers was in order and requested Commissioner Van Fossan, Chairman of the Nominating Committee, to submit the report of that Committee. Commissioner Van Fossan submitted the following report:

> "On behalf of the Nominating Committee, I desire to report that at its meeting held earlier today, in accordance with the provisions of the By-Laws, the Committee, by unanimous action, submits the nominations for election to the office of Chairman of The Port Authority of New York and New Jersey of Commissioner Philip D. Kaltenbacher, and for the office of Vice-Chairman of The Port Authority of New York and New Jersey of Commissioner Robert F. Wagner.
>
> "By unanimous action, the Committee also submits the nomination of Stephen Berger as Executive Director effective October 1, 1985."

Commissioner Ronan thereupon moved the adoption of the report of the Nominating Committee. The motion was seconded by Commissioner English and unanimously carried.

On motion of Commissioner Ronan, seconded by Commissioner English, it was unanimously voted that nominations be closed and that the Secretary be directed to cast one ballot for the election of Commissioner Philip D. Kaltenbacher as Chairman, Commissioner Robert F. Wagner as Vice-Chairman and Stephen Berger as Executive Director, all for the ensuing year.

The Secretary reported that the ballot had been cast, whereupon Commissioner Sagner announced the election of the following: Philip D. Kaltenbacher as Chairman, Robert F. Wagner as Vice-Chairman and Stephen Berger as Executive Director effective October 1, 1985, all for the ensuing year.

(Board - 9/12/85)

Tribute to Chairman Sagner

Whereupon, Commissioner McGoldrick read the following resolutions, which were unanimously adopted by the Commissioners:

RESOLVED, that the Minutes of this meeting record and reflect the universal and profound appreciation for the significant contribution of Alan Sagner to The Port Authority of New York and New Jersey, its Board of Commissioners and the entire Port Authority family, to the Port District and to the States of New Jersey and New York in his role as Chairman of the Authority; and

FURTHER RESOLVED, that the Minutes also record and reflect this Board's sincere gratitude to Alan Sagner for his generous, talented and effective service as Chairman, and the great personal respect in which its members hold him.

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of August 8, 1985. She reported that copies of these Minutes were sent to all the Commissioners and to the Governors of New York and New Jersey and that the time for action by the Governors of New York and New Jersey had expired.

Whereupon, the Board unanimously approved the Minutes.

Report of Committee on Construction

The Committee on Construction submitted a report, for information, of action taken at its meeting on September 12, 1985, in addition to the matters separately reported to the Board of Commissioners at this meeting of the Board, and the report was received.

Report of Committee on Finance

The Committee on Finance submitted a report, for information, of action taken at its meeting on September 12, 1985, in addition to the matters separately reported to the Board of Commissioners at this meeting of the Board, and the report was received.

Report of Committee on Operations

The Committee on Operations submitted a report, for information, of action taken at its meeting on September 12, 1985, in addition to the matters separately reported to the Board of Commissioners at this meeting of the Board, and the report was received.

Report of Committee on Port Planning

The Committee on Port Planning submitted a report, for information, of action taken at its meeting on September 12, 1985, in addition to the matters separately reported to the Board of Commissioners at this meeting of the Board, and the report was received.

(Board - 9/12/85)

The World Trade Department - Newark Legal and Communications Center - Project Implementation

It was reported that the Board, at its Special meeting on June 29, 1983, authorized the Executive Director to commence appropriate studies and planning, at a cost not to exceed $600,000, in connection with the proposed development of a new commercial center in the City of Newark (City).

At its meeting on June 14, 1984, the Board authorized the Executive Director to proceed with the development of a project to be known as the Newark Legal and Communications Center, consisting of an office building of approximately 300,000 net usable square feet and its related infrastructure in the City of Newark, New Jersey, adjacent to Penn Station, Newark and the PATH terminus, at an estimated total cost of $40 million, and to enter into an agreement with the City of Newark and the Newark Economic Development Corporation providing for the construction by the Port Authority, using Federal grant monies, of an elevated pedestrian walkway connecting the aforementioned office building to Penn Station and a parking garage which will be located beneath the building. As required by covenants with bondholders, certification of the project as an additional facility was made by the Board, at its meeting on October 11, 1984. and reaffirmed by the Committee on Finance on December 8, 1984.

Staff has proceeded with the planning for the development of the office building and related facilities in accordance with the aforesaid authorization. An agreement required in connection with the City's application to the U.S. Department of Housing and Urban Development for a $9.8 million Urban Development Action Grant (UDAG) to be used for the construction of the aforesaid garage and walkway was entered into on June 15, 1984 among the Port Authority, the City and NEDC Financial Management Corporation, a subsidiary of Newark Economic Development Corporation, generally setting forth the various rights and obligations of the parties relating to the anticipated development. The City received approval of the grant from HUD on October 1, 1984.

Further authorization is required at this time to enter into a more detailed agreement with the City and NEDC Riverfront Corporation (a wholly-owned subsidiary of Newark Economic Development Corporation (NEDC) which was incorporated to perform Newark Economic Development Corporation's functions in connection with this development) which is necessary to permit the Department of Housing and Urban Development to transfer the grant funds to the City for the aforesaid purposes and which will more specifically describe the rights and obligations of the parties with respect to the development which were generally defined in the June 15, 1984 agreement. The agreement was approved by the City Council of the City of Newark at its meeting on September 4, 1985.

The proposed agreement among the Port Authority, the City and NEDC calls for the Port Authority to provide approximately $40 million for the development of the office building and its related infrastructure and for the Port Authority to be responsible for its management and operation. The agreement will further provide for NEDC to acquire title to the site required for the project and to convey to the Port Authority such property interests as the Port Authority may require to permit construction of the office building and enable the Port Authority to convey title to or lease space in the building to occupants. Another agreement is to be entered into between NEDC and the Port Authority pursuant to which the planned parking garage and walkway will be constructed. Even though the Port Authority will agree to implement an affirmative action plan which conforms generally to Newark's affirmative action plan and will monitor and enforce the performance by contractors our actual intent is to exceed the Newark affirmative action plan by doing the following.

The Port Authority will solicit proposals from Minority Business Enterprises (MBE's) only for a contract that will provide for construction management services and general conditions work for the construction of the Legal and Communications Center.

If the MBE selected for construction management services and general conditions work is not from the New York/New Jersey region, it will be required to establish a regional office or joint venture with an MBE from the region.

In addition, the Port Authority will use its best efforts to assist MBE's in obtaining subcontracting work. The Port Authroity will set its goal for achieving MBE participation higher than the City of Newark's 25% goal. With no sacrafice to standards of prequalification, performance, and budget, the Port Authority will, where feasible, set aside subcontracts of work for minorities through competition limited to prequalified MBE (select list) firms or through direct negotiation (subject to Board approval) in order to achieve higher overall levels of participation in this project.

In the event the Port Authority is unable to retain or contract with an MBE for a specific contract, then proposals will be solicited from majority firms. However, all contracts that are awarded to majority firms will contain affirmative action requirements that will generally conform to the City of Newark's affirmative action plan which provides for a range of 25%-50% minority-employee participation, depending on craft.

The agreement with the City and NEDC will also provide that the Port Authority will be responsible for the operation and maintenance of the elevated walkway and that NEDC and the Port Authority will enter into an agreement covering the management of the parking garage, including provisions relating to selection and grounds for termination of an independent garage operator, on terms which will assure high standards of security, maintenance and general operation, consistent with the operation of a first class office building.

So that Newark will not be unduly deprived of revenue because of the Port Authority's ownership and use of any portion of the usable space within the office building, and in consideration of the agreements made by the City of Newark and NEDC relating to the garage and walkway, the Port Authority will agree to pay annually to NEDC for the account of the City an amount calculated by multiplying by $2 the average number of usable square feet in the office building which are owned by the Port Authority or other tax exempt entities and which are not subject to installment contracts of sale with purchasers, plus an additional area which represents the proportionate share of common areas attributable to the space so owned by the Port Authority or other tax exempt entities, which multiplier will, after the termination of applicable tax abatements, be changed to the average real estate taxes per usable square foot which would be paid by private owners. During the first three years after completion of the office building, vacant space owned by the Port Authority shall not be subject to such payments. It is anticipated that the City will assess purchasers' space directly for real estate tax purposes, subject to applicable abatement benefits which the City will agree to provide.

Finally, the agreement provides for the Port Authority to implement an affirmative action plan conforming generally to the goals of the Newark Affirmative Action Program as adopted by the Newark Municipal Counsil on December 19, 1984 and to comply with applicable Federal labor standards and administrative decisions.

Current project costs, inclusive of engineering, administrative and Port Authority financial costs, are estimated at approximately $38 million, exclusive of any tenant fit-up allowance. It is anticipated that usable space, of which there is approximately 300,000 square feet available for sale or lease, will be sold in the Legal and Communications Center building at a per-usable-square-foot rate of approximately $126, but in no event will the rate exceed the sum of $133 per usable square foot. In order to progress marketing efforts and obtain commitments from prospective purchasers of space, it was necessary, in staff's judgment, to agree to cap the proposed purchase at a figure which is 5% over the estimated $126 per square foot figure. As of this date, three law firms presently located in Newark have expressed their intention to purchase a combined total of 5¼ floors in the building.

As presently contemplated, the Port Authority will acquire from the City, at a cost estimated to be $250,000, fee title to lands underlying the building, subject to whatever interests must be reserved to the City and NEDC for the garage and walkway. Installment contracts will be entered into with private entities for the conveyance of title to space in the proposed office building at prices to be determined as stated above, with purchasers agreeing to make annual payments to the Port Authority sufficient to produce net operating revenues which will cover the Port Authority's financial requirements. These contracts will provide that, upon payment in full to the Port Authority of all monies owing under all installment contracts, the Port Authority will convey to the purchasers all of the Port Authority's interest in the building and underlying lands except such interests as may be attributable to the Port Authority's ownership of usable space in the building which the Port Authority may elect to retain. Should market conditions dictate that a portion of the space in the Legal and Communications Center be made available for lease, staff will endeavor to lease said space, at rentals to be no less than an amount sufficient to recover Port Authority capital and operating costs attributable to such space, including payments to be made to the City with respect to space owned by the Port Authority and not subject to installment sale contracts.

After acquisition of the building site and prior to executing any contracts of sale for space, it will be necessary for the Port Authority to execute and record a Declaration of Easements, Covenants, Conditions and Restrictions affecting the property which will govern the relationships among the Port Authority and various purchasers of space during the period that the Port Authority will be responsible for the operation of the building. The agreement will provide generally that the Port Authority will operate and manage the building and that the purchasers will reimburse the Port Authority for all costs and expenses of operation, maintenance and repair of the building attributable to their respective space, on a dollar-for-dollar basis.

In order for the Port Authority to be competitive with the Newark real estate market, the Port Authority has agreed, subject to Board approval, to provide the cost of tenant finishes over and above the base sales price. The initial $14.79/sq. ft. of such cost will be provided as an addition to the base sales price set forth in the installment contracts of sale, under the same terms and conditions, and the remainder will be provided separately at an additional cost of one-fourth of 1% (0.25%). The total cost for initial finishes is presently estimated at $4.2 million. While the agreements will provide that purchasers' liability for the payment of the base sales price plus the first $14.79 of finishes will not extend beyond their property interest in the space, the purchasers will be personally liable for the cost of additional finishes.

The development site on which the Legal and Communications Center building will be constructed contains a utility corridor that essentially runs through the middle of the site in the bed of existing River Street which abuts the building property. In order for future development to be contiguous with the first phase of development (the Legal and Communications Center), these utilities will have to be relocated and essentially re-routed around the site. While the first phase of the project can be built without the relocation of utilities, future development potential for the remainder of the site will be greatly enhanced if these utilities are relocated now. Such development is essential to any plans for the renaissance of the downtown riverfront area.

Funds which may become available for the cost of relocation of the River Street utilities, estimated to be $3.5 million, would be reimbursed as each subsequent phase of the development of the site occurs. Legal and Communications Center purchasers would pay their pro rata share of utility relocation costs, estimated to be 20% of total cost or $700,000, in their proportionate share of project costs. The balance of $2.8 million needed for utility relocations will be provided by the Port Authority through a loan from the Fund for Regional Development, which would be repaid by the Port Authority within five years of drawdown of the loan. Pursuant to an agreement between the Port Authority and NEDC, NEDC will use its best efforts to assure that this amount is repaid to the Port Authority by the future developers of the site.

In order for the Port Authority to obtain, for the purchasers of space in the building, such limited term real estate tax abatements as are presently available under applicable New Jersey urban renewal legislation, it may be necessary for the Port Authority to develop this project through a wholly-owned subsidiary corporation to be incorporated at a later date. Under such statutes, municipalities can provide tax abatements only to a qualified urban renewal entity as defined therein and the Port Authority does not, as the law presently exists, come within such definition.

It was therefore recommended that the Board:

1. authorize the Acting Executive Director to: (a) proceed to implement a project for the development of an office building of approximately 300,000 net usable square feet, to be known as the Newark Legal and Communications Center, and its related infrastructure on lands situated in the City of Newark, New Jersey, adjacent to Pennsylvania Station and the PATH terminus, at an estimated total cost of $44.2 million, for construction of the office building, including approximately $4.2 million to provide for initial office finishes and (b) enter into appropriate agreements for the provision of a loan through the Fund for Regional Development of $2.8 million in costs and expenses for relocation of existing River Street utilities in addition to utility relocation costs included within overall project costs;

2. find and determine that it is necessary for public use for the aforesaid purposes to acquire fee title and required lesser property interests in lands of NEDC Riverfront Corporation (NEDC) which are comprised of parts of Lots 36, 32, 30 and 52 in Block 136 as shown upon the tax assessment map of the City of Newark; and

3. authorize the Acting Executive Director, in implementation of the project, to: (a) enter into an agreement with the City of Newark and NEDC which will define the various rights and obligations among the parties with respect to the development and operation of the project and related facilities and which is prerequisite to the transfer by the Department of

Housing and Urban Development to NEDC of Urban Development Action Grant funds to be used for the construction of a structured parking garage within the office building and elevated pedestrian walkway connecting the building to Penn Station, and such other agreements as may be necessary to effectuate the aforementioned agreement; (b) acquire from NEDC fee title to the project site and such other property interests as may be required at a cost estimated to be $250,000 and to incur all expenses necessary or incidental thereto; (c) execute and record in the Office of the Essex County Register a Declaration of Easements, Covenants, Conditions and Restrictions affecting the aforesaid property which will govern the legal relationships among the Port Authority and purchasers of space in the building and provide for the payment by purchasers of a proportionate share of operating and maintenance expenses; (d) enter into installment contracts of sale with purchasers of space in the aforesaid building at a consideration equal to the project cost divided by the number of usable square feet to be sold, the price per usable square foot being estimated to be $126, but which will in no event exceed $133, and to also include an appropriate factor to reflect Port Authority debt service coverage requirements; (e) enter into agreements for the leasing of space in the aforesaid building at rentals presently estimated at $23 per square foot (the current market rate), but which shall not be less than an amount sufficient to recover the Port Authority's capital and operating costs attributable to such space, including a proportionate share of amounts to be paid by the Port Authority to the City as additional consideration relating to space owned by the Port Authority and not subject to installment contracts of sale with purchasers; (f) enter into agreements to provide tenant finishes: $14.79 per square foot for initial finishes shall be provided under the same terms as the purchase price under the contracts of sale and the remainder shall be provided with an additional factor of one-fourth of 1% (0.25%) and (g) form a wholly-owned subsidiary corporation to effectuate the project if required by existing law to obtain real estate tax abatement benefits for purchasers of the space in the building, and execute such agreements with the City of Newark as may be required to secure such benefits.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Acting Executive Director be and he hereby is authorized to: (a) proceed to implement a project for the development of an office building of approximately 300,000 net usable square feet, to be known as the Newark Legal and Communications Center, and its related infrastructure on lands situated in the City of Newark, New Jersey, adjacent to Pennsylvania Station and the PATH terminus, at an estimated total cost of $44.2 million, for construction of the office building, including approximately $4.2 million to provide for initial office finishes and (b) enter into appropriate agreements for the provision of a loan through the Fund for Regional Development of $2.8 million in costs and expenses for relocation of existing River Street utilities in addition to utility relocation costs included within overall project costs; and it is further

RESOLVED, that it be and is hereby found and determine that it is necessary for public use for the aforesaid purposes to acquire fee title and required lesser property interests in lands of NEDC Riverfront Corporation (NEDC) which are comprised of parts of Lots 36, 32, 30 and 52 in Block 136 as shown upon the tax assessment map of the City of Newark; and it is further

RESOLVED, that the Acting Executive Director be and he hereby is authorized to implement the project, to: (a) enter into an agreement with the City of Newark and NEDC which will define the various rights and obligations among the parties with respect to the development and operation of the project and related facilities and which is prerequisite to the transfer by the Department of Housing and Urban Development to NEDC of Urban Development Action Grant funds to be used for the construction of a structured parking garage within the office building and elevated pedestrian walkway connecting the building to Penn Station, and such other agreements as may be necessary to effectuate the aforementioned agreement; (b) acquire from NEDC fee title to the project site and such other property interests as may be required at a cost estimated to be $250,000 and to incur all expenses necessary or incidental thereto; (c) execute and record in the Office of the Essex County Register a Declaration of Easements, Covenants, Conditions and Restrictions affecting the aforesaid property which will govern the legal relationships among the Port Authority and purchasers of space in the building and provide for the payment by purchasers of a proportionate share of operating and maintenance expenses; (d) enter into installment contracts of sale with purchasers of space in the aforesaid building at a consideration equal to the project cost divided by the number of usable square feet to be sold, the price per usable square foot being estimated to be $126, but which will in no event exceed $133, and to also include an appropriate factor to reflect Port Authority debt service coverage requirements; (e) enter into agreements for the leasing of space in the aforesaid building at rentals presently estimated at $23 per square foot (the current market rate), but which shall not be less than an amount sufficient to recover the Port Authority's capital and operating costs attributable to such space, including a proportionate share of amounts to be paid by the Port Authority to the City as additional consideration relating to space owned by the Port Authority and not subject to installment contracts of sale with purchasers; (f) enter into agreements to provide tenant finishes: $14.79 per square foot for initial finishes shall be provided under the same terms as the purchase price under the contracts of sale and the remainder shall be provided with an additional factor of one-fourth of 1% (0.25%) and (g) form a wholly-owned subsidiary corporation to effectuate the project if required by existing law to obtain real estate tax abatement benefits for purchasers of the space in the building, and execute such agreements with the City of Newark as may be required to secure such benefits; and it is further

RESOLVED, that all documents which may be required to effectuate the aforesaid project be subject to approval as to form by Deputy General Counsel or his authorized representative.

Elizabeth-Port Authority Marine Terminal - Berths 78 through 86 - Maher Terminals, Inc. - Construction of Container Crane Rails - Amendment to Lease

It was reported that the Board, at various meetings between May 13, 1971 and November 12, 1981, authorized the letting to Maher Stevedoring Co. (now Maher Terminals, Inc.) of a 235-acre terminal at Berths 78 through 86 at the Elizabeth-Port Authority Marine Terminal, for a term expiring September 30, 2000, at an annual rental presently amounting to $5,807,995. The terminal is now handling more than thirteen steamship lines including Zim Lines, Trans-Freight Line, Hapag Lloyd, Evergreen Line, Yang Ming Line and five Japanese lines; N.Y.K. Line, Mitsui-O.S.K. Line, Japan Line, K. Line and Y.S. Line.

Maher has determined that efficiency would be increased by extending container crane rails into Berth 78 approximately 750 feet. In addition to the four container cranes previously servicing the 2400 feet of container berth, Maher recently acquired and modified three container cranes. Presently, Berth 78 is not serviceable for container ship operations and was used for lumber and steel operations which have been relocated to Berth 17, Port Newark.

Under the amendment to the Maher Terminal lease, the lessee shall be reimbursed for the cost of construction up to an amount not to exceed $2.9 million. The construction includes extending and improving the terminal's container crane rails, associated electric distribution system, relocation of utilities, resurfacing and other related work.

Maher will begin repayment over a fifteen-year period commencing on October 1, 1985. Maher will pay an additional monthly rental of $.013 for each dollar of Port Authority investment bringing their annual rental for the Tripoli Street Terminal to approximately $6,273,361. Additionally, Maher pays $3,040,000 per year for the Fleet Street Terminal and $1,665,857 per year for the lumber/steel terminals in Port Newark.

It was therefore recommended that the Board authorize the Acting Executive Director on behalf of the Port Authority to enter into an agreement with Maher Terminals, Inc. in accordance with the foregoing.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Acting Executive Director on behalf of the Port Authority to enter into an amendment to the lease with Maher Terminals, Inc. to provide for reimbursement not to exceed $2.9 million for the installation of container crane rails and other related work; and for repayment by Maher over a fifteen-year period commencing on October 1, 1985, as additional monthly rental of $.013 for each dollar of Port Authority investment; the form of the agreement to be subject to approval of Deputy General Counsel or his designated representative.

(Board - 9/12/85)

Retention of Professional Service Firms to Furnish Professional and Technical Personnel on an As-Needed Basis

It was reported that the Management Information Services Department (MIS) was created in October 1984 to provide an improved structure for the management of corporate information and telecommunication resources – resources instrumental in optimizing organizational efficiency and providing information systems for management control and timely decision making.

There has been a significant growth in the demand for MIS services, and a review of the workload for the balance of 1985 and the full year 1986 indicates a substantial demand which cannot be completely handled by the department's permanent staff. Rather than satisfying this entire requirement through the addition of permanent staff, it is proposed that MIS' permanent staffing be supplemented by the retention of temporary professional and technical personnel on an as-needed basis as the best means of providing the flexibility required to effectively respond to this demand and to expedite development of computer systems. This approach was recommended by the Port Authority Productivity Improvement Steering Committee as a means of accelerating the rate of development of essential management information systems, thus enhancing organizational productivity.

This workload consists of a significant backlog of requests for the development of new systems as well as the needed replacement of existing antiquated systems that no longer meet the needs of the organization. Several of the new systems requested will deliver improved management information in such areas as capital program monitoring, revenue forecasting, overtime expenditures, and financial analysis and control. Many of these systems have been targeted for completion in a relatively limited timeframe to gain the anticipated benefits of these systems in terms of cost avoidance, revenue enhancement or improved managerial control.

In addition to the aforementioned systems analysis and development workload, the demand created by increased user involvement has produced peak workload requirements and significant backlogs for computer terminal and personal computer installations, supporting software installations, and user education. The retention of professional service firms to supplement permanent data entry staff will also help to efficiently satisfy a highly fluctuating scheduled workload on a timely basis, along with servicing unscheduled high volume projects such as Trans-Hudson surveys.

A list of qualified professional service firms will be developed and a good faith effort will be made to ensure participation by Minority Business Enterprises and Women Business Enterprises. Proposals will be solicited from these firms with a request to submit pertinent information on their capabilities and their ability to meet the specified requirements. The respondents' proposals will be reviewed and the selection of professional service firms will be made on the basis of technical capability, cost, availability and qualification as Minority and Women Business Enterprises. In general, the type of personnel that will be provided by the service firms will be Programmer/Analysts, Systems Analysts, Systems Programmers, Technical Training Specialists, Terminal Installers, Data Entry Clerks, and Network Control Analysts. Selected personnel will work under the direct supervision of permanent staff.

(Board - 9/12/85)

In addition to retaining professional and technical personnel under this authorization, MIS anticipates seeking Board approval in several months for the retention of a consulting firm to assist staff in an assessment of Port Authority telecommunications needs at all facilities as well as the potential telecommunications needs of our patrons and tenants. The consultant will also assist staff in developing the design of a modern and efficient Port Authority telecommunications network to satisfy the needs identified. A Request for Proposals to supply these telecommunications consulting services is currently being prepared by staff.

It was therefore recommended that the Board authorize the Acting Executive Director to retain various professional service firms to furnish professional and technical personnel to augment the permanent staff of the Management Information Services Department (MIS) on an as-needed basis at a total expenditure not to exceed $2.75 million for a period of approximately eighteen months.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorizes the Acting Executive Director to retain various professional service firms to furnish professional and technical personnel to augment the permanent staff of the Management Information Services Department on an as-needed basis at a total expenditure not to exceed $2.75 million for a period of approximtely eighteen months, the form of the agreements to be subject to the approval of Deputy General Counsel or his authorized representative.

(Board - 9/12/85)

Port Authority Technical Center - Construction of Cafeteria, Medical Clinic and Installation of a Teleconference Center

It was reported that the Board, at its meetings on August 9, 1984 and October 11, 1984, authorized the Executive Director to enter into lease agreements for a total of 188,500 square feet of space in the Jersey Plaza Building (now referred to as the Port Authority Technical Center) for a variety of field units located primarily in New Jersey who required relocation and for staff offices to meet the interim space needs of the Port Authority. It was reported that a total of 430 staff would eventually be housed there and to date approximately 230 staff have relocated to the Technical Center. It is anticipated that up to 200 additional staff will relocate by 1986.

The Board also authorized agreements with the owners for modification of the rented areas to meet the specialized technical, mechanical and office space needs of the units being relocated to the building. Now, in view of the need of employees for better food service facilities which have emerged since staff moved into the building, the operational requirements of the Lincoln Tunnel which will require the relocation of a medical clinic, and the anticipated needs of design engineers to communicate with the Engineering Department's headquarters at The World Trade Center, additional improvements will be required.

1. **Cafeteria**

Because the area surrounding the Technical Center provides no easily accessible restaurants, the General Services Department has operated a limited employee lunch room in a temporary location at the Technical Center since April 1985 when the first employees moved in. This lunch room, which does not have a food preparation or kitchen area, provides a limited menu of packaged foods similar to a take-out service.

These items include coffee, prepackaged breakfast items, cold sandwiches and canned foods and juices. The facility also serves hot entrees that are prepared daily at the cafeteria kitchen at either the Holland or Lincoln Tunnels and which are then transported to the Technical Center. Transporting food in this manner has been less than optimal, and will become impractical during inclement weather. Customer patience with this arrangement is deteriorating. Further, this temporary lunch room, with its limited menu, will not be able to accommodate the larger volume of employees (430) who will be potential customers when the Technical Center is fully staffed. In addition, some staff assigned to the Technical Center are permitted only a 30-minute lunch period. Thus, a full service cafeteria capable of providing fast, hot and cold breakfasts and lunch as prepared at the point of order, along with a suitable dining area, is necessary.

Similar full service cafeterias are currently provided at the Holland and Lincoln Tunnels, George Washington Bridge and Kennedy International Airport. The completed cafeteria will seat approximately 170 staff during one shift, 6:30 a.m. to 1:30 p.m., to cover both breakfast and lunch. In addition, the cafeteria will also meet the catering needs of staff at the Technical Center. The estimated construction cost for this full service cafeteria is $675,000.

2. **Medical Clinic**

The Lincoln Tunnel Medical Clinic currently provides as needed and emergency medical services to over 1,600 Port Authority employees assigned to the George Washington Bridge, the Holland and Lincoln Tunnels, Newark International Airport, Port Newark and Port Elizabeth. However, the space the clinic currently occupies at the Lincoln Tunnel is needed to meet facility operating requirements, principally the expansion of facility Operation and Police Units. To continue to meet the needs for medical services of the 1,600 employees assigned to the New Jersey facilities enumerated above, and to serve the additional staff who were or will be assigned to the Technical Center, it is proposed to construct and equip a replacement medical clinic at the Technical Center.

In addition to providing as-needed and emergency medical services, the new medical clinic at the Technical Center will offer annual physical examinations and follow-up examinations required for all of the approximately 3,700 employees based in New Jersey. This is a departure from current practice, which requires all staff to travel to The World Trade Center for annual physical examinations. It is expected that there will be considerable savings in time spent away from work for these employees due to reduced travel time. To provide full health services, the new clinic will include necessary testing equipment as required for the comprehensive annual physical examination, examination and treatment rooms and medical offices. A major effort will be made to prevent on the job injuries and reduce employee medical absences, particularly for those employees in operational positions, and in general, to promote the overall medical well-being of all staff. To this end, a cardiac fitness pilot program is planned and will be made available to all employees. The fitness program requires space for physical exercise and related equipment and machines and for showers and locker rooms. Use of the fitness center will be supervised by trained medical and technical personnel and will be consistent with similar installations in other organizations. Evaluations of the results of employee use of the facility will be made periodically. The estimated construction cost for this medical clinic fitness center is $800,000.

In addition to the construction costs enumerated above, equipment and furnishings will be required for the cafeteria and the medical clinic. This will include food preparation equipment, cafeteria furnishings and dining room furniture at an estimated cost of $390,000; and X-ray, and other diagnostic and medical fitness equipment, as well as furnishings for medical treatment and examination rooms at an estimated cost of $340,000. Telephone and relocation services are estimated at $20,000.

3. **Teleconference Center**

In order to meet the interim space needs of the Port Authority, approximately 200 staff of the Maintenance Engineering Design Division from The World Trade Center will be relocated to the Technical Center. One element that makes possible the operation of general offices in two locations is the improvement in telecommunications technology. A teleconferencing system is one such improvement. The proposed system would operate between the Engineering Department headquarters offices on the 72nd floor of The World Trade Center and the design engineers who will be located on the third floor of the Technical Center. Specifically, it will provide for visual and audio "live" person to person conferences of up to twenty people, enable

staff to transmit drawings and sketches made during a conference between the two locations and provide for hard copy facsimile transmission when required. Special telecommunication rooms will be required at each location. The estimated cost of construction for the teleconferencing installation will be $250,000; in addition, the estimated cost of equipment, primarily for equipment such as color transmission devices, cameras, monitors and audio system with table microphones, document-graphic cameras, electrical writing pads and facsimile machines will be $500,000. This cost also covers maintenance of the system for five years.

It was therefore recommended that the Board authorize the Acting Executive Director to:

1. enter into an agreement with Trends Urban Renewal Association Limited, owners of the building now referred to as the Port Authority Technical Center (formerly Jersey Plaza Building) at 241 Erie Street, Jersey City, New Jersey, for the construction of a full service employee cafeteria, a medical clinic and a two-way teleconference center, between the Technical Center and The World Trade Center, in the estimated amount of $1,725,000; and

2. enter into agreements for the purchase necessary equipment and furnishings and the provision of telephones for these newly constructed facilities and any relocation services associated with the move to the new facilities at a total estimated amount of $1.25 million.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Acting Executive Director is authorized to enter into an agreement with Trends Urban Renewal Association Limited, owners of the building now referred to as the Port Authority Technical Center (formerly Jersey Plaza Building) at 241 Erie Street, Jersey City, New Jersey, for the construction of a full service employee cafeteria, a medical clinic and a two-way teleconference center between the Technical Center and The World Trade Center, in the estimated amount of $1,725,000, such agreement to be subject to approval as to form by Deputy General Counsel or his designated representative; and it is further

RESOLVED, that the Acting Executive Director is authorized to enter into agreements for the purchase of necessary equipment and furnishings and the provision of telephones for these newly constructed facilities and for any relocation services associated with the move to the new facilities at a total estimated amount of $1.25 million, such agreements to be subject to approval as to form by Deputy General Counsel or his designated representative.

(Board - 9/12/85)

Kennedy International Airport - Revision to Schedule of Charges - Employee Parking Lot 7

It was reported that on August 1, 1967 in response to growth in traffic in the Central Terminal Area (CTA) at Kennedy International Airport, the Port Authority eliminated employee parking privileges in the lots in the CTA, relocated employee parking to a new Lot 7 adjacent to Hangar 8 where the North Service Road connects with the Van Wyck Approach Road, and instituted a contract bus service from Lot 7 to points in the CTA. The use of Lot 7 is restricted to employees of organizations which hold permit or contract agreements with the Port Authority and whose organization's place of business at Kennedy International Airport is located in the Central Terminal Area.

With spaces for 2,900 vehicles, Lot 7 has operated successfully since 1967 using an automated gate control system activated by identification cards sold to agreement holders whose place of work for their employees is in the Central Terminal Area. These identification cards permit not only entry to the Lot, but also use of a shuttle bus service under contract to the Port Authority. Cards are sold to employers for the use of named employees on a monthly basis. Terms and conditions for the use of the Lot are published in Airport Operations Bulletins issued by the General Manager.

From 1967 to September 30, 1977 the fee per employee per month was $10. The Committee on Operations, at its meeting on August 31, 1977, approved an increase in the fee to its current $15 per month per employee in order to maintain cost-recovery. The Board, at its meeting on February 10, 1983, authorized a new two-year bus service contract with Schenk Tours, Inc. for Lot 7 shuttle bus service. The contract provided the Port Authority with the option to extend the term for three additional periods of one year each with provisions for increased costs based on future increases in appropriate Department of Labor Price Indexes.

On April 24, 1985 the Director of the General Services Department exercised her authority to extend the term of the contract for the first one-year option period at a 4.0% increase in total cost over the previous year of the contract. In addition, it was necessary earlier this year to replace the obsolete employee parking lot computer with an updated system at an investment of $275,000. In view of these and other rising costs associated with security and maintenance of the lot, it is recommended that the monthly fee be raised to $20 effective October 1, 1985.

It was therefore recommended that the Schedule of Charges for Use of Public Vehicular Parking Areas at Kennedy International Airport be revised in accordance with the foregoing.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Schedule of Charges for Use of Public Vehicular Parking Areas at Kennedy International Airport for parking automotive vehicles in Employee Parking Lot 7 adopted by the Committee on Operations by resolution of August 31, 1977 be amended effective October 1, 1985 to increase the fee from $15 to $20 per vehicle each month; and it is further

RESOLVED, that the Acting Executive Director amend from time to time the Schedule of Charges for Use of Public Vehicular Parking Areas at Kennedy International Airport, as hereby amended, to revise the fee for parking automotive vehicles in Employee Parking Lot 7 to maintain cost recovery of the operation of the lot.

(Board - 9/12/85)

Waterfront Development Program - Hunters Point, Queens, New York - Retention of Professional Assistance to Provide Development Theme Analysis

It was reported that at its meeting on April 11, 1985, the Board authorized the Executive Director to enter into an agreement with Kalba Bowen Associates, Inc., to provide analysis and recommendations as to the feasibility of a World Media Center as a potential theme for the Hunters Point Waterfront Development, at an estimated amount of $65,000.

Staff had previously reported that a critical element in creating a world-class, mixed-use development at Hunters Point, and particularly in providing anchor uses for the office space component of the project, is the establishment of an overall development theme which will create a unique focus or thrust for all or part of the development. Staff, in consultation with representatives of the Governor's office, Department of City Planning and Public Development Corporation, identified the video/media industry as one of two logical and attractive theme concepts meriting feasibility analysis. The video/media industry is under increasing pressure to relocate or find additional space outside of Manhattan and, at the same time, there is a strong desire to keep its proximate location close to Manhattan. Long Island City has already captured three major video/film production studios and the area surrounding the Hunters Point site is very suitable to the expansion of these activities as well as for hosting a number of ancillary production activities.

The concept of a Media Center would be to create in one location many of the media activities which gain benefit from being "under one roof," as well as more attractive cost factors than currently available in Manhattan. It would attempt to attract such industry groupings as small and medium advertising firms, graphic art studios, commercial artists, photographers, layout specialists, production company headquarters, cable/network/radio systems, marketing/research firms, publishing firms, etc. Because of the critical nature of communications to this group of industries, an inherent part of the theme would be to make the site adaptable to the very latest in communications and information processing technologies.

The analysis of the alternative theme, a Center For Life Sciences focusing on biomedical and biotechnology industries, has been undertaken by A. D. Little based on prior Board authorization and proposals submitted by three firms. The results of the feasibility analyses are needed as input to the work being performed by the Gruzen Partnership Beyer, Blinder, Belle on the development of the site Master Plan.

Based on Kalba Bowen Associates, Inc. 1983 N.Y. Video/TV industry study provided by representatives of the Governor's office and well regarded by UDC, staff had entered into discussions with Kalba Bowen for the purpose of developing a mutually acceptable Scope of Services based on the firm's original estimate of costs to undertake the outlined Hunters Point media study. During that time the consultant's methodologies were examined and refined in light of the site specific nature of the proposed study. That factor necessitated a higher degree of familiarity and experience with media industry real estate requirements than the consultant anticipated in its initial proposal. As a consequence, Kalba Bowen is unable to undertake the prescribed study either in total or at the authorized amount. Staff, therefore, feels that Kalba Bowen Associates, Inc. should not be retained for this study.

Since the two firms originally considered with Kalba Bowen had been measurably below that firm's capacity, staff believed that there was no merit in reconsidering those companies.

This market demand analysis will be an important input to the physical planning process for the overall Hunters Point Waterfront Development, which is scheduled for completion in late 1985. It is critical that work on this study begin without further delay.

Therefore, it is recommended that the study go forward under separate agreements of approximately $22,500 each to TKS Associates and the Conway Company which, in collaboration, offer a unique blending of expertise in the media industry in the first instance and media industry real estate analysis in the second.

TKS Associates is a New York City based company. Its president and owner, Theodora K. Sklover, is the former Executive Director of the Governor's Office for Motion Picture and Television Development for the State of New York. As such, Ms. Sklover was intimately involved in the development planning for Kaufman/Astoria and Silvercup Studios – two production facilities in the immediate Hunters Point area and important linkages to the potential World Media Center. During that time Ms. Sklover also had direct responsibility for investigation of the film, video and television industries in New York and on the West Coast and for making recommendations to the state for future development. As a consultant, she has contributed to feasibility studies for proposed media centers in Boston and Miami. She has also served as an industry expert to such clients as MTI-TV City, New York State Cable Commission, ABC, and the Ford Foundation. In June of this year, Ms. Sklover served as Chairperson of Production East, a three-day East Coast media industry conference.

The Conway Company, Inc. is a New York City based firm which specializes in research and consultation on large mixed-use real estate developments. The firm has performed feasibility and demand analyses for commercial sites both locally, including several in the New York City area for the real estate subsidiary of Sears Roebuck, nationally and in three European countries. The firm's current clients include the H.J. Heinz Company, Allegheny International and the Cities of Denver, Colorado and Charlotte, North Carolina. Most recently, the firm's president, William G. Conway, served as subconsultant to the Port Authority's physical planning consultant on the Hunters Point Waterfront Development. In this effort, Mr. Conway provided review of the Project's market potential and contributed to the various development scenarios and the sensitivity modeling for the preferred scenarios. He is intimately familar with both the project and the Hunters Point area. The Conway Company also recently completed a significant real estate analysis of the New York City area, including segments of the media industry to be analyzed under this contract.

Staff recommends the retention of both TKS Associates and the Conway Company based on their unique combination of knowledge of and access to the media and real estate industries both locally and nationally.

Staff intends to commence the subject analysis with two studies, one with TKS Associates and one with Conway Company, Inc., as authorized by the Executive Director at a maximum compensation of $10,000 each. The reports from these two studies will contribute to the product of the larger effort and each study will present a discrete and needed body of information in and of itself. Total expenditure for the four studies, including the two authorized by the Executive Director will be within the estimated $65,000 originally authorized by the Board at its meeting on April 11, 1985.

Performance of the above services is necessary and desirable in order for the Port Authority to maintain its schedule in progressing the Hunters Point Waterfront Development.

It was therefore recommended that the Board authorize the Acting Executive Director to enter into two agreements: one with TKS Associates of New York, New York and one with the Conway Company, Inc., of New York, New York to provide analysis and recommendations as to the feasibility of a World Media Center as a potential theme for the Hunters Point Waterfront Development each at an estimated amount of $22,500, which together with two other agreements recently authorized by the Executive Director with TKS Associates and Conway Company, Inc., each in an amount not to exceed $10,000, brings the total estimated amount to be paid to TKS Associates and Conway Company, Inc. for services related to the feasibility of a World Media Center as a potential Hunters Point Waterfront Development theme to approximately $65,000.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Acting Executive Director is authorized to enter into two agreements: one with TKS Associates of New York, New York and one with Conway Company, Inc., of New York, New York to provide analysis and recommendations as to the feasibility of a World Media Center as a potential theme for the Hunters Point Waterfront Development, each at an estimated amount of $22,500, which together with two other agreements recently authorized by the Executive Director with TKS Associates and Conway Company, Inc. each in an amount not to exceed $10,000, brings the total estimated amount to be paid to TKS Associates and Conway Company, Inc. for services related to the feasibility of a World Media Center as a potential Hunters Point Waterfront Development theme to approximately $65,000; the form of such agreements to be subject to approval of Deputy General Counsel or his authorized representative.

(Board - 9/12/85)

Bayonne Bridge - Connection with New Jersey Route 169 - Approval of Plan and Authorization for Port Authority Participation

It was reported that the New Jersey Department of Transportation (NJDOT) has been advancing a comprehensive highway improvement program in the Bayonne-Jersey City corridor for over a decade. Estimated to cost the State approximately $100 million, the program entails three elements – extension of Route 169 from its present terminus in the vicinity of 30th Street, Bayonne, south to the Bayonne Bridge and from its northern terminus in the vicinity of New Jersey Turnpike Interchange 14A west to Route 440; widening and rehabilitation of the original section of Route 169; and the construction of a new highway, New Jersey Route 185, in Jersey City from Route 169 to Caven Point Road in the vicinity of New Jersey Turnpike Interchange 14B. These improvements will provide much needed access to adjacent industrial areas and future waterfront development projects along the Hudson River and will remove truck and other traffic from local streets. The plan was recommended in the "Bayonne/Southern Jersey City Corridor Transportation Needs Assessment Study" authorized by the Committee on Port Planning on October 14, 1982.

Staff have been working closely with the NJDOT on this proposed highway improvement program and in particular on the extension of Route 169 where it connects with the Bayonne Bridge. By providing access to and from Route 169 from Station 8+00 (Margaret Street) to Station 76+00 (vicinity of East 19th Street), the project will enhance the movement of through bridge traffic as well as provide a direct highway connection between the Bayonne Bridge and the industrial area on the east side of the Bayonne peninsula. The project also retains all present movements between the bridge and the local street system. The construction of Route 169 will complete the New Jersey portion of the highway connections to the Bayonne Bridge begun with the construction of New York 440 (Willowbrook Expressway) on Staten Island and the consequent relocation and expansion of the tolls plaza and service building by the Port Authority in the early 1960's.

The NJDOT will be responsible for the design and construction of the project. It is proposed that the Port Authority pay 100% of the cost of construction for that portion of the project providing new approaches and connections to and from the bridge estimated to cost $3.6 million plus 10% of this amount for engineering services related thereto and approximately $160,000 of the consultant's fee for the redesign of the NJDOT's initial functional plan.

The State of New Jersey has requested that its share of the remainder of the project, which is estimated to cost up to $27.0 million including any future direct engineering costs, be constructed using funds made available for New Jersey projects from the 1984 tolls increase. The final cost of this segment of the entire project will be subject to adjustment based on bids to be received, with any amount in excess of $27.0 million to be provided by the State of New Jersey. The cost participation for the project is shown on Drawing PD-577, dated September 12, 1985.

Although the reconstruction of the existing Bayonne Bridge ramps to and from local streets will be the responsibility of the State, the Port Authority will maintain its traditional jurisdiction over them. Upon completion of the project, the Port Authority will have jurisdiction for the operation, maintenance and repair and reconstruction of those roadways, ramps and supporting structures which directly connect with the approaches and connections of the Bayonne Bridge as shown on Drawing PD-576, dated September 12, 1985.

None of the construction to be accomplished by NJDOT involves the Bayonne Bridge structure. However, the Port Authority staff has determined that it will be necessary to extend the southbound improvements onto the bridge structure under a separate Port Authority contract to provide greater acceleration and merging length for the local on-ramp from Avenue A at an additional project cost to the Port Authority of $2.8 million.

Funds for the new connections to the Bayonne Bridge will be made available in the 1986 Budget and will be provided in subsequent years' budgets. Funds for those sections of New Jersey Route 169 to be under the jurisdiction of the NJDOT and the reconstruction of the existing ramps to the local streets from the Bayonne Bridge will be from funds made available for New Jersey projects by the 1984 tolls increase. The total amount made available for New Jersey projects from the 1984 tolls increase is $137.5 million. The Route 169 project would be the first use of these funds by New Jersey, and would leave $111.1 million available for other projects. Staff's recommendation that such funds be used for this project is based upon the State's assurance that the comprehensive highway improvement program hereinabove referred to will be completed by the State.

It was therefore recommended that the Board:

1. approve the functional plan for the approaches and connections to the Bayonne Bridge from New Jersey Route 169 and local streets and approve the expanded jurisdictional limits of the Port Authority as shown on Drawing No. PD-576, dated September 12, 1985;

2. authorize the Acting Executive Director to enter into an agreement with the New Jersey Department of Transportation (NJDOT) providing for the engineering, construction, financing, acquisition and exchange of interests in real property and the definition of jurisdictional responsibilities on New Jersey Route 169 between Station 8+00 (Margaret Street) at the Bayonne Bridge and Station 76+00 (vicinity of East 19th Street) on New Jersey Route 169;

3. authorize the Acting Executive Director to pay the NJDOT approximately $3.6 million for the construction of new approaches and connections to the Bayonne Bridge from New Jersey Route 169 plus engineering costs for those portions of the approaches and connections which are generally shown in the single line hatching on Drawing No. PD-577, dated September 12, 1985. This amount is subject to adjustment based on bids to be received;

4. authorize the Acting Executive Director to provide up to $27.0 million including any future direct engineering costs from the funds made available for New Jersey projects by the 1984 toll increase for the remainder of the project, as generally shown without hatching on Drawing No. PD-577, dated September 12, 1985; and

5. authorize a Port Authority project for modification of the New Jersey Viaduct of the Bayonne Bridge to lengthen the southbound acceleration lane at the estimated total project cost of $2.8 million which includes payments to contractors, and allowance for extra work, engineering, administrative and financial expenses.

(Board - 9/12/85)

Whereupon, pursuant to the foregoing report, the following resolution was unanimously adopted:

RESOLVED, that the functional plan for the approaches and connections to the Bayonne Bridge from New Jersey Route 169 and local streets and the expanded jurisdictional limits of the Port Authority as shown on Drawing No. PD-576, dated September 12, 1985 be and are hereby approved; and it is further

RESOLVED, that the Acting Executive Director be and he is hereby authorized to enter into an agreement with the New Jersey Department of Transportation (NJDOT) providing for the engineering, construction, financing, acquisition and exchange of interests in real property and the definition of jurisdictional responsibilities on New Jersey Route 169 between Station 8+00 (Margaret Street) at the Bayonne Bridge and Station 76+00 (vicinity of East 19th Street) on New Jersey Route 169; and it is further

RESOLVED, that the Acting Executive Director be and he is hereby authorized to pay the NJDOT approximately $3.6 million for the construction of new approaches and connections to the Bayonne Bridge from New Jersey Route 169 plus engineering costs for those portions of the approaches and connections which are generally shown in the single line hatching on Drawing No. PD-577, dated September 12, 1985, which amount is subject to adjustment based on bids to be received; and it is further

RESOLVED, that the Acting Executive Director be and he is hereby authorized to provide up to $27.0 million including any future direct engineering costs from the funds made available for New Jersey projects by the 1984 toll increase for the remainder of the project, as generally shown without hatching on Drawing No. PD-577, dated September 12, 1985; and it is further

RESOLVED, that a Port Authority project be and it is hereby authorized for modification of the New Jersey Viaduct of the Bayonne Bridge to lengthen the southbound acceleration lane at the estimated total project cost of $2.8 million which includes payments to contractors and allowance for extra work, engineering, administrative and financial expenses; and it is further

RESOLVED, that all documents required to consummate the aforesaid transaction be subject to approval as to form by Deputy General Counsel or his authorized representative.

Whereupon, the meeting was adjourned.

_____

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

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Thursday, April 10, 1986

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MINUTES of Annual meeting of The Port Authority of New York and New Jersey held Thursday, April 10, 1986, at the Port Authority offices, One World Trade Center, City, County and State of New York. (202)

PRESENT:

NEW JERSEY	NEW YORK
Philip D. Kaltenbacher, Chairman	Robert F. Wagner, Vice-Chairman
Jerry Fitzgerald English	William J. Ronan
Robert V. Van Fossan	James G. Hellmuth
William K. Hutchison	Howard Schulman
Henry F. Henderson, Jr.	John G. McGoldrick

Stephen Berger, Executive Director
Doris E. Landre, Secretary
Anthony J. Barber, Director of Tunnels, Bridges and Terminals
A. Paul Blanco, Manager of Financial Accounting, Finance
Henry DeGeneste, Superintendent of Police, Public Safety
Sidney Frigand, Assistant Executive Director/Public Affairs
Louis J. Gambaccini, Assistant Executive Director/Trans-Hudson Transportation
Gene Gill, Director of General Services
Francis A. Gorman, Comptroller
Charles L. Hirsch, Executive Assistant to the Executive Director
Leon Katz, Supervising Information Officer, Public Affairs
Richard R. Kelly, Director of Rail Transportation
James J. Kirk, Port Director
Louis J. LaCapra, Deputy Director, Personnel
Philip LaRocco, Director, Economic Development
Joseph Lesser, Deputy General Counsel
Lillian C. Liburdi, Director of Management and Budget
Katharine B. MacKay, Assistant Executive Director/Administration
Mark Marchese, Assistant Director, Information Services, Public Affairs
Rino M. Monti, Director of Engineering/Chief Engineer
John R. Moran, Assistant Director of Audit
James H. Mullen, Administrative Assistant
James J. O'Malley, Director of Management Information Services
Hugh O'Neill, Assistant Executive Director/Policy Planning and Business Development
Theresa A. Potente, Assistant Secretary
Martin E. Robins, Director of Planning and Development
Morris Sloane, Deputy Director of Aviation
Victor T. Strom, Director of Public Safety
Guy F. Tozzoli, Director of World Trade
Joseph L. Vanacore, Assistant Executive Director/Capital Programs
Barry Weintrob, Director, Finance Department/Chief Financial Officer
Marvin Weiss, Director, Office of Minority Business Development
Marshal L. Wilcox, Jr., Treasurer
Jeffrey R. Breen, Engagement Partner, Touche Ross & Co.
Fred Rohn, Senior Partner, Touche Ross & Co.

The meeting was called to order by the Chairman.

(Board - 4/10/86)

Election of Officers

Chairman Philip D. Kaltenbacher announced that in accordance with the requirements of the By-Laws the annual election of officers was in order and requested Commissioner Van Fossan to take the chair as Acting Chairman.

The Acting Chairman requested Commissioner Ronan, Chairman of the Nominating Committee, to submit the report of that Committee. Commissioner Ronan submitted the following report:

> "On behalf of the Nominating Committee, I desire to report that at its meeting held earlier today, in accordance with the provisions of the By-Laws, the Committee, by unanimous action, submits the nominations for election to the office of Chairman of The Port Authority of New York and New Jersey of Commissioner Philip D. Kaltenbacher, and for the office of Vice-Chairman of The Port Authority of New York and New Jersey of Commissioner Robert F. Wagner.
>
> "By unanimous action, the Committee also submits the nominations of Stephen Berger as Executive Director and of Patrick J. Falvey as General Counsel.
>
> "By unanimous action, the Committee also submits the nominations of Barry Weintrob as Director of Finance, Francis A. Gorman as Comptroller, Doris E. Landre as Secretary and Donald R. Lee as Director of the Audit Department."

Commissioner McGoldrick thereupon moved the adoption of the report of the Nominating Committee. The motion was seconded by Commissioner Hutchison and carried.

On motion of Commissioner McGoldrick seconded by Commissioner Hutchison it was voted that nominations be closed and that the Secretary be directed to cast one ballot for the election of Commissioner Philip D. Kaltenbacher as Chairman, Commissioner Robert F. Wagner as Vice-Chairman, Stephen Berger as Executive Director, Patrick J. Falvey as General Counsel, Barry Weintrob as Director of Finance, Francis A. Gorman as Comptroller, Doris E. Landre as Secretary and Donald R. Lee as Director of the Audit Department.

The Secretary reported that the ballot had been cast, whereupon Commissioner Van Fossan announced the election of the following: Philip D. Kaltenbacher as Chairman, Robert F. Wagner as Vice-Chairman, Stephen Berger as Executive Director, Patrick J. Falvey as General Counsel, Barry Weintrob as Director of Finance, Francis A. Gorman as Comptroller, Doris E. Landre as Secretary and Donald R. Lee as Director of the Audit Department.

(Board - 4/10/86)

Tribute to Honorable Alan Sagner

The following resolution was unanimously adopted, expressing the appreciation of the Commissioners of The Port Authority of New York and New Jersey to the Honorable Alan Sagner.

WHEREAS, through the years since his original appointment in 1974 as a Commissioner of The Port Authority of New York and New Jersey by Governor Brendan T. Byrne to succeed Commissioner Philip B. Hofmann who had resigned, and his reappointment by Governor Byrne in 1979 to a full term, the Honorable Alan Sagner has been a loyal and dedicated member of the Board; and

WHEREAS, Commissioner Sagner was elected by his fellow Commissioners to the office of Chairman of The Port Authority of New York and New Jersey in 1977, and served as Chairman until September 1985, and also served as a member and Vice Chairman of the Committee on Construction, a member of the Committee on Port Planning, Vice Chairman of the Committee on Operations and a member of the Committee on Finance; and

WHEREAS, during Commissioner Sagner's tenure as Chairman, the Port Authority embarked on an Industrial Parks Program; executed the modernization and expansion of the Port Authority Bus Terminal; inaugurated a Waterfront Development Program; began construction of the Region's first Teleport; established a Foreign Trade Zone at the Port Newark/Elizabeth Marine Terminal; established XPORT, the Port Authority Trading Company; modernized the Red Hook Terminal; undertook, in partnership with the Newark Economic Development Corporation, the Newark Legal and Communications Center; launched the Fishport; and purchased more than 2,300 buses under the Port Authority's Mass Transportation Program; and

WHEREAS, Commissioner Sagner's dedication to the public good has also been evidenced by his service as Chairman of the Tri-State Regional Planning Commission, Commissioner of Transportation of the State of New Jersey, President of the Board of Trustees of Newark Beth Israel Medical Center, Vice President of the Health and Hospitals Council of Metropolitan New Jersey, Trustee of the New Jersey College of Medicine and Dentistry, President and charter member of the Livingston Rotary Club, and member of the Executive Committee of the National United Jewish Appeal; and

WHEREAS, Commissioner Sagner was totally committed to the achievement of the Port Authority's goals and gave generously of his time as Chairman and brought to the deliberations of the Board his superb executive and entrepreneurial talents as well as the benefit of his extensive experience in business;

NOW THEREFORE, be it

(Board - 4/10/86)

RESOLVED, that the Commissioners of The Port Authority of New York and New Jersey do hereby express to Alan Sagner their appreciation for his generous, talented and effective service to the Port Authority, and their warmest respect and affection for him as a friend and valued colleague; and it is further

RESOLVED, that the Commissioners do hereby direct that this resolution be suitably engraved and presented to Commissioner Alan Sagner as a token of the high esteem and warm friendship in which he will always be held by his fellow Commissioners and the staff.

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of March 13, 1986. She reported that copies of these Minutes were sent to all the Commissioners and to the Governors of New York and New Jersey and that the time for action by the Governors of New York and New Jersey had expired.

Whereupon, the Board unanimously approved the Minutes.

Report of Committee on Construction

The Committee on Construction submitted a report, for information, of action taken at its meeting on April 10, 1986, in addition to the matters separately reported to the Board of Commissioners at this meeting of the Board, and the report was received.

Report of Committee on Finance

The Committee on Finance submitted a report, for information, of action taken at its meeting on April 10, 1986, in addition to the matters separately reported to the Board of Commissioners at this meeting of the Board, and the report was received.

Report of Committee on Operations

The Committee on Operations submitted a report, for information, of action taken at its meeting on April 10, 1986, in addition to the matters separately reported to the Board of Commissioners at this meeting of the Board, and the report was received.

Report of Committee on Port Planning

The Committee on Port Planning submitted a report, for information, of action taken at its meeting on April 10, 1986, in addition to the matters separately reported to the Board of Commissioners at this meeting of the Board, and the report was received.

(Board - 4/10/86)

Report of the Audit Committee

Commissioner John G. McGoldrick, Chairman of the Audit Committee, presented the report of the Audit Committee. The report which follows was ordered spread upon these Minutes of the Board.

"Our By-Laws provide that the Audit Committee shall report from time to time to the Board on the results of its supervisory, auditing and other activities.

"During the past twelve months the Audit Committee has held nine meetings.

"The Committee has reviewed the Audit Department's quarterly reports of its review of internal functions and external relationships, and the quarterly accounts receivable reports. We have also reviewed, and continue to monitor, unresolved audit findings and recommendations – to assure that the recommendations of the Audit Department are appropriately implemented in a timely manner.

"During the past year we met on four different occasions with representatives of Touche Ross & Co., our independent auditors. We had regular discussions with only the outside auditors present – consistent with the policy that the auditors and the Audit Committee have direct and unrestricted access to each other.

"In October, we reviewed the proposed 1985 audit scope and timetable with the independent auditors. In December, we reviewed internal accounting controls and the results of the interim audit, and discussed in depth the auditors' management letter recommendations and management's responses.

"And in February, the Committee reviewed and commented on the draft financial statements and draft notes to the financial statements. We also reviewed that 1986 audit plan which was prepared by our internal financial/audit staff.

"The Audit Committee has been monitoring compliance with the Authority's financial disclosure filing requirements. We are concerned with both the completeness and the timeliness of the filings, and with the contents of the disclosure statements. We will again this spring review the individual filings of all senior management – as we have the past two years – and will continue to focus on overall compliance with the filing requirements.

"Without going into detail, I would like to note some of the special reviews which the Audit Committee has undertaken this past year:

- electronic data processing procedures and personnel, focusing on security issues
- expense account reporting requirements and compliance, including timeliness of submissions and reasonableness of amounts
- cash advance procedures and controls
- equal opportunity contracts, focusing on the effectiveness of compliance monitoring and reporting

– management analysis, reviewing the development of procedures

– staff use of vehicles

– Port Authority policies concerning gifts and employment of relatives

– construction supervision, including a review of controls and reporting procedures

"We had two special meetings focusing on the interaction of line departments and central management; one meeting was with some senior line department people, and the other was with some central management senior staff. The purpose of the sessions was to focus on the delicate balance between having prudent, effective and adequate controls, and allowing for innovative, flexible and responsive management.

"Finally, because the Board has delegated to the Audit Committee the responsibility of making an annual recommendation concerning the retention of auditors, the Committee focused on the level of performance and degree of responsiveness of the independent auditors retained for fiscal 1985. Today's agenda includes, as an action item, the retention of Touche Ross & Co., for fiscal year 1986 based upon the Audit Committee's recommendation.

"I want to recognize the seriousness of purpose with which my fellow Audit Committee members – Commissioners Henderson, Hutchison and Ronan – have addressed our responsibilities. Also, I wish to compliment Stephen Berger, Pat Falvey, Barry Weintrob and Don Lee – and the other staff members with whom we work – for their responsiveness and cooperation."

(Board - 4/10/86)

Report of Independent Auditors

The Board received a report of Touche Ross & Co., Independent Auditors, as presented by Mr. Jeffrey R. Breen. The report which follows was ordered spread upon these Minutes of the Board.

"We have completed our examination of the consolidated financial statements of The Port Authority of New York and New Jersey, and its subsidiary, Port Authority Trans-Hudson Corporation, for the year ended December 31, 1985. Our opinion dated February 28, 1986, appears on page 27 of the Port Authority's 1985 Annual Report. Our examination was conducted in accordance with generally accepted auditing standards. Our opinion states that the Port Authority's financial statements are fairly presented in conformity with generally accepted accounting principles applied on a consistent basis, except for the change, with which we concur, in the method of accounting for post retirement benefits. Our opinion also states that Schedules A, B, and C are fairly presented in conformity with the requirements of law and the Port Authority's bond resolutions which have been applied on a basis consistent with that of the preceding year, except for the aforementioned change.

"Concurrently with our examination of the annual financial statements, we also performed a study of the Port Authority's system of internal accounting control. Our opinion dated November 27, 1985, on the adequacy of the Port Authority's system of internal accounting control, appears on page 26 of the Annual Report.

"In addition, we issued a report on the Special Reserve Fund in Trust certifying to the Trustee that there were adequate funds in the Trust as of December 31, 1985 to retire the outstanding General and Refunding Bonds as scheduled on March 1, 1986. We also issued net revenue reports in accordance with the lease agreements between the Port Authority and the City of New York and the Port Authority and the City of Newark.

"During the year, we had unrestricted access to the Audit Committee and had several opportunities to meet alone with the Audit Committee to discuss our audit plan, comments and recommendations on internal control and the financial statements.

"During the year, we had several meetings with the Executive Director and Port Authority management to discuss various accounting and financial reporting matters.

"We received the complete cooperation of Port Authority management and employees. There were no restrictions placed on our approach or the scope of our examination. We were given access to all individuals, records, documents and other supporting data which we requested and our inquiries were satisfactorily answered.

"We appreciate the opportunity to appear before you and would be pleased to answer any questions you may have pertaining to the financial statements, our approach to the 1985 audit and the reports which we issued."

1986 Budget - January 1 through May 31, 1986

It was reported that the Board, at its meeting on December 12, 1985, acted to confirm the authority of the Executive Director through January 31, 1986 to make expenditures in an amount not to exceed $200 million and to undertake contractual commitments, in accordance with the By-Laws, all as contemplated in the proposed 1986 Budget for The Port Authority of New York and New Jersey (including Port Authority Trans-Hudson Corporation). On January 9, 1986, the Board acted to confirm the authority of the Executive Director through February 28, 1986, to make expenditures at a rate not to exceed $200 million per month and to authorize the Executive Director to implement the annual salary range adjustment. On February 13, 1986, and March 13, 1986 the Board's confirmation of the Executive Director's authority was extended through March 31, 1986, and April 30, 1986, respectively. These actions were taken when it became apparent that, in connection with the items constituting the proposed 1986 Budget being considered by the Board, the Governor's staffs might not complete their review of preliminary Budget materials prior to adoption of the 1986 Budget. That process is continuing and has not yet been concluded.

It is therefore appropriate to confirm the authority of the Executive Director to continue to make payments for expenses and to undertake contractual commitments, in accordance with the By-Laws, for continuing operations and professional services, all as contemplated in the proposed 1986 Budget presented to the Board on December 6, 1985. It is expected that such payments will not exceed $200 million per month through May 31, 1986.

Whereupon, pursuant to the foregoing report, the following resolution was unanimously adopted:

> RESOLVED, that it is hereby confirmed that the Executive Director is authorized through May 31, 1986, to make expenditures at a rate not to exceed $200 million per month, including but not limited to personnel, materials and services, equipment, supplies, utilities, cleaning services and insurance, and to undertake contractual commitments, in accordance with the By-Laws, all as contemplated in the proposed 1986 Budget for The Port Authority of New York and New Jersey (including Port Authority Trans-Hudson Corporation) presented to the Board on December 6, 1985.

(Board - 4/10/86)

Retention of Independent Auditors for 1986

It was reported that under the By-Laws, the Audit Committee has the responsibility to recommend retention of independent accountants for designation by the Board to audit the books and accounts of the Port Authority. Under a policy adopted at its meeting on June 21, 1983, and reaffirmed at its meeting on March 13, 1986, the Audit Committee monitors the independent auditing function and decides annually the question of which firm to recommend to the Board for retention by the Port Authority and for what period of time in light of then current circumstances.

Consistent with that policy, and after a full review and discussion of the policy and the performance of Touche Ross & Co., the Audit Committee recommended that the Board retain Touche Ross & Co. as independent auditors to audit the books and accounts of the Port Authority for the year ending December 31, 1986.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the policy of the Audit Committee, adopted on June 21, 1983, and reaffirmed on March 13, 1986, of maintaining flexibility with regard to the retention of independent auditors be and it hereby is recognized and approved; and it is further

RESOLVED, that Touche Ross & Co. be and it hereby is designated as independent auditors to audit the books and accounts of the Port Authority for the year ending December 31, 1986; and it is further

RESOLVED, that, in accordance with the By-Laws of the Port Authority, the matter of arranging for such auditing by the above designated auditors and for monitoring the auditors' performance be and it hereby is referred to the Audit Committee.

(Board - 4/10/86)

Port Authority Operating Equipment - Lease Financing Program - Amendment

It was reported that the Board, at its meeting on April 11, 1985, established the Port Authority Operating Equipment-Lease Financing Program pursuant to which the Executive Director was authorized to enter into lease-financing transactions to facilitate the purchase of a portion of the Port Authority's operating equipment, including but not limited to automotive vehicles; telephone, radio and computer equipment; and office furnishings. At its meeting on July 11, 1985, the Board amended the resolution establishing the Program to make clear that the equipment could be used at any of the Port Authority's facilities, including its airports, docks and wharves.

Historically, the Port Authority had used operating funds to finance the purchase of operating equipment. However, since the useful life of such equipment often exceeds one year, a one-time cash payment for these expenditures was felt not to adequately reflect the useful operating life of the equipment. It was also felt at the time that financing the purchase of operating equipment through lease-financing transactions would provide a more accurate allocation of costs in that it would allow the Port Authority to provide for the cost of operating equipment over its estimated useful life.

Pursuant to the aforesaid authorization, a master financing lease was entered into in August 1985 with Daily Tax Free Income Fund Inc., under which the Fund committed to provide the full $10 million authorized under the Program. Appropriate arrangements were also entered into with Bank of America NT & SA and Bank America Trust Company of New York as authorized at that time. The interest rate was initially set at 60% of Bank of America's Reference Rate of interest with amortization of principal payments on a monthly basis. After the program began, Bank of America NT & SA was instrumental in obtaining an agreement with the Fund which will reduce the interest rate applicable to leased equipment from 60% to 58% of Bank of America's variable Reference Rate of interest, and provide for a revised payment and amortization schedule which will result in additional savings to the Port Authority.

At the outset of the Program in August 1985, $2.5 million was drawn upon, virtually all of which has been expended. Another $3.5 million is expected to be drawn down shortly, leaving $4.0 million. This amount is not adequate for scheduled expenditures for operating equipment presently authorized or to be authorized by the Board, including but not limited to office automation equipment, the purchase of which is being recommended separately for the Board's consideration at today's meeting. These expenditures will necessitate an expansion of the current lease-financing program in order to achieve the additional benefits of financing them in this manner.

It is therefore recommended that the maximum aggregate principal amount allowed to be outstanding at any one time under the Program be increased from $10 million to $25 million. In order to be able to take advantage of future proposals on lease-financing with more favorable terms, it is recommended that the Executive Director be authorized to enter into the necessary agreements and take other such actions as may be necessary or desirable in order to effectuate the expanded Program on terms and conditions at least as favorable as those currently in effect.

(Board - 4/10/86)

It is also recommended that the Committee on Finance, Chairman of the Authority, Chairman of the Committee on Finance, Executive Director, Chief Financial Officer, Director, Finance Department or Treasurer of the Authority be authorized to take any action which may be necessary or desirable to assure that interest payable pursuant to the Operating Equipment-Lease Financing Program is not subject to Federal income taxes.

It was therefore recommended that the Board authorize:

1. an increase in the aggregate principal amount of lease-financing transactions allowed to be outstanding under the Port Authority Operating Equipment-Lease Financing Program at any one time from $10 million to $25 million;

2. the Executive Director on behalf of the Port Authority, to enter into such agreements, including amendments to current agreements, as may be necessary or appropriate with the Bank of America NT & SA, Bank America Trust Company of New York or any other financial services entity, and with the current lessor-investor or other lessor-investors to effectuate additional purchase and lease-financing transactions under the Program as expanded pursuant to recommendation number one above on terms and conditions at least as favorable as the terms currently in effect; and to take such other action as may be necessary or appropriate in connection with such purchase and lease financing; and

3. the Committee on Finance, Chairman of the Authority, Chairman of the Committee on Finance, Executive Director, Chief Financial Officer. Director, Finance Department or Treasurer of the Authority to take any action which may be necessary or desirable to assure that interest payable pursuant to the Program is not subject to Federal income taxes.

Whereupon, pursuant to the foregoing report, the following resolution was unanimously adopted:

RESOLVED, that the aggregate principal amount of lease-financing transactions allowed to be outstanding under the Port Authority Operating Equipment-Lease Financing Program at any one time be and hereby is increased from $10 million to $25 million; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, on behalf of the Port Authority, to enter into such agreements, including amendments to current agreements, as may be necessary or appropriate with the Bank of America NT & SA, Bank America Trust Company of New York or any other financial services entity, and with the current lessor-investor or other lessor-investors to effectuate additional purchase and lease-financing transactions under the Program as expanded on terms and conditions at least as favorable as the terms currently in effect, the form of any such agreement to be subject to the approval of General Counsel or his designated representative; and to take such other action as may be necessary or appropriate in connection with such purchase and lease financing; and it is further

(Board - 4/10/86)

RESOLVED, that the Committee on Finance, Chairman of the Authority, Chairman of the Committee on Finance, Executive Director, Chief Financial Officer, Director, Finance Department or Treasurer of the Authority is hereby authorized to take any action which may be necessary or desirable to assure that interest payable pursuant to the Program is not subject to Federal income taxes.

(Board - 4/10/86)

Acquisition of Office Automation Equipment

It was reported that the Port Authority's current office equipment does not provide the organization's professional and clerical staff with the modern tools needed to effectively do their jobs. The word processing system now being used, the mainframe based Advanced Text Management System (ATMS), lacks many key word processing functions commonly available on modern systems, is not reliable, and is difficult to use and learn.

Professional staff utilize a variety of analytic and decision support software products including spreadsheets, report writers and business graphics. Access to these software packages is either via terminals connected to the Port Authority's mainframe or personal computers (PC). These products are used by many Port Authority staff, but their utility is limited since each is a separate software package, and the transfer of data between packages is difficult. While the recently installed PC's address the need for a more distributed, user friendly computing environment, they are standalone devices and most do not currently provide access to the important management information systems and data available on the Port Authority's centralized mainframe computer.

It is proposed that a modern office automation system be acquired from Digital Equipment Corporation and installed at the Port Authority's offices in The World Trade Center and at all major Port Authority facilities. This will provide Port Authority staff with an organization-wide network of secretarial and professional workstations, as well as easy to use, highly integrated software. This office automation system network will incorporate the already installed PC's and provide a high level of compatibility with and communications access to the Port Authority's mainframe computer. It will include a high level of security and will provide authorized Port Authority staff with a modern, user friendly word processing system and a highly integrated selection of office tools, including electronic mail, electronic filing and time management, desicision support (e.g., graphics, spreadsheets), information processing, and desk management functions.

The proposed system will increase productivity of professional and clerical staff throughout the Port Authority. Clerical staff will be able to perform many office tasks more quickly and efficiently. It will substantially reduce training time compared to the existing ATMS system and increase the capabilities of staff. The system will increase the effectiveness of Port Authority professional staff who, with easy access to information support and other tools which office automation provides, will be able to reach more informed and timely decisions and present information in more effective ways.

Through the use of electronic mail and filing, the system will allow the Port Authority to speed up the flow of documents, messages and other types of information between staff within The World Trade Center and at different geographical locations, thus shortening review and approval cycles for vital Port Authority projects. These benefits will increase as greater numbers of staff are located at facilities other than The World Trade Center.

(Board - 4/10/86)

Acquisition of the proposed system is consistent with recommendations made in 1982 by Booz-Allen and Hamilton Inc., an indepedent consulting firm retained to study Port Authority office automation needs from the experience of the Tunnels, Bridges and Terminals Department and the findings of an internal study conducted by the Management Information Services Department in 1984 in which office automation needs were discussed with each Port Authority department. In December 1985 the plan to acquire a new office automation system was also presented to the Port Authority's Management Information Services Council which expressed unreserved support.

Industry sources indicate that many organizations have benefited from installation of modern office automation equipment, and our own experience in the Law Department confirms improvements in productivity after the installation of an NBI office automation system in December 1984.

The office automation system will also provide an expanded infrastructure of terminals needed to support critical new on-line systems including a project management system now being implemented and new general ledger and timekeeping systems now being analyzed.

Installation of the office automation system will be phased in over eighteen months beginning with small configurations of office automation equipment in each Port Authority department followed by a gradual system expansion within each department. For those departments where needs for office automation are most urgent, department-wide configurations will be installed more rapidly. As departments request increased installations of office automation equipment, they will be required to describe the benefits derived from their existing installations and to indicate the expected benefits to be derived from their proposed expansions. These requests will be jointly evaluated by the Management and Budget and Management Information Services Departments.

This authorization will cover the purchase cost of equipment as well as the installation, maintenance and training costs for the first two years. However, the Management Information Services Department and the Management and Budget Department will monitor and track productivity gains attributable to office automation utilizing a pre-established methodology. Prior to the expiration of this authorization, the Management Information Services Department will present a report to the Board on the benefits accruing from office automation. At that time, authorization for continued maintenance, as well as additional equipment will be sought.

The Law Department currently has a word processing system under a previously negotiated lease with NBI Corporation which has proved to be well suited for legal documents. Although the potential replacement of this NBI equipment with an equivalent amount of Digital equipment was not included in the total office automation proposal and selection, as Digital Equipment Corporation's office automation equipment is installed, a decision will be made as to whether purchasing the existing NBI equipment or replacing it with an equivalent amount of Digital Equipment Corporation equipment will best serve the needs of the Law Department. Should the Port Authority exercise its option to purchase the currently installed NBI equipment now under lease, the estimated total price of purchase and maintenance for two years would be $456,000. This is less than the cost of the Digital replacement equipment due to the cost advantages provided in the NBI lease for purchase conversion, differences in the NBI and Digital configurations and absence of costs for installation, delivery, training and ancillary equipment.

(Board - 4/10/86)

Digital Equipment Corporation is the second largest computer manufacturer in the United States and a leader in office automation systems. Digital's selection followed the issuance by the Port Authority of a publicly advertised Request for Proposals (RFP) in June 1985.

Fourteen proposals were received in response to the RFP from the following:

AT&T, New York, New York
CPT Corporation, New York, New York
Digital Equipment Corporation, New York, New York
Harris Corporation (two proposals), New York, New York
IBM Corporation, New York, New York
ITT Corporation, New York, New York
NBI Corporation, New York, New York
NCR Corporation, New York, New York
NYNEX Business Information Systems, New York, New York
Sears Business Systems, Wayne, New Jersey
Sperry Corporation, New York, New York
Wang Laboratories, Lowell, Massachusetts
Xerox Corporation, New York, New York

Responses were evaluated intensively by a committee comprised of representatives of the Management Information Services, Rail, Aviation, Public Affairs, General Services and Law Departments. The criteria used to evaluate proposals included overall system capabilities such as hardware and software requirements, ease of use of the office automation system, and communications, as well as price. The Digital proposal ranked first in each of the system capability categories when compared to the other finalists, IBM, NBI and NYNEX. Pricing was primarily evaluated based on proposed purchase price and total five-year costs including maintenance.

The committee unanimously recommended Digital Equipment Corporation's system. The committee found that Digital's proposed office automation system offered the best all around combination of word processing, integrated office functions, communications capabilities, compatibility with the current Port Authority computer environment and vendor experience.

It was therefore recommended that the Board authorize the Executive Director to enter into agreements:

1. with Digital Equipment Corporation for the purchase of office automation equipment, maintenance of said equipment for a period of two years, training of Port Authority staff, delivery and installation of the equipment, and a 10% provision for ancillary equipment at an estimated total price of $12,111,000; and

2. for either (a) the purchase of the NBI word processing equipment currently leased by the Port Authority and installed in the Law Department, including maintenance of said equipment for a period of two years, at an estimated price of $456,000 or (b) the purchase of office automation equipment to replace the NBI equipment from Digital Equipment Corporation, including maintenance for a period of two years, training, delivery and installation, and a 10% provision for ancillary equipment, at an estimated total price of $969,000.

(Board - 4/10/86)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorizes the Executive Director to enter into agreements: (1) with Digital Equipment Corporation for the purchase of office automation equipment, maintenance of said equipment for a period of two years, training of Port Authority staff, delivery and installation of the equipment, and a 10% provision for ancillary equipment, at an estimated total price of $12,111,000; and (2) for either (a) the purchase of the NBI word processing equipment currently leased by the Port Authority and installed in the Law Department, including maintenance of said equipment for a period of two years, at an estimated price of $456,000 or (b) the purchase of office automation equipment to replace the NBI equipment from Digital Equipment Corporation, including maintenance for a period of two years, training, delivery and installation, and a 10% provision for ancillary equipment, at an estimated total price of $969,000; and it is further

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

(Board - 4/10/86)

Kennedy International Airport - International Arrivals Building - Interim Improvement Program - Amendment to Project Authorization - Approval of Award of Contract JFK-110.060A - Authorization to Award Supplemental Agreement No. 1 to Contract JFK-110.060A

It was reported that the Board, at its meeting on January 9, 1986, authorized a project at Kennedy International Airport for the installation of an interline baggage conveyor system at the International Arrivals Building (IAB) at a project cost not to exceed $7 million. The Board further authorized the Executive Director to award Contract JFK-110.060, International Arrivals Building, Interline Baggage Conveyor System, Miscellaneous Building Alterations, and it further provided that payments under the contract not exceed $3 million without further authorization. Therefore, bids were solicited from a list of qualified contractors on Contract JFK-110.060, and six bids and a non-responsive proposal were received on March 6, 1986. After analysis of the bids received and an interview with the low bidder, the Chief Engineer determined that there had been a misunderstanding of the compensation provisions of the contract by bidders, that the bids on Contract JFK-110.060 should be rejected, and that new bids on revised Contract JFK-110.060A should be solicited from the same list of contractors. The Executive Director authorized the award of Contract JFK-110.060A to W.J. Barney Corporation, New York, New York, the low bidder, at a compensation to be computed at the net cost of the work, plus 3.75%, plus an additional 20% if the work is performed by a subcontractor.

The interline baggage conveyor system is the first part of a comprehensive program to relieve the congestion experienced by travelers at the IAB and to upgrade the building's amenities in a manner commensurate with Kennedy International Airport's role as the leading gateway airport to the United States.

Additional improvements to be accomplished under the program, authorization for which is herein sought, include a reconfiguration of the East and West Immigration and Naturalization areas to improve the flow of passengers through the areas and a general rehabilitation to make the areas more attractive, replacement of the existing single escalator in the lobby area with two escalators to provide for simultaneous ascent and descent, rehabilitation of the lobby area and installation of new Customs' counters in the Customs Hall. Additionally, certain corridors on the second and third floors which receive heavy use by arriving passengers will be refurbished and new signing and flight arrival and passenger information systems installed. The total cost of these improvements, including the interline baggage conveyor system which was previously authorized, is presently estimated at $24 million, including payments to contractors, an allowance for extra work and engineering, administrative and financing expenses.

Other improvements which are under consideration include refurbishment of other areas on the second floor, rehabilitation of the observation deck, upgrading of the baggage claim devices and associated modifications to the IAB Customs Hall. Appropriate authorization concerning these improvements will be sought as specific recommendations are developed.

In order to accomplish the work in the West Immigration and Naturalization Service area as expeditiously as possible, it is requested that the Executive Director be authorized to enter into Supplemental Agreement No. 1 to Contract JFK-110.060A with W.J. Barney Corporation at a total expenditure not to exceed $3.4 million.

The Port Authority's recovery on the new investment is sufficient to recover all project costs including debt service.

(Board - 4/10/86)

It was therefore recommended that the Board:

1. authorize an amendment to the project authorization for the construction of an interline baggage conveyor system at the International Arrivals Building at Kennedy International Airport which expands the project to include other elements of a program of interim improvements to the International Arrivals Building and increases the project authorization from a project cost not to exceed $7 million to an expenditure not to exceed $24 million, including payments to contractors, an allowance for extra work and engineering, administrative and financing expenses;

2. approve the action of the Executive Director in rejecting all bids on Contract JFK-110.060 and awarding Contract JFK-110.060A, Interline Baggage System, Building Alterations to W.J. Barney Corporation, New York, New York, at a total compensation not to exceed $3 million; and

3. authorize the Executive Director in his discretion to enter into Supplemental Agreement 1 to Contract JFK-110.060A with W.J. Barney Corporation, New York, New York, to provide for alterations to the West Immigration and Naturalization Service area at a total compensation not to exceed $3.4 million.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board: (1) authorizes an amendment to the project authorization for the construction of an interline baggage conveyor system at the Interntional Arrivals Building at Kennedy International Airport which expands the project to include other elements of a program of interim improvements to the International Arrivals Building and increases the project authorization from a project cost not to exceed $7 million to an expenditure not to exceed $24 million including payments to contractors, an allowance for extra work and engineering, administrative and financing expenses; (2) approves the action of the Executive Director in rejecting all bids on Contract JFK-110.060 and awarding Contract JFK-110.060A, Interline Baggage System, Building Alterations to W.J. Barney Corporation, New York, New York, at a total compensation not to exceed $3 million and (3) authorizes the Executive Director in his discretion to enter into Supplemental Agreement 1 to Contract JFK-110.060A with W.J. Barney Corporation, New York, New York, to provide for alterations to the West Immigration and Naturalization Service area at a total compensation not to exceed $3.4 million; the form of the Agreement to be subject to the approval of General counsel or his authorized representative.

(Board - 4/10/86)

Kennedy International Airport - Rehabilitation of Runway 4L-22R and Associated Taxiways - Contract JFK-480 - Project Authorization and Contract Award

It was reported that although Runway 4L-22R was extended in the mid 60's and some local repairs performed in the 70's and 80's, this 37-year old runway has not had any major rehabilitation or strengthening work performed on its pavements to compensate for the heavier aircraft it presently handles.

Contract JFK-480 will provide for the strengthening and rehabilitation of Runway 4L-22R as well as its associated taxiways "Z", "ZA", "Y", "G" and "F".

The runway pavement will be thickened an average of ten inches and the taxiways will be thickened an average of seven inches. The contract will also include drainage and lighting improvements to the runway and taxiways.

The contract includes a provision that the bidder will use every good faith effort to meet a goal of Minority Business Enterprise participation of 10% for firms owned and controlled by minorities and 1% for firms owned and controlled by women.

The entire contract is eligible for Federal funds under the Airport Improvement Program (AIP).

The contract was publicly advertised and the following bids were received on April 8, 1986:

	Classified Work	Unclassified Work	Estimated Total Amount
Anthony Grace & Sons, Inc. & Edenwald Contracting Co. Inc., a joint venture Whitestone, New York	$8,281,540	$4,000,000	$12,281,540
Willets Point Contracting Corp. Flushing, New York	8,154,450	4,235,550	12,390,000
ENGINEER'S ESTIMATE			$12,000,000

Anthony Grace & Sons, Inc. & Edenwald Contracting Co. Inc., a joint venture, submitted the lowest bid and was determined by the Chief Engineer to be qualified to perform the contract.

It was therefore recommended that the Board authorize:

1. a project at Kennedy International Airport for the rehabilitation of Runway 4L-22R and Associated Taxiways at an expenditure presently estimated at $16.3 million, including payments to contractors, an allowance for extra work, and engineering, administrative and financing expenses; and

(Board - 4/10/86)

2. the Executive Director to award Contract JFK-480, Rehabilitation of Runway 4L-22R and Associated Taxiways, to Anthony Grace & Sons, Inc. & Edenwald Contracting Co. Inc., a joint venture, the low bidder, at its bid price in the estimated total amount of $12,281,540 plus an authorization of $1.2 million for extra work.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that a project at Kennedy International Airport for the rehabilitation of Runway 4L-22R and Associated Taxiways at an expenditure presently estimated at $16.3 million including payments to contractors, an allowance for extra work, and engineering, administrative and financing expenses it authorized; and it is further

RESOLVED, that the Executive Director is authorized to award Contract JFK-480, Rehabilitation of Runway 4L-22R and Associated Taxiways, to Anthony Grace & Sons, Inc. & Edenwald Contracting Co. Inc., a joint venture, the low bidder, at its bid price in the estimated total amount of $12,281,540, and to order extra work up to the amount of $1.2 million.

(Board - 4/10/86)

Newark International Airport - Hangar 55 - People Express Airlines, Inc. - Supplement to Lease Covering Expansion of Premises

It was reported that Hangar 55 was originally designed and constructed in the late 1930's to house and maintain aircraft of the DC-3 size and vintage. The floor-loading capacity and the height of the hangar entrance prohibit the full use of the hangar for today's B737 and B727 sized aircraft. The hangar is currently being used for ramp vehicle maintenance work, handling cargo, and for general storage purposes.

People Express Airlines, Inc. has under lease through June 30, 1987 three of the hangar's six bays and is negotiating for the addition of a fourth bay to the lease. In addition, People finds it necessary to upgrade and expand its two easterly bays (Section C) by approximately 15,000 square feet in order to accommodate its fleet of aircraft. The cost of this expansion effort is presently estimated at $8.0 million.

It is proposed that the Port Authority pay People Express or its contractors for the construction in an amount not to exceed $4.5 million and extend the term of the Section C premises to the earlier of June 30, 2002 or fifteen years from the date of completion of construction. Completion of the project is expected in June 1986.

After completion of construction but not later than June 30, 1987, People Express would pay to the Port Authority an additional monthly rental on the expanded portion equivalent to $.012163 for each dollar paid by the Port Authority to People Express or its contractors, including accruals during the construction period, such rental to be paid over the balance of the lease term. The monthly rental factor as aforesaid is based upon a fifteen-year rental payment period and would be subject to adjustment for any different rental period. This rental is at an amount sufficient to make the Port Authority's recovery on the new investment financially self-sustaining.

The Port Authority would have the right to terminate the lease, without cause, upon 180 days' notice to People Express which notice may be given at any time after the earlier of the fifth anniversary of the completion of construction or July 1, 1992. If the lease is so terminated the Port Authority would pay to People an amount not to exceed $2.2 million for People's investment in the expansion of the Hangar amortized on a straight line basis over a fifteen-year period from the earlier of the completion of construction or July 1, 1987.

Annual rental on the existing Section C premises, currently at $82,920 plus Airport Services (1985 tentative of approximately $120,000), will be adjusted upward in increments of $.20 per square foot every two years beginning July 1, 1987 to$192,372 plus Airport Services over the fifteen-year period.

It was therefore recommended that the Executive Director be authorized, for and on behalf of the Port Authority, to enter into an agreement with People Express Airlines, Inc., all in accordance with the foregoing.

(Board - 4/10/86)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director be and he hereby is authorized to enter into a Supplemental Agreement to the lease with People Express Airlines, Inc. covering expansion of its Hangar 55 premises at Newark International Airport in accordance with the foregoing; the form of the agreement to be subject to the approval of General Counsel or his designated representative.

(Board - 4/10/86)

Bathgate Industrial Park - Increase in Project Authorization - Award of Contract BIP-110.021A

It was reported that the Board, at its meeting on March 12, 1981, authorized a project for the development of the Bathgate Industrial Park at an estimated project cost of $15.7 million, for development of industrial space in seven buildings in the South Bronx. Further, the Board, at its meeting on January 12, 1984, authorized the addition of four buildings on four partial blocks to the Bathgate Industrial Park and an increase of $5,350,000 in the project authorization.

To date five industrial buildings have been constructed by the Port Authority, all of which are either leased or in the process of being leased. Construction is also underway by the Port Authority on a sixth building, a Federally assisted Business Assistance Center, and it is anticipated that this building will be fully occupied by early 1987. The Port Authority has spent or committed $20 million of the total $21,050,000 authorized for the Bathgate Industrial Park.

The proposed building on Block 2913, the seventh at the Park, requires an increase of $3.7 million to the project authorizations. Additional increases in the project authorization will be requested as development continues. This additional authorization is required because the original authorization anticipated that a developer or general contractor would construct the buildings and the Port Authority would purchase the finished buildings from the developer. This arrangement proved unworkable and the Port Authority assumed the duties of a developer and, along with that, the financial and engineering expense associated with the project.

Contract BIP-110.021A provides for site preparation, the construction of a one-story shell industry building of approximately 70,000 square feet and construction of utility services, perimeter sidewalk and curb, exterior lighting, and paving of the parking lot and truck ramps, all on Block 2913. In addition, the contract provides for the rehabilitation of the Port Authority's Engineer's field office trailer at the Bathgate Industrial Park and for the removal of obstructions encountered during site leveling and dynamic compaction on Block 2913, to be performed on a net cost basis estimated at roughly $75,000. The bid documents stated that the Port Authority did not intend to award the contract at an estimated total contract price in excess of $3.8 million. It is anticipated that $900,000 of this cost will be reimbursed by the New York City Public Development Corporation.

The contract includes a provision that the contractor meet a mandatory goal for Minority Business Enterprise participation of at least 20% for firms owned and controlled by minorities and 5% for firms owned and controlled by women with a total MBE/WBE participation of at least 25%.

The following bids were received on March 20, 1986:

E.K. Construction Co., Inc. Great Neck, New York	$3,774,420
L.J.E. Construction Corp. Flushing, New York	4,073,333

Ebasco Constructors, Inc. Lyndhurst, New Jersey	$4,081,266
Acme Skillman Construction Co., Inc. Maspeth, New York	4,464,000
Gelco Builders, Inc. New York, New York	4,478,433
M. Melnick & Co., Inc. Bronx, New York	5,020,120
ENGINEER'S ESTIMATE	$3,700,000

E.K. Construction Co., Inc. submitted the lowest bid and was determined by the Chief Engineer to be qualified to perform the contract.

The award of Contract BIP-110.021A for the construction of a shell building of approximately 70,000 square feet on Block 2913 is necessary and desirable for the Port Authority to maintain its schedule of construction activity in progressing the development of the Bathgate Industrial Park. Therefore, it is recommended that the Board authorize award of Contract BIP-110.021A to the low bidder, E.K. Construction Co., Inc.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize: (1) an increase of $3.7 million in the authorization for the project costs associated with the development of the Bathgate Industrial Park and (2) the Executive Director to award Contract BIP-110.021A, Site Preparation and Industrial Building on Block 2913, Bathgate Industrial Park, to E.K. Construction Co., Inc., the low bidder, at its bid price in the total estimated amount of $3,774,420, the Executive Director to order extra work up to the amount of $380,000, and a provision for net cost work.

(Board - 4/10/86)

The Port Authority Industrial Park at Yonkers - Lease Agreement with Tri Omni, Inc.

It was reported that the Board, at its meeting on November 8, 1984, authorized an industrial development project at the former Otis Elevator plant in the City of Yonkers, New York, and certified the Port Authority Industrial Park at Yonkers as an additional facility of the Port Authority.

Staff has completed an assessment of improvements necessary to Building 2 at the Port Authority Industrial Park at Yonkers and has determined that repairs and renovations totalling $1.8 million will be required in this building. This represents an increase of $1.3 million plus $64,000 in financial expenses over the amount included in the original project authorization primarily due to greater than anticipated health, safety and operational repairs. Similar assessments are being performed for the remaining buildings and additional increases in the project authorization will be requested when and if needed.

Staff has completed negotiations for the letting of approximately 45,000 square feet in Building 2 at the Park to Tri Omni, Inc., a New York Corporation.

Tri Omni manufactures electronic and polarized filters, optics and associated products. Tri Omni and several of its affiliate companies will occupy the building. Among the affiliated companies are Movie Vision, Inc., a Brooklyn Company, Optic Tech Industries, Inc., located in Long Island, and RIN & Co., a company now located in Ensinada, Mexico. It is anticipated that with expansion and relocation of associated companies, Tri Omni will generate approximately 130 jobs over the next three-year period. When Tri Omni initially takes occupancy, it will employ approximately 50 people at the Port Authority Industrial Park at Yonkers.

The Port Authority will lease to Tri Omni Building No. 2 at the Port Authority Industrial Park at Yonkers which is a five story structure of approximately 45,000 square feet. The lease term will be for 25 years and will commence as to the fifth floor on April 1, 1986. The letting will commence as to the other four floors upon notification by the Port Authority to the lessee that certain construction work has been completed by the Port Authority. Construction work cannot be undertaken by the Port Authority with respect to the first and fourth floors until expiration of the respective current tenants' lease terms. The lease of one of the current tenants expires in 1994. Since this tenant is seeking expansion space and Tri Omni wants this space sooner than 1994, staff is currently attempting to relocate this tenant elsewhere in the industrial park.

For the period September 1, 1986 to May 31, 1987 the lessee will pay an annual basic rental for the fifth floor of $16,875. As to floors 1, 2, 3 and 4 the lessee will be given 90 days from the commencement date of the letting of each floor to perform finishing and preparation work prior to the rental commencement date for such floor, the rental commencement date for the second and third floors not to occur prior to June 1, 1987. Each floor is approximately 9,000 square feet. Effective June 1, 1987 and continuing for the balance of the term of the letting the lessee, for each floor for which rental is payable for the following periods shall pay the following annual basic rental amounts to the Port Authority.

6/1/1987 to 5/31/1988 - $29,250 per floor
6/1/1988 to 5/31/1989 - $38,250 per floor
6/1/1989 to 5/31/1990 - $45,000 per floor
6/1/1990 to 5/31/1991 - $49,500 per floor
6/1/1991 to 5/31/1995 - $54,000 per floor
6/1/1995 to 5/31/1998 - $58,500 per floor
6/1/1998 to 5/31/2001 - $63,000 per floor
6/1/2001 to 5/31/2004 - $72,000 per floor
6/1/2004 to 5/31/2007 - $76,000 per floor
6/1/2007 to 5/31/2011 - $81,000 per floor

The above annual basic rental amounts include the payment in lieu of tax amounts payable by the Port Authority to the City of Yonkers.

Beginning June 1, 1989 and for the remainder of the lease term, Tri Omni will pay, in addition to the basic rent, either its proportionate share of common facility operating and maintenance expenses (O&Ms) as provided in the lease or the yearly total of a $1.50 per square foot as said $1.50 in later years is adjusted based on the Consumer Price Index, specified in the lease, whichever is less. Recovery of O&Ms do not begin until June 1, 1989. Tri Omni will pay its electric charges on a surveyed or metered basis as provided in the lease and will pay for heat at a rate of $.55 per square foot escalated by the Consumer Price Index specified in the lease. Hot and cold water for sanitary purposes will be furnished by the Port Authority without charge. When Tri Omni takes full possession of the building it will also be responsible for all interior and exterior maintenance to Building 2, except for elevator and structural repairs, which will be the responsibility of the Port Authority.

During the first three years of the term, Tri Omni will have the option to request up to $500,000 from the Port Authority for equipment; each advance shall be repaid over five years, calculated at the Citibank prime rate adjustable every six months.

Tri Omni has agreed to perform a portion of the renovations and improvements to the building which will be required before the premises can be occupied. Such work will be undertaken by its contractors in compliance with the Port Authority's tenant alteration process. The Port Authority will advance Tri Omni up to $380,000 for improvements to the interior of the building. In addition, the Port Authority will spend approximately $1,420,000 for among other things, fire exits, stairwells, replacing windows and upgrading the elevator and elevator shaft. Additional improvements to the interior of the building undertaken by Tri Omni, in excess of the aforesaid $380,000 will be provided by the Port Authority up to an additional $650,000. Each advance shall be repaid over the balance of the term of the letting as calculated at the Citibank prime rate (adjustable every six months) plus 1%.

During the construction Tri Omni will make every good faith effort to provide for 20% Minority Business Enterprise (MBE) and 5% Women-owned Business Enterprise (WBE) participation in its construction work and shall require its contractors to likewise make such effort.

It was therefore recommended that the Board authorize an increase in the project authorization for the Port Authority Industrial Park at Yonkers by $1.3 million plus financial expenses of $64,000 and that the Board authorize the Executive Director, on behalf of the Port Authority, to enter into an agreement of lease with Tri Omni, Inc. in accordance with the foregoing.

(Board - 4/10/86)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize: (1) an increase in the project authorization for the Port Authority Industrial Park at Yonkers of $1.3 million plus financial expenses of $64,000 and (2) the Executive Director to enter into a lease agreement with Tri Omni, Inc. to provide for the letting of approximately 45,000 square feet in Building 2 at the Port Authority Industrial Park at Yonkers for a term of 25 years; and an advance of up to $500,000 for equipment and $1,030,000 for leasehold improvements to the premises of which $380,000 is work to be performed by Tri Omni on behalf of the Port Authority and is included in the $1.3 million project authorization as noted in No. 1 above; the agreement of lease to be in accordance with the foregoing, and the form of the agreement of lease to be subject to the approval of General Counsel or his designated representative.

(Board - 4/10/86)

The Port Authority Industrial Park at Yonkers - Lease Agreement with American Standard, Inc.

It was reported that the Board, at its meeting on November 8, 1984, authorized an industrial development project at the former Otis Elevator plant in the City of Yonkers, New York, and certified the Port Authority Industrial Park at Yonkers as an additional facility of the Port Authority.

Staff has completed negotiations for the letting of premises at the park to American Standard, Inc., a Delaware corporation, which will locate a large portion of its Westinghouse Air Brake Division in Yonkers, to be used primarily for the manufacture and rehabilitating of rail car air brakes and related transportation equipment.

It is anticipated that this lease will initially generate 20 jobs with expansion potential to generate an additional 20 jobs in the future.

The lease agreement with American Standard will provide among other things, that:

American Standard will lease approximately 14,250 square feet in Building 7 at the Port Authority Industrial Park in Yonkers primarily for the purpose of manufacturing and rehabilitating rail car air brakes and related transportation equipment for an initial five-year term with American Standard to have the right to extend the lease for an additional term of five years.

The term of the letting will commence upon notice by the Port Authority that certain space preparation work, including the installation of an entrance, fire exits, demising walls, electrical, heating and sprinkler modifications, an exhaust fan, painting and cleaning, has been completed. It has been estimated that the cost of this work will be approximately $85,000.

American Standard will pay the cost of all other work performed under the contract awarded by the Port Authority for the performance of the aforesaid work plus additional work requested by American Standard.

Commencing on the 31st day following the commencement date of the term, American Standard will pay an annual basic rental of $5.75 per square foot which will increase to $6.75 in year five. $1.25 per square foot of the foregoing rental rates represent a partial recovery of payments in lieu of taxes and operating and maintenance costs during the first five years of the term. If American Standard exercises its option to renew, the annual basic rental payable in year six will be $6 per square foot increasing to $6.50 per square foot in years seven and eight and to $7 per square foot in years nine and ten. In addition, during years six through ten, American Standard will pay an operating expense rental based on its pro rata share of the common operating and maintenance expenses of the park and an annual additional basic rental at the rate of $.94 per square foot in year six increasing annually to $1.23 per square foot in year ten to cover payments in lieu of taxes.

(Board - 4/19/86)

Should the Port Authority during the first three years of the term enter into negotiations with a prospective tenant covering all or part of adjacent space consisting of 7,125 square feet, then the Port Authority shall so inform American Standard who may, within 30 days of such notice, elect to include all such additional space in the letting at the same annual basic rental rates and upon the same terms and conditions applicable to the premises.

The Port Authority will provide sanitary hot and cold water at no charge and cold water for industrial use to be metered and paid for at Port Authority cost. American Standard will also install meters for the measurement of electric consumption to be paid for at 125% of Port Authority cost. The Port Authority will also provide heat at a cost to American Standard of $.45 per rentable square foot, such rate being subject to annual increases in accordance with the Consumer Price Index specified in the lease.

American Standard will have the right to assign the agreement to a subsidiary or an affiliate and the additional right to sublet up to one-half of the premises, provided that certain conditions are met, and provided in both instances that the proposed tenant is a suitable industrial development tenant.

During construction American Standard will make every good faith effort to provide for 20% Minority Business Enterprise (MBE) and 5% Women-owned Business Enterprise (WBE) participation in its construction work, and shall require its contractors to likewise make such effort.

It was therefore recommended that the Board authorize the Executive Director on behalf of the Port Authority to enter into a lease agreement with American Standard, Inc. on the terms and conditions outlined above.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director to enter into into an agreement with American Standard, Inc. to provide for the letting of approximately 14,250 square feet in Building 7 at the Port Authority Industrial Park at Yonkers for an initial term of five years with American Standard, Inc. to have the option to add to the premises under the lease, and to extend the term of the letting for an additional five years; and it is further

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

(Board - 4/10/86)

Erie Basin-Port Authority Marine Terminal - Fishport - Building 211 Renovations - Contract EBP-110.013 - Authority to Award

It was reported that the Board, at its meeting on December 8, 1983, authorized, in connection with the first phase of the Port Authority Bi-State Fisheries Program, a project for the development of the Port Authority Fishport, a fish harvesting, processing and distribution center located at the Erie Basin Marine Terminal. The award of Contract EBP-110.013 falls within the scope of this authorization.

Contract EBP-110.013 provides for the making of renovations to Building 211 to provide a fish handling and processing facility including cold storage and freezer areas, tenant offices, loading areas, fish holding and sorting coolers, and fish processing areas. The contract will also include renovations to the exterior of the existing 105,000 square foot building, including new siding and roofing.

The contract will include a provision requiring the bidder to use every good faith effort to meet a goal of Minority Business Enterprise participation of 10% for firms owned and controlled by minorities and 2% for firms owned and controlled by women.

The contract will be publicly advertised and bids are scheduled to be received in late April. Board authorization of the award of Contract EBP-110.013 is required at this time in order to facilitate completion of the work prior to tenant occupancy, which is scheduled for late 1986.

It was therefore recommended that the Board authorize the Executive Director, in his discretion, either to award Contract EBP-110.013, Building 211 Renovations, Erie Basin-Port Authority Marine Terminal, Fishport, to the lowest bidder, who, in his opinion, is qualified by reason of responsibility, experience and capacity to perform the contract and whose bid price the Executive Director deems reasonable, to order extra work up to the amount of 10% of the amount of the bid accepted and to order net cost work, or to reject all bids.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorizes the Executive Director, in his discretion, either to award Contract EBP-110.013, Building 211 Renovations, Erie Basin-Port Authority Marine Terminal, Fishport, to the lowest bidder, who, in his opinion, is qualified by reason of responsibility, experience and capacity to perform the contract and whose bid price the Executive Director deems reasonable, to order extra work up to the amount of 10% of the amount of the bid accepted and to order net cost work, or to reject all bids.

(Board - 4/10/86)

Port Newark - VBJ Transportation and Warehousing Corp. - Rehabilitation and Lease of Building 301 - Lease LPN-092

It was reported that VBJ Transportation and Warehousing Corp., through its affiliated company, Van Brunt Port Jersey Warehouse, Inc., operates a public warehouse at Port Newark in Building 197. The tenant wishes to expand its storage business and will lease Building 301 at current rental rates for improved space if the Port Authority provides for its repair and rehabilitation. The building will be used for warehousing, packing and consolidation. The estimated cost of this work, including replacement of overhead doors, repair of loading platforms and levelling the asphalt floor is $535,000.

Van Brunt will arrange for the rehabilitation and repair work to be performed and the Port Authority will fund it. The lease will commence May 1, 1986 and the tenant will be allowed the month to perform the start-up work. The rent will start June 1, 1986. The lease will provide for rent escalation every two years based on 50% of the percentage increase in the Consumer Price Index from June 1, 1986. The lease, upon execution, will be assigned to Van Brunt Port Jersey Warehouse, Inc., an affiliated company and a tenant in good standing in the Port.

It was therefore recommended that the Board authorize the Executive Director, on behalf of the Port Authority, to enter into an agreement of lease with VBJ Transportation and Warehousing Corp. in accordance with the foregoing.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director, on behalf of the Port Authority, to enter into a fifteen-year lease commencing May 1, 1986 with VBJ Transportation and Warehousing Corp. for Building 301 and related open area at an initial rent of $435,441 and to provide up to $535,000 for the renovation of Building 301 to be performed by the tenant; the agreement of lease to be in accordance with the foregoing, and the form of the agreement of lease to be subject to the approval of General Counsel or his designated representative.

(Board - 4/10/86)

The World Trade Center - Fund for Regional Development - Agreement with Kenneth D. Laub & Company, Inc.

It was reported that the Board, at its meeting on October 11, 1984, authorized a 20-year lease between the Fund for Regional Development and Dean Witter Reynolds, Inc. covering 24 floors of New York State and Fund space. The firm of Kenneth D. Laub & Company, Inc. had discussions in 1982 with the Port Authority concerning the possible leasing by Dean Witter of a major block of New York State space and Laub maintains that it is entitled to a brokerage commission as a result of the Dean Witter leasing, pursuant to an agreement with the Port Authority as of September 10, 1982. In settlement of that claim, Laub and staff reached agreement on behalf of the Port Authority and on behalf of the Fund, subject to Board approval, for the payment on October 1, 1989 of $697,031 (half to be paid by the Port Authority on its own behalf and half to be paid by the Port Authority on behalf of the Fund) to Laub in settlement of that claim with respect to the Dean Witter-Fund lease.

As an additional factor in the settlement of the Dean Witter claim, Laub would be given rights to a commission on the first 300,000 square feet of space for two years after it is vacated by New York State or vacated by Dean Witter but not beyond a maximum of seven years from the effective date of the agreement. Laub would be given a full commission for any lease which it produces, a 50% commission if the new tenant is represented by another broker or 75% of a commission if the Port Authority acting on behalf of the Fund directly leases the space. Commissions on leases for State space which Laub produces would be paid by the Port Authority on behalf of the Fund. Laub will have the right to defer to October 1, 1989 any payment falling due before that date including the lump sum payment hereinafter described and to receive simple interest thereon at the Port Authority's annual earnings rate, as defined in the agreement, at the time when Laub would have received payment or when it elected to defer a future payment. If during the period through December 31, 1987 (or through February 28, 1988 at the Port Authority's election) Laub has not become entitled under the agreement to a commission on 300,000 square feet of space, it will have the right by notice to the Port Authority to relinquish further rights to commissions with respect to space let thereafter and receive in place thereof a lump-sum payment equal to the average per square foot commission earned under the agreement up to that date applied to a number of square feet obtained by subtracting from 300,000, or the amount actually made available to Laub whichever is lesser, the number of square feet upon which commission became payable under the agreement prior to that date. Also, if commissions payable under the agreement included payments on leases with terms of less than ten years, which were not produced by the efforts of Laub, the payments on those leases shall be converted for purposes of determining the average to commissions which would have been payable on ten-year leases. Discussions will continue between the Port Authority and the Fund regarding the allocation of the 50% and 75% commissions and the lump sum payment referred to in this paragraph.

It was therefore recommended that the Board authorize the Executive Director, on behalf of the Port Authority and on behalf of the Fund for Regional Development, to enter into an agreement with Kenneth D. Laub & Company, Inc. in accordance with the foregoing.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director, on behalf of the Port Authority, acting for itself and on behalf of the Fund for Regional Development, to enter into an agreement with the real estate firm of Kenneth D. Laub & Company, Inc. in settlement of a claim arising from the lease between the Fund for Regional Development and Dean Witter Reynolds, Inc.; the agreement to be in accordance with the foregoing and the form of the agreement to be subject to the approval of General Counsel or his designated representative.

Whereupon, the meeting was adjourned.

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Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

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MINUTES of Annual meeting of The Port Authority of New York and New Jersey held Thursday, April 9, 1987 at the Port Authority offices, One World Trade Center, City, County and State of New York.

PRESENT:

NEW JERSEY	NEW YORK
Philip D. Kaltenbacher, Chairman	Robert F. Wagner, Vice-Chairman
Jerry Fitzgerald English	William J. Ronan
Robert V. Van Fossan	James G. Hellmuth
William K. Hutchison	Howard Schulman
Henry F. Henderson, Jr.	John G. McGoldrick
Robert Van Buren	

Stephen Berger, Executive Director
Patrick J. Falvey, General Counsel/Assistant Executive Director
Doris E. Landre, Secretary
Robert J. Aaronson, Director of Aviation
Anthony J. Barber, Director of Tunnels, Bridges and Terminals
Henry DeGeneste, Deputy Director of Public Safety
Sidney Frigand, Assistant Executive Director/Government, Community & Public Affairs
Louis J. Gambaccini, Assistant Executive Director/Trans-Hudson Transportation
Gene Gill, Director of General Services
Francis A. Gorman, Comptroller
Jeffrey S. Green, Assistant General Counsel
John Haupert, Treasurer
Charles L. Hirsch, Executive Assistant to the Executive Director
Lawrence S. Hofrichter, Chief, Finance Division, Law
Leon Katz, Supervising Information Officer, Public Affairs
Richard R. Kelly, Director of Rail Transportation
James J. Kirk, Port Director
Phil LaRocco, Director of Economic Development and Director of World Trade
Donald R. Lee, Director of Audit
Lillian C. Liburdi, Director of Management and Budget
Katharine B. MacKay, Assistant Executive Director/Administration
Mark Marchese, Assistant Director, Information Services, Public Affairs
Rino M. Monti, Director of Engineering/Chief Engineer
Edward J. O'Malley, Director of Personnel
James J. O'Malley, Director of Management Information Services
Hugh O'Neill, Assistant Executive Director/Policy Planning and Business Development
David Z. Plavin, Acting Chief Financial Officer
Martin E. Robins, Director of Planning and Development
Victor T. Strom, Director of Public Safety
Joseph L. Vanacore, Assistant Executive Director/Capital Programs
Kristina E. Weisenstein, Administrative Assistant
Marvin Weiss, Director, Office of Minority Business Development
Donald J. Robinson, Bond Counsel, Hawkins, Delafield & Wood

The meeting was called to order by the Chairman.

(Board - 4/9/87)

Election of Officers

Chairman Philip D. Kaltenbacher announced that in accordance with the requirements of the By-Laws the annual election of officers was in order and requested Commissioner Ronan to take the chair as Acting Chairman.

The Chairman requested Commissioner Van Fossan, Chairman of the Nominating Committee, to submit the report of that Committee. Commissioner Van Fossan submitted the following report:

> "On behalf of the Nominating Committee, I desire to report that at its meeting held earlier today, in accordance with the provisions of the By-Laws, the Committee, by unanimous action, submits the nominations for election to the office of Chairman of The Port Authority of New York and New Jersey of Commissioner Philip D. Kaltenbacher, and for the office of Vice-Chairman of The Port Authority of New York and New Jersey of Commissioner Robert F. Wagner.
>
> "By unanimous action, the Committee also submits the nominations of Stephen Berger as Executive Director and of Patrick J. Falvey as General Counsel.
>
> "By unanimous action, the Committee also submits the nominations of Barry Weintrob as Director of Finance, Francis A. Gorman as Comptroller, Doris E. Landre as Secretary, John E. Haupert as Treasurer and Donald R. Lee as Director of the Audit Department."

Commissioner Hutchison thereupon moved the adoption of the report of the Nominating Committee. The motion was seconded by Commissioner Hellmuth and carried.

On motion of Commissioner Hutchison seconded by Commissioner Hellmuth it was voted that nominations be closed and that the Secretary be directed to cast one ballot for the election of Commissioner Philip D. Kaltenbacher as Chairman, Commissioner Robert F. Wagner as Vice-Chairman, Stephen Berger as Executive Director, Patrick J. Falvey as General Counsel, Barry Weintrob as Director of Finance, Francis A. Gorman as Comptroller, Doris E. Landre as Secretary, John E. Haupert as Treasurer and Donald R. Lee as Director of the Audit Department.

The Secretary reported that the ballot had been cast, whereupon Commissioner Ronan announced the election of the following: Philip D. Kaltenbacher as Chairman, Robert F. Wagner as Vice-Chairman, Stephen Berger as Executive Director, Patrick J. Falvey as General Counsel, Barry Weintrob as Director of Finance, Francis A. Gorman as Comptroller, Doris E. Landre as Secretary, John E. Haupert as Treasurer and Donald R. Lee as Director of the Audit Department.

Action on Minutes

The Secretary submitted for approval Minutes of the meetings of February 25 and March 12, 1987. She reported that copies of these Minutes were sent to all the Commissioners and to the Governors of New York and New Jersey and that the time for action by the Governors of New York and New Jersey had expired.

Whereupon, the Board unanimously approved the Minutes.

Report of Committee on Construction

The Committee on Construction submitted a report, for information, of action taken at its meeting on April 9, 1987, in addition to the matters separately reported to the Board of Commissioners at this meeting of the Board, and the report was received.

Report of Committee on Finance

The Committee on Finance submitted a report, for information, of action taken at its meeting on April 9, 1987, in addition to the matters separately reported to the Board of Commissioners at this meeting of the Board, and the report was received.

Report of Committee on Operations

The Committee on Operations submitted a report, for information, of action taken at its meeting on April 9, 1987, in addition to the matters separately reported to the Board of Commissioners at this meeting of the Board, and the report was received.

Report of Committee on Port Planning

The Committee on Port Planning submitted a report, for information, of action taken at its meeting on April 9, 1987, in addition to the matters separately reported to the Board of Commissioners at this meeting of the Board, and the report was received.

(Board - 4/9//87)

Report of Audit Committee

Commissioner John G. McGoldrick, Chairman of the Audit Committee, presented the report of the Audit Committee. The report which follows was ordered spread upon these Minutes of the Board.

"Our By-Laws provide that the Audit Committee shall report from time to time to the Board on the results of its supervisory, auditing and other activities.

"Under the By-Laws, the Committee has general supervision over the books and accounts of the Authority and the auditing process. In that connection, we deal mainly with the Chief Financial Officer, the Financial Department and the external independent accounting firms. We also monitor all matters within the sphere of responsibility of our own Audit Department.

"The By-Laws also provide that the Committee 'shall keep informed regarding the management of the Port Authority'--a mandate which extends the scope of the Committee's responsibilities beyond what might be considered the typical audit committee role.

"During the fiscal year ended December 31, 1986, the Audit Committee held nine meetings.

"There are several special reports which the Committee has reviewed and which we are continuing to monitor. These include:

- a report by Touche Ross & Co. with respect to the Authority's construction, management and supervision practices; and

- a report by Arthur Young & Company on the EDP audit function of the Authority.

"We also continue to focus on the progress of the automation of our lease negotiation, revenue billing and collection system.

"The Committee is concerned with our own Audit Department's internal auditing functions and with its external audits of financial and operating records of firms doing business with the Authority. We review the Audit Department's annual audit plan, which is developed after taking into consideration those areas with the greatest exposure to financial loss, sensitivity, major changes in operations and programs and the dates and results of previous audits.

"We review the quarterly reports of audits performed--during 1986 the Department issued 426 reports--focusing on the scope of the review and results of individual audits, and as appropriate requesting further information and follow-up reports on the results of ongoing investigations.

"We also are concerned with the implementation of Audit Department recommendations: Have they been adopted? If not, why not? If not yet, when?

"As a regular matter, the Committee reviews the Accounts Receivable Quarterly Report, support for civic and community projects, and legal fees paid to outside counsel.

(Board - 4/9//87)

"The Committee has a special interest in the Authority's minority business development programs. We focus on the implementation of the Board's policy, how it is monitored, and the timeliness and substance of the affirmative action annual report.

"We are concerned with the monitoring of our employees' financial disclosure forms and the timeliness of the filings. We actually review the forms which are filed by members of senior management.

"We have, on occasion, deemed it appropriate to visit especially sensitive areas of operations, including a check of security at the computer center, a visit to the cashier's office to review the handling of cash, and a session in the Secretary's office reviewing the security arrangements for important documents.

"During the past year we have reviewed various Port Authority policies, focusing on the adequacy of controls and the consistency of implementation. These include:

- procedures for securing business trip and hotel reservations for Authority employees
- policies concerning reimbursable business expenses and cash advances for business purposes
- use of Authority vehicles by employees, including compliance with the authorization procedure
- the function of the Authority's Ethics Board, and procedures for monitoring potential conflicts of interest
- the monitoring of the home use of computers
- the policy with respect to giving or accepting gifts or gratuities

"Our dealings with the outside independent auditors include a review of the proposed scope of their audits, consideration of the recommendations contained in their management letters, and discussions with respect to auditing treatment, including a review and analysis of the draft financial statements.

"In addition, we meet privately--that is, without staff present--with the outside auditors as a routine matter. We believe it important that this line of communications be established and be part of the regular functioning of the Committee.

"It is the responsibility of the Audit Committee to make recommendations to the entire Board with respect to the independent auditing firms to be retained for the Authority and for the Fund for Regional Development. The recommendations are based upon an evaluation of the ability of the accounting firm to provide the scope and level of services in the responsive manner necessary for our purposes. It was in that context that the Committee recommended and the Board retained Touche Ross & Co. for the Authority's fiscal year ended December 31, 1986, and the Committee recommended and the Board retained Mitchell/Titus & Co. to audit the books and accounts of the Fund for Regional Development for the 1986 fiscal year--the first fiscal year of the Fund for which independent auditors were retained.

(Board - 4/9//87)

"I know I speak also for the other members of the Audit Committee--Commissioners Henderson, Hutchison and Ronan--when I say that we appreciate the cooperation and responsiveness of those with whom we deal, and that we believe there is a general awareness within the Authority of the responsibility of each individual to maintain the highest level of honesty, ethical conduct and public trust, and a general commitment to conducting the business of the Authority solely in the public interest."

(Board - 4/9/87)

Report of Independent Auditors

The Board received a report of Touche Ross & Co., Independent Auditors, as presented by Mr. Jeffrey R. Breen. The report which follows was ordered spread upon these Minutes of the Board.

"We have completed our examination of the consolidated financial statements of The Port Authority of New York and New Jersey, and its subsidiary, Port Authority Trans-Hudson Corporation, for the year ended December 31, 1986. Our opinion dated February 27, 1987, appears on page 35 of the Port Authority's 1986 Annual Report. Our examination was conducted in accordance with generally accepted auditing standards. Our opinion states that the Port Authority's financial statements are fairly presented in conformity with generally accepted accounting principles applied on a consistent basis. Our opinion also states that Schedules A, B, and C are fairly presented in conformity with the requirements of law and the Port Authority's bond resolutions which have been applied on a basis consistent with that of the preceding year.

"Concurrently with our examination of the annual financial statements, we also performed a study of the Port Authority's system of internal accounting control. Our opinion dated November 26, 1986, on the adequacy of the Port Authority's system of internal accounting control, appears on page 34 of the Annual Report.

"We also issued net revenue reports in accordance with the lease agreements between the Port Authority and the City of New York and the Port Authority and the City of Newark.

OTHER MATTERS:

"During the year, we had unrestricted access to the Audit Committee and had several opportunities to meet alone with the Audit Committee to discuss our audit plan, comments and recommendations on internal control and the financial statements.

"We received the complete cooperation of Port Authority management and employees. There were no restrictions placed on our approach or the scope of our examination. We were given access to all individuals, records, documents and other supporting data which we requested and our inquiries were satisfactorily answered.

"We appreciate the opportunity to appear before you and would be pleased to answer any questions you may have pertaining to the financial statements, our approach to the 1986 audit and the reports which we issued."

Recision and Cancellation of Resolutions Authorizing Consolidated Bonds, Fifty-eighth Series, Due 2022, and Consolidated Notes, Series KK, Series LL, and Series MM

The Board, at its meeting on February 13, 1986, in connection with the Authority's plan of financing, in addition to other actions, established and authorized the issuance and sale of Consolidated Bonds, Fifty-seventh Series, Due 2021, and Consolidated Bonds, Fifty-eighth Series, Due 2022, and amended prior authorizations with respect to Consolidated Bonds, Fifty-sixth Series, to provide for the issuance and sale of such Series at any time on or before June 30, 1987. Thereafter, on August 14, 1986, $100,000,000 in principal amount of Consolidated Bonds, Fifty-sixth Series, Due 2021, was issued and sold for purposes of capital expenditures in connection with various facilities of the Authority and, on November 13, 1986, $100,000,000 in principal amount of Consolidated Bonds, Fifty-seventh Series, Due 2021, was issued and sold for purposes of refunding certain outstanding Port Authority Commercial Paper Notes.

At its meeting on October 11, 1984, the Board established Consolidated Notes, Series JJ, Series KK, Series LL, and Series MM, and in each case authorized the issuance and sale of each such Series on or before October 15, 1986. On December 13, 1984, $5,000,000 in principal amount of Consolidated Notes, Series JJ, due December 17, 1985, was issued and sold for purposes of capital expenditures in connection with various facilities of the Authority. Thereafter, authorizations with respect to the remaining Series of Notes were amended on July 11, 1985, and on February 13, 1986, permitting the issuance and sale of such Series at any time on or before June 30, 1987.

Planning for future capital expenditures indicates that in place of the presently authorized Consolidated Bonds, Fifty-eighth Series, Due 2022, and Consolidated Notes, Series KK, Series LL, and Series MM, actions with respect to a plan of financing, consisting in part of a combination of Consolidated Bonds and Consolidated Notes and the Port Authority Operating Equipment--Lease Financing Program (which is to be supplemented and amended) are to be considered today by the Board in connection with the anticipated requirements associated with the Authority's capital plan. Additional actions with respect to other obligations included in the plan of financing are to be recommended in the future.

Therefore, it is recommended that the Board rescind and cancel the resolutions establishing Consolidated Bonds, Fifty-eighth Series, Due 2022, and authorizing the issuance and sale thereof, and establishing and authorizing the issuance and sale of Consolidated Notes, Series KK, Series LL, and Series MM, prior to the actions recommended at today's meeting, in part, in connection with the Authority's plan of financing.

Whereupon, pursuant to the foregoing report, the following resolution was unanimously adopted:

RESOLVED, that the resolutions of the Authority adopted February 13, 1986, entitled "Consolidated Bonds, Fifty-eighth Series - Establishment," "Consolidated Bonds, Fifty-eighth Series - Authorization of Issuance" and

"Consolidated Bonds, Fifty-eighth Series - Authorization of Sale" (appearing, respectively, at pages 122 et seq., pages 135-136 and pages 137-138 of the Official Minutes of that date), be and they hereby are rescinded and cancelled in their entirety; and it is further

RESOLVED, that the resolutions of the Authority adopted October 11, 1984 (as amended), entitled "Consolidated Notes, Series KK - Establishment and Authorization of Issuance" and "Consolidated Notes, Series KK - Authorization of Sale" (appearing, respectively, at pages 467 et seq. and pages 475-476 of the Official Minutes of that date), "Consolidated Notes, Series LL - Establishment and Authorization of Issuance" and "Consolidated Notes, Series LL - Authorization of Sale" (appearing, respectively, at pages 477 et seq. and page 485 of the Official Minutes of that date) and "Consolidated Notes, Series MM - Establishment and Authorization of Issuance" and "Consolidated Notes, Series MM - Authorization of Sale" (appearing, respectively, at pages 486 et seq. and page 494 of the Official Minutes of that date), as all such resolutions of October 11, 1984, have been amended, be and they hereby are rescinded and cancelled in their entirety.

Report on Public Hearing - Port Authority Plan of Financing

Capital expenditures of $1.5 billion are anticipated during the next two years in connection with the Authority's five year capital program. In view of this level of anticipated expenditures and the continuing volatility of interest rates and the financial markets, prudent financial planning makes it desirable for the Authority to have a plan of financing which will provide the flexibility to enable the Authority to finance capital and other expenditures in connection with its facilities and to refund outstanding obligations, as appropriate, through a combination of long-, intermediate- and short-term obligations so that necessary funds may be obtained expeditiously and at the most favorable interest cost to the Authority.

Today's recommended actions with respect to a portion of the plan of financing would include the establishment, authorization of issuance and authorization of sale of eight series of Consolidated Bonds, six series of Consolidated Notes and an increase in the amount of lease-financing transactions to be outstanding under the Port Authority Operating Equipment--Lease Financing Program ("Lease Financing Program"), together with an extension of the period during which lease-financing transactions may be entered into through June 30, 1990.

Public Hearing

On April 7, 1987, public hearings in connection with the issuance and sale of bonds, notes and other obligations of the Authority as provided by Section 147(f) of the Internal Revenue Code of 1986, as amended, and the applicable regulations with respect thereto, were conducted by the Assistant Treasurer of the Authority at the offices of the Authority located at One World Trade Center and at the Journal Square Transportation Center, pursuant to public notice published on March 23, 1987, in The New York Times, a newspaper of general circulation in the New York portion of the Port District, and in The Star Ledger, a newspaper of general circulation in the New Jersey portion of the Port District. In pertinent part, the notice contained the following description of the Authority's plan of financing and the Authority's facilities and projects: "Consolidated Bonds of The Port Authority of New York and New Jersey, to be denominated as the Fifty-eighth Series, Fifty-ninth Series, Sixtieth Series, Sixty-first Series, Sixty-second Series, Sixty-third Series, Sixty-fourth Series and Sixty-fifth Series; Consolidated Notes of The Port Authority of New York and New Jersey, to be denominated as Series KK, Series LL, Series MM, Series NN, Series OO, and Series PP; special obligations under a supplemented and amended Commercial Paper Program of The Port Authority of New York and New Jersey; obligations under a supplemented and amended Port Authority Operating Equipment -- Lease Financing Program; and a series of special limited obligation variable rate demand bonds of The Port Authority of New York and New Jersey; all to be issued and sold in connection with a plan of financing, which also includes the present Port Authority Commercial Paper Program and the present Port Authority Operating Equipment--Lease Financing Program, each until amended and supplemented, Consolidated Bonds, Series Fifty E and Series Fifty-one E of The Port Authority of

New York and New Jersey, Port Authority Limited Obligation Variable Rate Demand Bonds, Series 1986, Due 2016, and The Port Authority of New York and New Jersey, Bank Loan of 1986, various capital and other expenditures at certain of the facilities of the Port Authority located in the Port of New York District, to wit, the Holland Tunnel, Lincoln Tunnel, George Washington Bridge, Bayonne Bridge, Goethals Bridge, Outerbridge Crossing, Port Authority Bus Terminal, Port Authority Bus Programs, Hudson Tubes portion of the Port Authority Trans-Hudson System, New York Union Motor Truck Terminal, LaGuardia Airport, John F. Kennedy International Airport, Newark International Airport, Teterboro Airport, Port Authority-West 30th Street Heliport, Port Authority-Downtown Manhattan Heliport, Oak Point Rail Freight Link, a rail freight improvement project in The Bronx, N.Y., Port Newark, Hoboken-Port Authority Marine Terminal, Brooklyn-Port Authority Marine Terminal, Erie Basin-Port Authority Marine Terminal, Elizabeth-Port Authority Marine Terminal, Columbia Street Marine Terminal, Howland Hook Marine Terminal, Greenville Yard-Port Authority Marine Terminal, New York City Passenger Ship Terminal, Pre-development Site Acquisition Program, a facility for acquisition of real property in the New Jersey and New York portions of the Port of New York District, World Trade Center, a facility of commerce in Manhattan, N.Y., Newark Legal and Communications Center, a legal and communications center in Newark, N.J., Bathgate Industrial Park, an industrial park in The Bronx, N.Y., Port Authority Industrial Park at Elizabeth, an industrial park in Elizabeth, N.J., Port Authority Industrial Park at Yonkers, an industrial park in Yonkers, N.Y., and Teleport, a satellite communications center at the Staten Island Industrial Park, Staten Island, N.Y.; and a foreign trade zone/distribution center project or facility in the Howland Hook Marine Terminal area of Staten Island, N.Y., a bank for regional development project or facility in the New Jersey and New York portions of the Port of New York District, a resource recovery project or facility in Essex County, N.J., an industrial park project or facility in Newark, N.J., an imported automobile marine terminal project or facility in Bayonne and Jersey City, N.J., an advanced technology and communications center project or facility in Brooklyn, N.Y., a project or facility for the improvement of the ConRail Northern Branch rail freight line from North Bergen Yard to Marion Junction in New Jersey, a waterfront development project or facility to be located in each of Hunters Point, Queens, N.Y., and Hoboken, N.J., a project or facility with respect to additional development of the Greenville freight yard site in Jersey City, N.J., and a project or facility for the provision of trans-Hudson ferry transportation services, to be authorized by the Port Authority. The initial owner, operator or manager of these facilities is or will be the Port Authority. The major projects presently authorized or which may be authorized by the Port Authority to be undertaken at these facilities include LaGuardia Airport, general runway and roadway modification, paving, additional passenger terminal facilities; John F. Kennedy International Airport, general runway, taxiway and roadway modification, paving, modification to the International Arrivals Building, multi-tenant air cargo buildings, central terminal area roadway construction, passenger distribution system, construction of additional terminal facilities and related improvements; Newark International Airport, general runway and roadway modification, paving, construction of additional parking facilities, maintenance building, completion of Terminal C, central terminal area passenger distribution system; a Bi-State Port Development Program in New York and New Jersey,

including certain dredging, and a homeport project in the vicinity of the pier area if Stapleton, Staten Island, N.Y.; Howland Hook Marine Terminal project; Port Newark, channel dredging, berth deepening, building construction, terminal improvements; Elizabeth-Port Authority Marine Terminal, channel dredging, berth deepening, building construction, paving; Erie Basin-Port Authority Marine Terminal, fishport project; Brooklyn-Port Authority Marine Terminal, Red Hook Container Terminal expansion, distribution buildings; Oak Point Rail Freight Link project; miscellaneous capital improvements at the World Trade Center, including continued installation of a sprinkler system; Bathgate Industrial Park project; Industrial Park at Elizabeth project; Industrial Park at Yonkers project; Newark Industrial Park project; Port Authority Bus Terminal, extension, improvement, modernization; Teleport project; Port Authority Bus Programs project; capital improvements related to safety, maintenance, rehabilitation or improvement at the Hudson Tubes portion of the Port Authority Trans-Hudson System, the George Washington Bridge, Lincoln Tunnel, Holland Tunnel, Goethals Bridge, Bayonne Bridge, Outerbridge Crossing; Howland Hook project; Bank for Regional Development project; Pre-development Site Acquisition Program project; Newark Legal and Communications Center project; Essex County resource recovery project; ConRail Northern Branch rail freight line improvement project; Hunters Point waterfront development project; Hoboken waterfront development project; imported automobile marine terminal project in Bayonne and Jersey City, N.J.; Greenville Yard-Port Authority Marine Terminal project; Trans-Hudson ferry transportation services project; park/ride lots project; Center for Advanced Technology and Telecommunications project; and other miscellaneous capital improvements and replacements and operating equipment lease financing in connection with the facilities of the Port Authority. The said obligations of the Port Authority would be issued, in addition to or in substitution for, as appropriate, the other obligations also included in the Port Authority's plan of financing, for purposes of capital or other expenditures with respect to the facilities and projects noted above, or for the refunding of outstanding obligations issued for such purposes, or both, and in the maximum aggregate principal amounts noted below; each of said Series of Consolidated Bonds, Fifty-eighth Series, Fifty-ninth Series, Sixtieth Series, Sixty-first Series, Sixty-second Series, Sixty-third Series, Sixty-fourth Series and Sixty-fifth Series, would be in principal amount of up to $200,000,000, provided, however, that the total aggregate principal amount of all said Series of Bonds sold would not exceed $1,000,000,000; each of said Series of Consolidated Notes Series KK, Series LL, Series MM, Series NN, Series OO and Series PP would be in principal amount of up to $100,000,000, provided, however, that the total aggregate principal amount of all said Series of Notes sold would not exceed $300,000,000; the special obligations under a supplemented and amended Port Authority Commercial Paper Program would be in the total aggregate principal amount of up to $300,000,000 outstanding at any one time; a series of special limited obligation variable rate demand bonds of the Port Authority would be in the total aggregate principal amount of up to $200,000,000; and obligations under a supplemented and amended Port Authority Operating Equipment--Lease Financing Program would be in the total aggregate principal amount of up to $50,000,000 outstanding at any one time."

Plan of Financing

The Board would establish Consolidated Bonds, Fifty-eighth Series, Due 2022, Consolidated Bonds, Fifty-ninth Series, Due 2022, Consolidated Bonds, Sixtieth Series, Due 2022, Consolidated Bonds, Sixty-first Series, Due 2022, Consolidated Bonds, Sixty-second Series, Due 2023, Consolidated Bonds, Sixty-third Series, Due 2023, Consolidated Bonds, Sixty-fourth Series, Due 2023, and Consolidated Bonds, Sixty-fifth Series, Due 2023, and would authorize the issuance of up to $200 million in aggregate principal amount of each such Series of Bonds; provided, however, that the total aggregate principal amount sold of such Series of Bonds would not exceed $1 billion. The Board would establish Consolidated Notes, Series KK, Series LL, Series MM, Series NN, Series OO, and Series PP, and would authorize the issuance of up to $100 million in aggregate principal amount of each such Series of Notes; provided, however, that the total aggregate principal amount sold of such Series of Notes would not exceed $300 million.

The Committee on Finance would be authorized to sell and to deliver all or any part of each such Series of Bonds and Notes at such time or times on or before December 31, 1988, as it deems propitious, in one or more installments or lots, at public or private sale, bearing interest at a stated rate or rates of interest, including fixed, variable or incremental rates for the term of such Series or any portion thereof, or a combination thereof or without a stated rate of interest for each such Series, to be fixed by the Committee, but in any event not in excess of 12% per annum.

The Port Authority Operating Equipment--Lease Financing Program would be amended and supplemented to provide for an increase in the aggregate principal amount of lease-financing transactions to be outstanding under the Lease Financing Program at any one time from up to $25 million to up to $50 million and to extend the period during which lease-financing transactions may be entered into from June 30, 1988, until June 30, 1990. Pursuant to existing authorizations, the Authority, as of June 15, 1985, entered into an arrangement, which has subsequently been amended and supplemented pursuant to such authorizations, with the initial lessor-investor, Bank America NT&SA (for whom Wellfleet Capital Company was substituted) and BankAmerica Trust Company of New York, to effectuate lease-financing transactions.

The proceeds of each such Series of Bonds and each such Series of Notes would be authorized, subject to allocation and restriction by the Committee on Finance:

(a) for purposes of capital expenditures in connection with any one or more of the facilities of the Authority and for purposes incidental thereto; provided, however, that subject to agreements with the holders of obligations of the Authority and consistent with applicable provisions of Section 103 of the Internal Revenue Code of 1986, as amended, or successor provisions of law, and the applicable regulations related thereto, the Committee on Finance may authorize all or any

portion of the unspent proceeds of each such Series of Bonds or Series of Notes to be used for any purpose for which at the time of issuance thereof the Authority is authorized by law to issue its obligations, including capital expenditures in connection with the facilities of the Authority certified or to be certified after issuance of each such Series of Bonds or Series of Notes; (b) for the purpose of refunding, directly by offers to exchange, or otherwise, at or before maturity, all or any part of any issue of Consolidated Bonds or Consolidated Notes issued and outstanding at the time of the sale of any installment of each such Series of Bonds, or each such Series of Notes; and (c) for the purpose of refunding in accordance with applicable law, regulations and contractual provisions, any of the special obligations under the Port Authority Commercial Paper Program.

The Board would authorize the Committee on Finance to designate and to appoint one or more Paying Agents and a Registrar in connection with each such Series of Bonds and Series of Notes, as appropriate, and to appoint a Trustee in connection with each of such Series of Bonds.

The Board would provide that no part of the proceeds of each of such Series of Bonds and Series of Notes and the obligations under the Lease Financing Program shall be invested directly or indirectly in such a manner as to cause the interest on each of such Series of Bonds and Series of Notes and the obligations under the Lease Financing Program to be subject to Federal income taxes under Section 148 of the Internal Revenue Code of 1986, as amended, or successor provisions of law, and the applicable regulations related thereto.

Certification on behalf of the Authority as to the need for the issuance of each of such Series of Bonds and Series of Notes and the obligations under the Lease Financing Program, as to the status of the projects for which such proceeds are to be used, as to the Authority's intentions with respect to the application and investment of such proceeds and as to such other related matters as may be authorized by the Committee on Finance may be made by the Chairman of the Authority, Vice Chairman of the Authority, Chairman of the Committee on Finance, Executive Director, Assistant Executive Director, Chief Financial Officer, Deputy Chief Financial Officer, Comptroller, Assistant Comptroller, Treasurer, or Assistant Treasurer of the Authority and any such action taken in connection therewith would be ratified; and any action which may be necessary or desirable to assure that such Series of Bonds and Series of Notes and the obligations under the Lease Financing Program are in conformity with the provisions of Section 103 of the Internal Revenue Code of 1986, as amended, or successor provisions of law, and the applicable regulations related thereto, and to assure that the interest on said Series of Bonds and Series of Notes and obligations under the Lease Financing Program is not includible for Federal income tax purposes in the gross income of the recipients thereof under Section 103(a) of the Internal Revenue Code of 1986, as amended, or successor provisions of law, or regulations related thereto, may be taken by the Committee on Finance, Chairman of the Authority, Vice Chairman of the Authority, Chairman of the

Committee on Finance, Executive Director, Assistant Executive Director, Chief Financial Officer, Deputy Chief financial Officer, or Treasurer of the Authority and any such actions taken in connection therewith would be ratified.

The Bonds of the Fifty-eighth Series, Fifty-ninth Series, Sixtieth Series, Sixty-first Series, Sixty-second Series, Sixty-third Series, Sixty-fourth Series and Sixty-fifth Series would be dated as of June 1, 1987, September 1, 1987, October 1, 1987, December 1, 1987, March 1, 1988, June 1, 1988, September 1, 1988 and December 1, 1988, respectively, mature June 1, 2022, September 1, 2022, October 1, 2022, December 1, 2022, March 1, 2023, June 1, 2023, September 1, 2023, and December 1, 2023, respectively, and bear a stated rate or rates of interest, including fixed, variable or incremental rates for the term of each of such Series of Bonds or any portion thereof, or a combination thereof, or not bear a stated rate of interest, to be fixed and determined by the Committee on Finance not in excess of 12% per annum, and shall be sold at a price resulting in a true interest cost to the Authority for each such Series of Bonds not in excess of 12% per annum. A sinking fund would be established for each Series of Bonds to meet the requirements of a schedule of mandatory periodic retirement commencing in the 15th year after issuance for each such Series of Bonds, in amounts sufficient to completely retire each Series at or prior to its respective maturity, for which purpose the Bonds would be callable for redemption prior to maturity at 100%. The Bonds of each Series would also be subject to redemption, at the option of the Authority, in whole or in part, commencing in the 7th year after issuance at prices beginning at 102% and descending to 100%.

The Notes of Series KK, Series LL, Series MM, Series NN, Series OO, and Series PP would be dated as of May 1, 1987, June 1, 1987, October 1, 1987, February 1, 1988, April 1, 1988, and September 1, 1988, respectively, mature May 1, 1990, June 1, 1990, October 1, 1990, February 1, 1991, April 1, 1991, and September 1, 1991, respectively, bear a stated rate or rates of interest, including fixed, variable or incremental rates, for the term of such Notes or any portion thereof, or a combination thereof, or not bear a stated rate of interest, to be fixed and determined by the Committee on Finance not in excess of 12% per annum, and shall be sold at a price resulting in a true interest cost to the Authority for each such Series of Notes not in excess of 12% per annum. Each such Series of Notes would be subject to redemption, at the option of the Authority, commencing in the first year after issuance.

Each such Series of Bonds and Series of Notes would be issued in registered form, registered as to both principal and interest and not as to either alone, as appropriate, and would be issued in denominations of $5,000 or integral multiples of $5,000.

As in the past, the Committee on Finance of the Authority would be authorized to take, and to delegate authority for, certain actions with respect to the terms of each such Series of Bonds and Series of Notes to effectuate the sale thereof on the most favorable terms to the Authority.

Consolidated Bonds, Fifty-eighth Series—Establishment

Pursuant to the foregoing report, the following resolution was unanimously adopted:

WHEREAS, heretofore and on the 9th day of October, 1952, The Port Authority of New York and New Jersey (formerly known as The Port of New York Authority and hereinafter called the "Authority") adopted a resolution (hereinafter called the "Consolidated Bond Resolution") providing for the issuance of certain direct and general obligations of the Authority (hereinafter called "Consolidated Bonds"), from time to time, in conformity with said Consolidated Bond Resolution for the purposes therein set forth, and which Consolidated Bond Resolution constitutes a contract with the holders of the Consolidated Bonds so issued; and

WHEREAS, said Consolidated Bond Resolution provides that such Consolidated Bonds shall be issued in such series as the Authority may determine, and that the characteristics of the bonds of such series shall be determined by the Authority by and in the resolution establishing such series, and that the resolution establishing any series may contain other terms and provisions not inconsistent with the Consolidated Bond Resolution; and

WHEREAS, the Authority has heretofore established various series of said Consolidated Bonds and has now determined that it is necessary, advisable and in the public interest to establish another series of said Consolidated Bonds, without prejudice to its right hereafter to establish other and additional series of such Consolidated Bonds;

NOW, THEREFORE, be it resolved by The Port Authority of New York and New Jersey:

SECTION 1. As used in this resolution, any words or phrases specially defined in the aforesaid Consolidated Bond Resolution shall be read and construed in accordance with such special definitions.

SECTION 2. There is hereby established a series of said Consolidated Bonds to be known as "Consolidated Bonds, Fifty-eighth Series, Due 2022," to be issued in conformity with said Consolidated Bond Resolution and for any one or more of the purposes specified therein as may be provided in the resolution authorizing the issuance of such series. This resolution shall constitute a contract with the holders of said bonds of Consolidated Bonds, Fifty-eighth Series, Due 2022, which said bonds are hereinafter called "bonds of this Series," and with each such holder.

SECTION 3. Bonds of this Series shall be issued in one or more installments or lots as the Authority may hereafter determine.

The bonds of this Series shall be dated as of June 1, 1987, shall mature on June 1, 2022, and shall bear a stated rate or rates of interest, including fixed, variable or incremental rates for the term of the bonds or any portion thereof, or a combination thereof, from the semi-annual interest payment date next preceding their date of issuance, or if such date of issuance shall be an interest payment date, from such date of issuance, not exceeding twelve per centum (12%) per annum as may be determined by the Committee on Finance of the Authority. The Committee on Finance is hereby authorized to fix and determine any other date as that upon which interest shall commence and said interest rate or rates, or to determine that said bonds of this Series shall not bear a stated rate of interest. If the bonds of this Series shall bear a stated rate or rates of interest, interest shall be payable semi-annually commencing on December 1, 1987, and thereafter on each succeeding June 1 and December 1 until maturity or prior redemption.

Both principal of and interest on the bonds of this Series shall be payable in lawful money of the United States of America. Principal of the bonds of this Series shall be payable upon presentation and surrender thereof by the registered holders, or in the case of coupon bonds of this Series, if any, upon presentation and surrender thereof, at the office or offices, designated by the Authority, of the Paying Agent or Paying Agents appointed for the purpose by the Authority, in a county which is in whole or in part in the Port of New York District. Interest on the registered bonds of this Series shall be payable when due to the registered holder thereof by check or draft drawn on the Paying Agent or Paying Agents appointed for the purpose by the Authority and mailed to said registered holder and interest on the coupon bonds of this Series, if any, shall be payable upon presentation and surrender of the coupons appertaining thereto at such office or offices of such Paying Agent or Paying Agents. If on original issuance the bonds of this Series are to be issued as book-entry only securities, subject to a book-entry

system for determining interests therein, the Committee on Finance is hereby authorized to fix and determine an alternate method for the payment of both or either of the principal of and interest on the bonds of this Series to the registered holder thereof; *provided, however,* in the event that such book-entry system or any successor book-entry system is discontinued without replacement with a similar system, then the foregoing payment provisions of this paragraph shall apply to the bonds of this Series.

Bonds of this Series shall be issued only in registered form without coupons, registered as to both principal and interest and not as to either alone; *provided, however,* if at any time prior to issuance of the first installment of the bonds of this Series, there shall be in effect a provision of the Internal Revenue Code of 1986, as amended (hereinafter called the "Code"), or successor provisions of law, or the regulations with respect thereto, which does not provide that, for the interest on the bonds of this Series to be considered not includible for Federal income tax purposes in the gross income of the recipients thereof under Section 103(a) of the Code, or successor provisions of law, such bonds of this Series must be issued in registered form, then the bonds of this Series may also be issued in the form of coupon bonds payable to bearer, in which event the Committee on Finance is hereby authorized to adopt an appropriate form of coupon bond issuable only in the denomination of $5,000. If on original issuance the bonds of this Series are to be issued as book-entry only securities subject to a book-entry system for determining interests therein, the Committee on Finance is hereby authorized to fix and determine an appropriate form of bond or other evidence of indebtedness; *provided, however,* in the event that such book-entry system or any successor book-entry system is discontinued without replacement with a similar system then the provisions of Section 9 of this resolution shall apply to the bonds of this Series.

Registered bonds of this Series shall be issued in the denominations of $5,000 or integral multiples of $5,000.

SECTION 4. The Authority will keep or cause to be kept at the offices, designated by the Authority, of its Registrar appointed for that purpose, in a county which is in whole or in part in the Port of New York District, proper and sufficient books for the registration of bonds of this Series. Each registered bond of this Series shall be transferable only upon such books by the registered holder thereof in person or by such registered holder's attorney duly authorized in accordance with the provisions of this resolution.

In the event that the bonds of this Series may be issued in coupon form, a coupon bond or bonds of this Series (if any), upon the written request of the bearer or bearers thereof and upon the surrender thereof with all unmatured coupons thereto attached, may be exchanged for a registered bond or bonds, registered as designated in such request, of the same aggregate principal amount and series as the surrendered bond or bonds, of any of the authorized denominations. A registered bond or bonds of this Series, upon the written request of the registered holder or holders thereof and upon surrender thereof, may be exchanged for a registered bond or bonds, registered as designated in such request, of any other authorized denominations, or in the event that the bonds of this Series may be issued in coupon form, a coupon bond or bonds with appropriate coupons attached, or a combination of such coupon and registered bonds, in each case of the same aggregate principal amount as the surrendered bond or bonds.

All requests for the registration, transfer, exchange and delivery of bonds as above provided shall be filed with the Registrar of the Authority; all bonds to be surrendered pursuant to such request shall be surrendered to the Registrar; and all bonds delivered in exchange as aforesaid shall be delivered by the Registrar. All bonds of this Series surrendered to the Registrar in exchange for other bonds or for transfer as above provided shall be cancelled by the Registrar upon such surrender.

The Authority shall bear the cost incurred by the Authority in connection with the registration, authentication (if any), transfer, cancellation, exchange and delivery of bonds of this Series, including such fees as may be imposed by the Registrar for such services performed by the Registrar as provided in this resolution.

Nothing contained in this resolution shall be deemed to authorize the execution and delivery of bonds of this Series except in the denomination of $5,000 in the case of coupon bonds (if any) or in the denominations of $5,000 or integral multiples of $5,000 in the case of registered bonds or to authorize the issuance of coupon bonds of this Series if at any time there shall be in effect a provision of the Code or the applicable regulations related thereto which provides that for the interest on the bonds of this Series to be considered not includible for Federal income tax purposes in the gross income of the recipients thereof under Section 103(a) of the Code, or successor provisions of law, such bonds of this Series must be issued in registered form.

SECTION 5. Except as provided in Section 6 of this resolution, bonds of this Series shall be redeemable at the option of the Authority, in whole or in part, on interest payment dates, at or subsequent to June 1, 1994, and prior to maturity, as follows:

At one hundred two per centum (102%) of their face value, plus accrued interest to the date fixed for redemption, at June 1, 1994, and thereafter and at or prior to June 1, 1996; at one hundred one per centum (101%) of their face value, plus accrued interest to the date fixed for redemption, thereafter and at or prior to June 1, 1999; and at one hundred per centum (100%) of their face value, plus accrued interest to the date fixed for redemption, thereafter and at or prior to December 1, 2021.

If less than all the bonds of this Series then outstanding are to be called for redemption, the bonds so to be called shall be determined by lot by the Authority or the Registrar as the Authority may elect or by such other system or method as the Committee on Finance may determine (which said Committee is hereby authorized to fix and determine such other system or method).

Notice of intention to redeem any bonds of this Series shall be given by the Authority by publication in a daily newspaper of general circulation in the Port of New York District. Such notice shall be published at least twice prior to the date fixed for redemption, the first publication to be not less than thirty (30) nor more than forty-five (45) days before the date fixed for redemption and the second publication to be not less than ten (10) nor more than twenty (20) days before the date fixed for redemption. A copy of such notice shall also be mailed by the Authority or the Registrar, as the Authority may elect, not less than thirty (30) nor more than forty-five (45) days prior to the date fixed for redemption, to the registered holders of the bonds of this Series to be called for redemption, at their last known addresses as appearing upon the Registry Books of the Authority; *provided, however*, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any action with respect to the redemption of said bonds. If on original issuance the bonds of this Series are to be issued only in registered form or are to be issued as book-entry only securities subject to a book-entry system for determining interests therein, the Committee on Finance is hereby authorized to fix and determine an alternate method by which the Authority shall give notice of intention to redeem any bonds of this Series.

Before the date fixed for redemption specified in the Authority's notice of intention to redeem, the Authority will pay or cause to be paid to the Paying Agent (or Paying Agents) an amount in cash in the aggregate sufficient to redeem all of the outstanding bonds which are to be redeemed, at the respective redemption prices thereof, which, in each case, shall include the accrued interest to the date fixed for redemption and the premium (if any), such principal amount and premium (if any), to be held by the Paying Agent (or Paying Agents) in trust for the account of the holders of the bonds so called for redemption and to be paid to them respectively upon presentation and surrender of the said bonds with accrued interest included in such redemption price to be paid to the registered holders in accordance with the provisions of this resolution and in the case of coupon bonds (if any), such accrued interest to be paid to the holders only upon presentation and surrender of all unmatured coupons (if any) pertaining to such bonds. On and after the date fixed for redemption, the notice of intention to redeem having been completed as above provided or as provided by the Committee on Finance, the bonds so called shall become due and payable at the office of the Paying Agent (or Paying Agents) designated by the Authority, and if funds sufficient for payment of the redemption price shall have been deposited with the Paying Agent (or Paying Agents) in trust as aforesaid and if such funds shall be available for redemption of such bonds on the date fixed for redemption, then and in any such event, interest shall cease to accrue on the bonds so called from and after the date fixed for their redemption, and such bonds and the unmatured coupons (if any) pertaining thereto shall not be entitled to the benefit or security of this resolution or the Consolidated Bond Resolution, but shall rely solely upon the funds so deposited.

In the case of registered bonds of denominations greater than $5,000, if less than all of the bonds of this Series then outstanding are to be called for redemption, then for all purposes in connection with redemption, each $5,000 unit of face value shall be treated as though it were a separate bond of the denomination of $5,000, and the word "bond" as used in the foregoing provisions of this Section 5 shall be deemed to refer to such $5,000 unit of face value. If it is determined as above provided that one or more but not all of the $5,000 units of face value represented by any bond are to be called for redemption, then upon notice of intention to redeem said $5,000 unit or units, the holder of said bond shall forthwith present said bond to the Registrar who shall issue a new bond or bonds of smaller authorized denominations but of the same aggregate principal amount in exchange therefor, pursuant to Section 4 of this resolution, including a new bond or bonds with the aggregate principal amount of the $5,000

unit or units of face value called for redemption; and such new bond or bonds shall be deemed to be duly called for redemption without further notice to the holder thereof. If the holder of such bond of a denomination greater than $5,000 shall fail to present such bond to the Registrar for the issuance of new bonds of smaller denominations in exchange therefor, as aforesaid, such bond shall nevertheless become due and payable on the date fixed for redemption to the extent of the $5,000 unit or units of face value called for redemption (and to that extent only); and (funds sufficient for the payment of the redemption price having been deposited with the Paying Agent or Paying Agents, as aforesaid, and being available as aforesaid on the date fixed for redemption) interest shall cease to accrue on the portion of the principal amount of such bond represented by such $5,000 unit or units of face value on and after the date fixed for redemption, and such bond shall not be entitled to the benefit or security of this resolution or the Consolidated Bond Resolution to the extent of the portion of its principal amount (and accrued interest thereon to the date fixed for redemption and premium, if any) represented by such $5,000 unit or units of face value, but to that extent shall rely solely upon the funds so deposited.

SECTION 6. The Authority shall establish and maintain a separate sinking fund for the retirement of bonds of this Series which shall be known as the "Consolidated Bonds, Fifty-eighth Series, Due 2022, Sinking Fund." The amount required to be paid into said Sinking Fund for each year shall be the difference at October 15 of such year between the schedule amount of principal for such year and the schedule amount of principal for the next preceding year as set forth in this Section 6, determined in the manner provided in the next succeeding paragraph. Except as provided in the third paragraph of this Section 6, payments into said Sinking Fund shall be made in bonds of this Series purchased or redeemed by the Authority at or prior to October 15 of the year on account of which the payment is made. Such payments may be made at any time or times during such year at or prior to October 15 or at any time or times during any prior year. Bonds of this Series so purchased may be purchased at such prices as the Authority may deem reasonable and proper and, in the discretion of the Authority, at public or private sale, with or without advertisement and with or without notice to any person other than the seller, and bonds theretofore issued and negotiated and then held by the Authority may be purchased for such purpose as well as bonds held by others. To be eligible for payment into said Sinking Fund each such bond shall have theretofore actually been issued and negotiated by the Authority and shall either be in registered form or in coupon form (if any) with all interest coupons attached maturing on and subsequent to December 1 of the year on account of which it is paid into said Sinking Fund. Bonds paid into said Sinking Fund shall be received therein at a value equal to the principal amount of such bonds. Upon payment into said Sinking Fund of said bonds of this Series so purchased or redeemed, said bonds shall be forthwith cancelled. All bonds of this Series which shall have been redeemed at prices established by Section 5 hereof shall be deemed to have been paid into said Sinking Fund and cancelled within the requirements of the preceding sentence whether or not said bonds shall have been presented for payment upon such redemption.

The schedule amount of bonds of this Series for each year shall be determined by multiplying the aggregate principal amount of all bonds of this Series theretofore issued (whether or not any of such bonds shall have theretofore been retired) by the cumulative percentage of total principal amount specified opposite such year in the schedule of mandatory periodic retirement hereafter set forth in this Section 6; if the amount so determined shall not be a multiple of $5,000, then the schedule amount for such year shall be the next higher multiple of $5,000.

If at the close of October 15 of any year (except the year of maturity) set forth in said schedule of mandatory periodic retirement, the Authority shall not have made payment into said Sinking Fund on account of such year of an amount at least equal to the payment required to be made therein on account of such year, then the Authority shall, on October 16 of such year, pay into said Sinking Fund an amount in cash equal to the deficiency, and such amounts shall be applied to the redemption of bonds of this Series at December 1, 2002, and at December 1 of each year thereafter, in the manner and upon the notice set forth in Section 5 of this resolution, but, notwithstanding the redemption price set forth in Section 5, at the price of one hundred per centum (100%) of their face value, plus accrued interest to the date fixed for redemption, at December 1, 2002, and thereafter and at or prior to December 1, 2021.

The following schedule of mandatory periodic retirement is provided for bonds of this Series:

Year	Cumulative Percentage of Total Principal Amount	Year	Cumulative Percentage of Total Principal Amount
2002	2.1	2013	38.9
2003	4.4	2014	43.9
2004	6.8	2015	49.3
2005	9.4	2016	55.1
2006	12.2	2017	61.4
2007	15.2	2018	68.1
2008	18.5	2019	75.3
2009	22.0	2020	83.1
2010	25.8	2021	91.4
2011	29.8	2022	100.0
2012	34.2		

Nothing herein contained shall be construed in any way to prevent the Authority from retiring bonds of this Series more rapidly than is shown in the foregoing schedule of mandatory periodic retirement.

SECTION 7. The Authority shall not apply any moneys in the Consolidated Bond Reserve Fund or in any special reserve fund established for the benefit of the bonds of any prior issue of bonds except for the payment of bonds secured by a pledge of the General Reserve Fund in whole or in part, the payment of debt service upon bonds so secured, the purchase for retirement of bonds so secured or the redemption of bonds so secured, or for the payment of expenses incurred for the establishment, acquisition, construction or effectuation, or for the operation, maintenance, repair or administration of any facility financed or refinanced in whole or in part by bonds secured by a pledge of the General Reserve Fund in whole or in part, or otherwise for the fulfillment of any undertakings which the Authority has assumed or may or shall hereafter assume to or for the benefit of the holders of bonds secured by a pledge of the General Reserve Fund in whole or in part; *provided, however,* that nothing herein contained shall be construed to permit the application by the Authority of moneys in the Consolidated Bond Reserve Fund or in any special reserve fund established for the benefit of the bonds of any prior issue of bonds except for purposes and upon conditions which in the case of the Consolidated Bond Reserve Fund are authorized by the Consolidated Bond Resolution or in the case of said special reserve funds are authorized by the respective resolutions establishing such prior issues of bonds.

Consolidated Bonds proposed to be issued for purposes in connection with an additional facility or a group of additional facilities in connection with which the Authority has not theretofore issued bonds which have been secured by a pledge of the General Reserve Fund in whole or in part, may be issued, and bonds other than Consolidated Bonds proposed to be issued for purposes in connection with such an additional facility or group of additional facilities may be secured by a pledge of the General Reserve Fund in whole or in part, in each case if and only if the Authority shall certify at the time of issuance (as defined in Section 3 of the Consolidated Bond Resolution) its opinion that the issuance of such Consolidated Bonds or that such pledge of the General Reserve Fund as security for such bonds other than Consolidated Bonds will not, during the ensuing ten (10) years or during the longest term of any of such bonds proposed to be issued (whether or not Consolidated Bonds), whichever shall be longer, in the light of its estimated expenditures in connection with such additional facility or such group of additional facilities, materially impair the sound credit standing of the Authority or the investment status of Consolidated Bonds or the ability of the Authority to fulfill its commitments, whether statutory or contractual or reasonably incidental thereto, including its undertakings to the holders of Consolidated Bonds; and the Authority may apply moneys in the General Reserve Fund for purposes in connection with those of its bonds and only those of its bonds which it has theretofore secured by a pledge of the General Reserve Fund in whole or in part. Expenditures in connection with an additional facility or group of additional facilities shall mean the amount of the excess, if any, of the sum of all items of expense to be considered in determining the net revenues of the additional facility or group of additional facilities plus the debt service upon the bonds proposed to be issued and upon any additional bonds which in the Authority's opinion would be required to be issued to place and maintain

such facility or group of facilities upon a sound operating basis, over and above the sum of all items of revenue and income to be considered in determining such net revenues.

SECTION 8. The Authority shall appoint a bank or trust company as Trustee for and in connection with the bonds of this Series. The Trustee is hereby authorized to (i) institute any action or proceeding on behalf of the holders of the bonds of this Series against the Authority or others, or (ii) intervene in any pending action or proceeding, or (iii) take any other action which it shall in its sole discretion determine to be necessary or advisable in order to protect the rights of the holders of bonds of this Series. The rights of the Trustee in this respect and in all other respects shall be in addition to and not in substitution of any and all rights which would otherwise inure to the holder or holders of bonds of this Series. It is understood that the Trustee in its sole discretion may, but shall be under no obligation to, review the activities or operations of the Authority or any of the contracts or agreements of the Authority or exercise any of the rights or powers vested in it by this Section 8 whether on the Trustee's initiative or at the request or direction of any of the holders of bonds of this Series.

The Trustee (which shall include any successor Trustee) appointed under the provisions of this Section shall be a bank or trust company organized under the laws of the State of New York or the State of New Jersey or a national banking association doing business and having its principal office in the Port of New York District and having a total capital (including capital stock, surplus, undivided profits and capital notes, if any) aggregating at least $25,000,000, which is willing and able to accept the office on reasonable and customary terms and is authorized by law to perform all the duties imposed upon it by this resolution.

The Trustee shall not be liable for any action taken or suffered upon any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document believed by it to be genuine, and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may or may not be counsel to the Authority, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this resolution in good faith and in accordance therewith. The Trustee shall not be liable in connection with the performance or nonperformance of its duties except for its own willful misconduct, negligence or bad faith.

If the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this resolution, such matter (unless other evidence in respect thereof be specifically prescribed) may be deemed to be conclusively proved and established by a certificate of an authorized officer of the Authority (who shall be any officer authorized pursuant to Section 9 hereof to execute bonds of this Series), and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this resolution upon the faith thereof; but in its discretion the Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable.

The Authority shall annually, within one hundred twenty (120) days after the close of each calendar year, file with the Trustee a statement of an authorized officer showing for the preceding calendar year (i) net revenues, (ii) the aggregate interest paid on bonds of the Authority, and (iii) the payments of principal on bonds of the Authority.

The Authority shall annually, within one hundred twenty (120) days after the close of each calendar year, file with the Trustee a copy of its annual report for such year, and its financial statement for such year accompanied by an opinion signed by an independent public accountant or firm of public accountants of recognized standing selected by the Authority and satisfactory to the Trustee.

The Authority shall file with the Trustee a copy of any Official Statement hereafter issued by the Authority in connection with the issuance of bonds by the Authority.

The Authority shall file with the Trustee a copy of the minutes of every meeting of the Authority and of the Port Authority Trans-Hudson Corporation at the time said minutes are transmitted to the Governor of New York and the Governor of New Jersey.

The Authority shall not be required to file with the Trustee (except when requested to do so by the Trustee) and the Trustee shall not be required to review any document, instrument, report or paper other than those which the Authority is expressly required hereunder to file with the Trustee. The Trustee shall not be bound to make any investigation into the facts or matters stated in any document, instrument, report or paper supplied to it, but the

Trustee in its sole discretion may make such further inquiry or investigation into such facts or matters as the Trustee may deem advisable, and, if the Trustee shall determine to make such further inquiry or investigation, the Trustee is authorized to examine such books and records of and properties owned or operated by the Authority as the Trustee may deem advisable, personally or by agent or attorney.

The Authority hereby agrees (i) to pay to the Trustee from time to time reasonable compensation for all services rendered by it hereunder, (ii) to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in connection with the exercise or performance of any of its powers or duties hereunder (including the reasonable compensation and the expenses and disbursements of its agents and counsel), and (iii) to indemnify the Trustee for, and hold it harmless against, any loss, liability or expense incurred without willful misconduct, negligence or bad faith on its part, arising out of or in connection with the exercise or performance of the Trustee's powers and duties hereunder, including the costs and expenses of defending itself against any claim or liability in connection with such exercise or performance.

The Trustee may become the owner or holder of any bonds of the Authority with the same rights as it would have were it not a Trustee. To the extent permitted by law, the Trustee may act as depositary for the Authority, act as Paying Agent and Registrar of bonds of the Authority, act itself and permit any of its officers or directors to act in any other capacity with respect to the Authority, the bonds of the Authority and the holders of bonds of the Authority as it or its officers or directors would be able to act were it not a Trustee.

The Trustee may at any time resign and be discharged of the duties and obligations created by this resolution by giving not less than sixty (60) days' written notice to the Authority and publishing notice thereof, specifying the date when such resignation shall take effect, once in each week for two (2) successive calendar weeks in a newspaper of general circulation in the City of New York, State of New York, and such resignation shall take effect upon the date specified in such notice unless previously a successor shall have been appointed by the Authority in which event such resignation shall take effect immediately on the appointment of such successor.

The Trustee may be removed at any time by an instrument or concurrent instruments in writing, filed with the Trustee, and signed and acknowledged by the holders of a majority in principal amount of the bonds of this Series then outstanding or by their attorneys duly authorized, excluding any bonds held by or for the account of the Authority.

In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, a successor may be appointed by the holders of a majority in principal amount of the bonds of this Series then outstanding, excluding any bonds held by or for the account of the Authority, by an instrument or concurrent instruments in writing signed and acknowledged by such bondholders or by their attorneys duly authorized and delivered to such successor Trustee, notification thereof being given to the Authority and the predecessor Trustee; *provided*, nevertheless, the Authority shall forthwith appoint a Trustee to fill such vacancy until a successor Trustee shall be appointed by the holders of bonds of this Series as authorized in this Section. The Authority shall publish notice of any such appointment made by it once in each week for two (2) consecutive calendar weeks, in a newspaper of general circulation in the City of New York, State of New York, the first publication to be made within twenty (20) days after such appointment. Any successor Trustee appointed by the Authority shall, immediately and without further act, be superseded by a Trustee appointed by the holders of bonds of this Series.

Any company into which any Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which any Trustee may sell or transfer all or substantially all of its corporate trust business; *provided*, such company shall be a bank or trust company located in the Port of New York District and shall be authorized by law to perform all the duties imposed upon it by this resolution, shall be the successor to such Trustee without the execution or filing of any paper or the performance of any further act.

The failure of the Authority to take any action required by this Section shall not invalidate any bond or bonds issued pursuant to this resolution or hereafter issued by the Authority, or affect any other actions of the Authority. The Authority shall in no way be restricted by this Section from entering any defense to an action or proceeding instituted by the Trustee or by the holder or holders of bonds of this Series.

SECTION 9. Each bond of this Series shall have the official seal of the Authority, or a facsimile thereof, affixed thereto or printed or impressed thereon, and shall be signed by any one of the following persons, to wit:—The person holding the office or exercising the duties of Chairman; Vice Chairman; Chairman of the Committee on Finance; Executive Director; Assistant Executive Director; Secretary; Assistant Secretary; Chief Financial Officer; Deputy Chief Financial Officer; Comptroller; Assistant Comptroller; Treasurer; or Assistant Treasurer of the Authority at the time of its execution; *provided*, that each bond of this Series may be executed by the facsimile signature of any of the foregoing persons and, in such event, such bond shall have endorsed thereon a certificate of authentication substantially in the form hereinafter set forth, manually executed by the Registrar of the Authority. No bond of this Series bearing a facsimile signature of any of the foregoing persons shall be entitled to any benefit under this resolution or the Consolidated Bond Resolution or be valid or obligatory for any purpose unless and until such certificate of authentication shall have been manually executed by the Registrar of the Authority, as aforesaid, and such manually executed certificate upon such bond shall be conclusive evidence that such bond has been authenticated and delivered hereunder. Such certificate of authentication on any such bond shall be deemed to have been executed by the Registrar of the Authority, as aforesaid, if signed by an authorized officer thereof, but it shall not be necessary that the same officer sign the certificate of authentication on all of such bonds issued hereunder. Bonds of this Series in coupon form (if any) shall have coupons for interest attached, bearing facsimile signatures of the Chairman and Secretary of the Authority.

The registered bonds of this Series shall be in substantially the following form, the blank spaces being appropriately filled in, and, as applicable, taking account of the changes and adjustments authorized in this resolution:

(FORM OF REGISTERED BOND)

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

CONSOLIDATED BOND

FIFTY-EIGHTH SERIES, DUE 2022

No. C(58)-. . . .
Maturity Date: June 1, 2022 Interest Rate: . . . .% Per Annum Dated: June 1, 1987 CUSIP . . . .

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (formerly known as The Port of New York Authority and hereinafter called the Authority), a body corporate and politic, created by the Compact of April 30, 1921, between the State of New York and the State of New Jersey, to which the consent of the Congress of the United States was given by Public Resolution No. 17, 67th Congress, First Session, acknowledges itself indebted and for value received hereby promises to pay to the registered holder hereof, on the first day of June, 2022, upon presentation and surrender of this bond, the principal amount shown below:

together with interest thereon at the rate of per centum (%) per annum from , payable semi-annually commencing on December 1, 1987, and thereafter on each succeeding June 1 and December 1 until maturity or prior redemption. The principal of this bond shall be payable in lawful money of the United States of America, at maturity or prior redemption upon presentation and surrender by the registered holder hereof at the office of , Paying Agent of the Authority, or the office or offices designated by the Authority of such other Paying Agent or Paying Agents appointed for the purpose by the Authority in a county which is in whole or in part in the Port of New York District. Semi-annual interest on this bond shall be payable when due, in lawful money of the United States of America, to said registered holder by check or draft drawn on the Paying Agent or Paying Agents appointed for the purpose by the Authority and mailed to said registered holder.

This bond is issued pursuant to and in full conformity with the Compact between the States of New York and New Jersey creating the Authority and the various statutes of said two States amendatory thereof and supplemental thereto, for purposes provided in said Compact and statutes, and is a direct and general obligation of the Authority for the prompt payment of the principal of and interest on which the full faith and credit of the Authority are irrevocably pledged. The provisions of the resolution of October 9, 1952, establishing an issue of Consolidated Bonds, and of the resolutions of April 9, 1987, establishing the Series of which this bond forms a part and authorizing the issuance of this bond, constitute a contract between the Authority and the registered holder of this bond, which is subject to modification as therein provided.

The Authority has appointed a Trustee for and in connection with the bonds of this Series as provided by the resolution establishing the Series of which this bond forms a part.

This bond is registered as to principal and interest (but not as to either alone) and is transferable only upon the books kept by the Registrar of the Authority by the registered holder of this bond or attorney duly authorized, all in accordance with the provisions of the resolution establishing the Series of which this bond forms a part. The bonds of this Series are issuable only in the form of registered bonds without coupons in the denominations of $5,000 or integral multiples of $5,000. The registered holder of this bond or attorney duly authorized may upon application to the Registrar of the Authority exchange the same in accordance with the provisions of the resolution establishing the Series of which this bond forms a part for an equal aggregate principal amount of registered bonds of any other authorized denominations. The Authority shall bear the cost incurred by the Authority in connection with the registration, authentication (if any), transfer, cancellation, exchange and delivery of bonds of this Series including such fees as may be imposed by the Registrar for such services performed by the Registrar.

This bond may be redeemed at December 1 of any year prior to maturity beginning with 2002 to satisfy the requirements of the schedule of mandatory periodic retirement provided for bonds of this Series in and pursuant to said resolutions of the Authority at one hundred per centum (100%) of its face value, plus accrued interest to the date fixed for redemption at December 1, 2002, and thereafter and at or prior to December 1, 2021.

This bond may at the option of the Authority be redeemed for any other purpose at any interest payment date at or subsequent to June 1, 1994, as follows:

At one hundred two per centum (102%) of its face value, plus accrued interest to the date fixed for redemption, at June 1, 1994, and thereafter and at or prior to June 1, 1996; at one hundred one per centum (101%) of its face value, plus accrued interest to the date fixed for redemption, thereafter and at or prior to June 1, 1999; and at one hundred per centum (100%) of its face value, plus accrued interest to the date fixed for redemption, thereafter and at or prior to December 1, 2021.

If less than all the bonds of this Series then outstanding are to be called for redemption, the bonds so to be called shall be determined by lot by the Authority or the Registrar as the Authority may elect or by such other system or method as the Committee on Finance of the Authority shall fix and determine.

If this bond shall be called for redemption, notice shall be given by the Authority by publication in a daily newspaper of general circulation in the Port of New York District. Such notice shall be published at least twice prior to the date fixed for redemption—the first publication to be not less than thirty (30) nor more than forty-five (45) days before the date fixed for redemption; and the second publication to be not less than ten (10) nor more than twenty (20) days before the date fixed for redemption. A copy of such notice shall also be mailed, not less than thirty (30) nor more than forty-five (45) days before the date fixed for redemption, to the registered holder of this bond at his last known address as appearing on the Registry Books of the Authority; *provided, however,* that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any action with respect to the redemption of said bonds. If this bond shall be called for redemption, and if funds sufficient for the redemption price shall be deposited with the Paying Agent or Paying Agents of the Authority in trust for the account of the registered holder of this bond, and if such funds shall be available for its redemption on the date fixed for redemption, interest shall cease to accrue on this bond from and after the date fixed for redemption and this bond shall not be entitled to the benefit or security of the foregoing resolutions but shall rely solely upon the funds so deposited.

If this bond is of a denomination greater than $5,000, and if less than all of the bonds of the Series of which this bond forms a part are to be called for redemption, then for all purposes in connection with redemption, each $5,000 of face value of this bond shall be treated as though it were a separate bond of the denomination of $5,000, and the word "bond" as used in the foregoing redemption provisions shall be deemed to refer to each such $5,000 unit of face value.

If it is determined as above provided that one or more but not all of the $5,000 units of face value represented by this bond are to be called for redemption, then upon notice of intention to redeem such $5,000 unit or units the registered holder of this bond shall forthwith present this bond to the Registrar who will issue new bonds of smaller denominations but of the same aggregate principal amount in exchange or substitution therefor, as provided in the resolution establishing the Series of which this bond forms a part, including a new bond or bonds

with the aggregate principal amount of the $5,000 unit or units called for redemption; and such new bond or bonds shall be deemed to be duly called for redemption without further notice to the registered holder. If the registered holder shall fail to present this bond to the Registrar for the issuance of new bonds of smaller denominations in exchange or substitution therefor as aforesaid, this bond shall nevertheless become due and payable on the date fixed for redemption to the extent of the $5,000 unit or units of face value called for redemption (and to that extent only); and (funds sufficient for the payment of the redemption price having been deposited with the Paying Agent or Paying Agents as aforesaid, and being available as aforesaid on the date fixed for redemption) interest shall cease to accrue on the portion of the principal amount of this bond represented by such $5,000 unit or units of face value on and after the date fixed for redemption and this bond shall not be entitled to the benefit or security of the aforesaid resolutions to the extent of the portion of its principal amount (and accrued interest thereon to the date fixed for redemption and premium, if any) represented by such $5,000 unit or units, but to that extent shall rely solely upon the funds so deposited.

This bond is entitled to the benefit of the sinking fund established for this Series by the resolutions of the Authority hereinabove referred to.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen or be performed, precedent to and in the issuance of this bond, exist, have happened and have been performed in due time, form and manner as required by the Constitutions and statutes of the States of New York and New Jersey, the Compact creating the Authority and the aforesaid resolutions of the Authority, and that the amount of this bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by said Constitutions, statutes, Compact or the Consolidated Bond Resolution.

IN WITNESS WHEREOF, The Port Authority of New York and New Jersey has caused its name to be signed hereto by its duly authorized officer, by manual or facsimile signature, and its official seal, or facsimile thereof, to be hereto affixed or printed or impressed hereon, and this bond to be dated as of the first day of June, 1987.

THE PORT AUTHORITY
OF NEW YORK AND NEW JERSEY

. . . . . .
Authorized Officer

(END OF FORM OF REGISTERED BOND)

The certificate of authentication attached to each of the bonds of this Series which are executed by a facsimile signature on behalf of the Authority shall be in substantially the following form, the blank spaces being appropriately filled in:

(FORM OF CERTIFICATE OF AUTHENTICATION)

This bond is one of the bonds issued under the provisions of the within-named resolution and the Consolidated Bond Resolution.

Date of Authentication: . . . . . .

REGISTRAR
as Registrar of the Authority

By . . . . . .
Authorized Officer

(END OF FORM OF CERTIFICATE OF AUTHENTICATION)

Each registered bond of this Series shall have provisions for assignment endorsed thereon, in substantially the following form:

(FORM OF PROVISIONS FOR ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

. . . . . .
(Please Print or Type Name and Address of Assignee)

. . . . . .

. . . . . .
the within bond and all rights thereunder and does hereby irrevocably constitute and appoint

. . . . . Attorney
to transfer such bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated:

. . . . . .
(Signature of Registered Holder)

In the presence of: . . . . . .
(Witness)

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within bond in every particular, with such signature appropriately guaranteed.

(END OF FORM OF PROVISIONS FOR ASSIGNMENT)

In case any official of the Authority who shall have signed or whose facsimile signature shall appear on any of the bonds of this Series shall cease to be such official before such bonds shall have been actually issued, such bonds may nevertheless be issued as though the person who signed such bonds had not ceased to be such official of the Authority; and the Authority may, by issuing bonds bearing coupons (if any) so executed, adopt and use the facsimile signature of any person appearing on the coupons (if any), notwithstanding the fact that such person may have ceased, at the time when the bonds and coupons (if any) shall have been issued, to hold the office appearing after such person's facsimile signature on such coupons (if any).

SECTION 10. The Committee on Finance of the Authority is hereby authorized (i) prior to the issuance of the first installment of the bonds of this Series, to change the date as of which the bonds of this Series shall be dated to any date on or before December 31, 1988, and, if the date as of which the bonds of this Series shall be dated is so changed and the bonds bear a stated rate or rates of interest, the Committee shall change by the same number of days the respective dates on which interest on the bonds of this Series shall be payable; (ii) prior to the issuance of any installment of the bonds of this Series, to change the date at which any of the bonds of that installment shall mature; *provided*, that said date or dates shall not be more than thirty-five (35) years from the date as of which the bonds of this Series are dated; (iii) prior to the issuance of any installment of the bonds of this Series, to adjust or change the respective dates in connection with the redemption, retirement, call and sinking fund provisions as to such installment; (iv) prior to the issuance of any installment of the bonds of this Series, to adjust or change the respective dates and cumulative percentages of total principal amount provided in the schedule of mandatory sinking fund redemption for the bonds of this Series to retire such entire installment at or prior to maturity or to rescind in its entirety the establishment of the mandatory sinking fund redemption schedule and provisions as to such installment; (v) prior to the issuance of any installment of the bonds of this Series, to reduce the percentages of face value relating to the optional call provisions for such installment; (vi) prior to the issuance of the first installment of the bonds of this Series, to provide for the bonds of this Series to be issued on original issuance as book-entry only securities taking account of the changes and adjustments authorized in this resolution with respect to the issuance of the bonds of this Series as book-entry only securities; (vii) prior to the issuance of the first installment of the bonds of this Series, to provide for the bonds of this Series to be separately registrable

as to principal and interest (including any authorized incremental interest) to any one or more holders of the bonds or certificates (if any) with respect to the payment of interest thereon; (viii) prior to the issuance of the first installment of the bonds of this Series if it is desirable in connection with the use of the proceeds of the bonds of this Series for the refunding of a series of the Authority's obligations to renumber this Series for purposes of identification, to renumber this Series; (ix) prior to the issuance of the first installment of the bonds of this Series, if a prior series of Consolidated Bonds has been renumbered or the resolutions in connection therewith have been rescinded and cancelled, and if it is desirable to accomplish the capital program of the Authority utilizing a continuous numbered sequence of Consolidated Bonds, to renumber this Series; and (x) to take such other action as in the opinion of the Committee will best serve the public interest.

SECTION 11. In case any bond or coupon (if any) pertaining to such a bond shall at any time become mutilated or be lost or destroyed, the Authority, in its discretion, may execute and deliver a new bond or coupon of like tenor and amount in exchange or substitution for and upon cancellation of said mutilated bond or coupon or in lieu of or in substitution for such destroyed or lost bond or coupon; or if such bond or coupon shall have matured, instead of issuing a substitute bond or coupon the Authority may pay the same without surrender thereof. In case of destruction or loss, the applicant for a substitute bond or coupon shall furnish to the Authority evidence satisfactory to the Authority of the destruction or loss of such bond or coupon and of the ownership thereof and also such security and indemnity as may be required by the Authority. The Authority may execute and deliver any such substitute bond or coupon or make any such payment; or any Paying Agent may make any such payment upon the written request or authorization of the Authority. Upon the issuance of any substitute bond or coupon, the Authority, at its option, may require the payment of a sum sufficient to reimburse it for any stamp tax or other governmental charge or other reasonable expense connected therewith and also a further sum not exceeding the cost of preparation of each new bond or coupon so issued in substitution. Any bond or coupon (if any) issued under the provisions of this section in lieu of any bond or coupon alleged to have been destroyed or lost shall constitute an original contractual obligation on the part of the Authority, whether or not the bond or coupon so alleged to have been destroyed or lost be at any time enforceable by anyone, and shall be equally and proportionately entitled to the security of this resolution and of the Consolidated Bond Resolution with all other bonds, notes and coupons (if any) issued hereunder or thereunder.

Consolidated Bonds, Fifty-eighth Series—Authorization of Issuance

Pursuant to the foregoing report, the following resolution was unanimously adopted:

WHEREAS, on the 9th day of October, 1952, The Port Authority of New York and New Jersey (formerly known as The Port of New York Authority and hereinafter called the "Authority"), adopted a resolution providing for the issuance of certain direct and general obligations of the Authority (hereinafter called "Consolidated Bonds"), from time to time in conformity with said resolution for the purposes therein set forth, which said resolution (hereinafter called the "Consolidated Bond Resolution") constitutes a contract with the holders of the bonds so issued; and

WHEREAS, on the 9th day of April, 1987, the Authority adopted a resolution establishing a series of said Consolidated Bonds to be known as "Fifty-eighth Series, Due 2022" (hereinafter called "bonds of this Series"), which said resolution by its terms constitutes a contract with the holders of the bonds of this Series; and

WHEREAS, the Authority has now determined that it is necessary, advisable and in the public interest to authorize the issuance of Two Hundred Million Dollars ($200,000,000) in principal amount of bonds of this Series for the purposes hereinafter set forth;

NOW, THEREFORE, be it resolved by The Port Authority of New York and New Jersey:

SECTION 1. As used in this resolution, any words or phrases specially defined in the aforesaid Consolidated Bond Resolution shall be read and construed in accordance with such special definitions; *provided, however*, that the term "facility" herein shall not include any railroad car owned, leased or operated pursuant to Chapter 638 of the Laws of New York of 1959 and Chapter 25 of the Laws of New Jersey of 1959 or any acts amendatory or supplementary thereto.

SECTION 2. The issuance of up to Two Hundred Million Dollars ($200,000,000) in principal amount of bonds of this Series is hereby authorized. Said bonds shall be issued in one or more installments or lots pursuant to and shall conform in all respects to the aforesaid Consolidated Bond Resolution and the aforesaid resolution establishing the bonds of this Series.

SECTION 3. Unless otherwise determined by the Committee on Finance in connection with the issuance of the bonds of this Series as book-entry only securities (which said Committee is hereby authorized to fix and determine such other system or method), the bonds of this Series shall be numbered upward from C(58)-1, or they may bear such other numbers as the Chairman of the Authority; Vice Chairman of the Authority; Chairman of the Committee on Finance; Executive Director; Assistant Executive Director; Chief Financial Officer; Deputy Chief Financial Officer; Comptroller; Assistant Comptroller; Treasurer; or Assistant Treasurer of the Authority may deem appropriate.

SECTION 4. The proceeds of the bonds of this Series shall be used (a) for purposes of capital expenditures in connection with any one or more of the facilities of the Authority and for purposes incidental thereto; *provided, however*, that subject to agreements with the holders of obligations of the Authority and consistent with applicable provisions of Section 103 of the Internal Revenue Code of 1986, as amended, or successor provisions of law, and the applicable regulations related thereto, the Committee on Finance may authorize all or any portion of the unspent proceeds of the bonds of this Series to be used for any purpose for which at the time of issuance thereof the Authority was authorized by law to issue its obligations, including capital expenditures in connection with facilities of the Authority certified or to be certified after issuance of the bonds of this Series; (b) for the purpose of refunding, directly, by offers to exchange, or otherwise, at or before maturity, all or any part of any issue of Consolidated Bonds or Consolidated Notes issued and outstanding at the time of the sale of any installment of the bonds of this Series; and (c) for the purpose of refunding in accordance with applicable law, regulations and contractual provisions, any of the special obligations under the Port Authority Commercial Paper Program.

SECTION 5. In the event the Committee on Finance determines that the needs of the Authority for capital funds or the public interest require allocation of the proceeds of any of the bonds of this Series to purposes in connection with some but not all of the purposes authorized in Section 4 hereof, the Committee is hereby authorized, prior to the sale of bonds of any installment of this Series from time to time, to make such allocation by resolution. The adoption by said Committee of such a resolution prior to any such sale shall be sufficient to restrict the application of the proceeds of any bonds of such installment of this Series included in said sale to the purposes specified by the Committee in said resolution.

SECTION 6. The provisions of this resolution shall constitute a contract with the holders of the bonds issued pursuant to this resolution, and with each such holder.

Consolidated Bonds, Fifty-eighth Series—Authorization of Sale

Pursuant to the foregoing report, the following resolution was unanimously adopted:

SECTION 1. The Committee on Finance of the Authority (hereinafter called the "Committee") is hereby authorized to sell all or any part of Two Hundred Million Dollars ($200,000,000) in principal amount of Consolidated Bonds, Fifty-eighth Series, Due 2022 (hereinafter called the "bonds of this Series"), at a price which will result in a true interest cost to the Authority not in excess of twelve per centum (12%) per annum to maturity, and to do so in the name of and on behalf of the Authority, at public or private sale, with or without advertisement, in one or more installments or in one or more lots, at one or more times on or before December 31, 1988, and to apply the proceeds of such sale or sales as provided in the resolution authorizing the issuance of said bonds of this Series; *provided, however*, that the total aggregate principal amount of Consolidated Bonds, Fifty-eighth Series, Due 2022, Consolidated Bonds, Fifty-ninth Series, Due 2022, Consolidated Bonds, Sixtieth Series, Due 2022, Consolidated Bonds, Sixty-first Series, Due 2022, Consolidated Bonds, Sixty-second Series, Due 2023, Consolidated Bonds, Sixty-third Series, Due 2023, Consolidated Bonds, Sixty-fourth Series, Due 2023, and Consolidated Bonds, Sixty-fifth Series, Due 2023, sold by the Committee shall not exceed One Billion Dollars ($1,000,000,000).

SECTION 2. The Committee shall have power, in connection with the bonds of this Series, to fix the time or times of sale on or before December 31, 1988, to determine the terms and conditions upon which sales shall be made and to accept or reject offers in connection with such sales, and to do so in the name of and on behalf of the Authority.

SECTION 3. The Committee shall have power in the name of and on behalf of the Authority, in connection with the bonds of this Series, to enter into any appropriate contracts or agreements concerning any sales or exchanges; to fix the time or times and determine the terms and conditions of delivery of the bonds of this Series; to appoint and to enter into appropriate contracts or agreements with one or more Paying Agents and a Registrar and a Trustee, and to designate the office or offices of any such Paying Agent or Paying Agents at which payments shall be made and the office or offices of any such Registrar at which the books for registration shall be kept; to enter into any appropriate contracts or agreements providing insurance in connection with the bonds of this Series; to enter into appropriate contracts or agreements in connection with the issuance of the bonds of this Series as book-entry only securities; to make any selection, designation, determination or estimate and to take or withhold any action and to formulate and express any opinions and to exercise any discretion or judgment which may be or is required to be made, taken, withheld, formulated, expressed or exercised by the Authority as a condition precedent to the issuance of the bonds of this Series or for the purpose of determining whether all conditions precedent to their issuance exist, the Authority hereby adopting all such selections, designations, determinations, actions, withholdings of action, estimates and exercises of judgment and discretion, whether pursuant to Section 3 of the Consolidated Bond Resolution of October 9, 1952, or otherwise, as its own; and to authorize any of the foregoing and generally to take such other action as in the opinion of the Committee will best serve the public interest.

SECTION 4. The Committee shall have power to authorize one or more official statements in the name of and on behalf of the Authority (describing the Authority, its financial condition and the bonds offered for sale, and making representations on behalf of the Authority). The Authority hereby authorizes the underwriter or underwriters purchasing the bonds in offering the bonds of this Series for resale to use such official statement or statements and representations as those of the Authority.

SECTION 5. No part of the proceeds of the bonds of any installment of the bonds of this Series shall be invested directly or indirectly in such a manner as to cause the interest on such bonds of this Series to be subject to Federal income taxes under Section 148 of the Internal Revenue Code of 1986, as amended, or successor provisions of law, and the applicable regulations related thereto.

SECTION 6. The Committee; Chairman of the Authority; Vice Chairman of the Authority; Chairman of the Committee; Executive Director; Assistant Executive Director; Chief Financial Officer; Deputy Chief Financial

Officer; or Treasurer of the Authority is hereby authorized, in connection with the bonds of this Series, to take any action which may be necessary or desirable to assure that the bonds of this Series are in conformity with the provisions of Section 103 of the Internal Revenue Code of 1986, as amended, or successor provisions of law, and the applicable regulations related thereto, and that the interest on such bonds of this Series is not includible for Federal tax purposes in the gross income of the recipients thereof under Section 103(a) of the Code, or successor provisions of law, or regulations with respect thereto, and any such actions taken in connection therewith are hereby ratified. The Chairman of the Authority; Vice Chairman of the Authority; Chairman of the Committee; Executive Director; Assistant Executive Director; Chief Financial Officer; Deputy Chief Financial Officer; Comptroller; Assistant Comptroller; Treasurer; or Assistant Treasurer of the Authority is hereby authorized to certify on behalf of the Authority as to the need for the issuance of bonds of this Series for the purposes for which such bonds of this Series are issued, as to the status of the projects for which the proceeds of the bonds of this Series would be used, as to the Authority's intentions with respect to the application and investment of said proceeds, and as to such other related matters as may be authorized by the Committee and any such actions taken in connection therewith are hereby ratified.

Consolidated Bonds, Fifty-ninth Series—Establishment

Pursuant to the foregoing report, the following resolution was unanimously adopted:

WHEREAS, heretofore and on the 9th day of October, 1952, The Port Authority of New York and New Jersey (formerly known as The Port of New York Authority and hereinafter called the "Authority") adopted a resolution (hereinafter called the "Consolidated Bond Resolution") providing for the issuance of certain direct and general obligations of the Authority (hereinafter called "Consolidated Bonds"), from time to time, in conformity with said Consolidated Bond Resolution for the purposes therein set forth, and which Consolidated Bond Resolution constitutes a contract with the holders of the Consolidated Bonds so issued; and

WHEREAS, said Consolidated Bond Resolution provides that such Consolidated Bonds shall be issued in such series as the Authority may determine, and that the characteristics of the bonds of such series shall be determined by the Authority by and in the resolution establishing such series, and that the resolution establishing any series may contain other terms and provisions not inconsistent with the Consolidated Bond Resolution; and

WHEREAS, the Authority has heretofore established various series of said Consolidated Bonds and has now determined that it is necessary, advisable and in the public interest to establish another series of said Consolidated Bonds, without prejudice to its right hereafter to establish other and additional series of such Consolidated Bonds;

NOW, THEREFORE, be it resolved by The Port Authority of New York and New Jersey:

SECTION 1. As used in this resolution, any words or phrases specially defined in the aforesaid Consolidated Bond Resolution shall be read and construed in accordance with such special definitions.

SECTION 2. There is hereby established a series of said Consolidated Bonds to be known as "Consolidated Bonds, Fifty-ninth Series, Due 2022," to be issued in conformity with said Consolidated Bond Resolution and for any one or more of the purposes specified therein as may be provided in the resolution authorizing the issuance of such series. This resolution shall constitute a contract with the holders of said bonds of Consolidated Bonds, Fifty-ninth Series, Due 2022, which said bonds are hereinafter called "bonds of this Series," and with each such holder.

SECTION 3. Bonds of this Series shall be issued in one or more installments or lots as the Authority may hereafter determine.

The bonds of this Series shall be dated as of September 1, 1987, shall mature on September 1, 2022, and shall bear a stated rate or rates of interest, including fixed, variable or incremental rates for the term of the bonds or any portion thereof, or a combination thereof, from the semi-annual interest payment date next preceding their date of issuance, or if such date of issuance shall be an interest payment date, from such date of issuance, not exceeding twelve per centum (12%) per annum as may be determined by the Committee on Finance of the Authority. The Committee on Finance is hereby authorized to fix and determine any other date as that upon which interest shall commence and said interest rate or rates, or to determine that said bonds of this Series shall not bear a stated rate of interest. If the bonds of this Series shall bear a stated rate or rates of interest, interest shall be payable semi-annually commencing on March 1, 1988, and thereafter on each succeeding September 1 and March 1 until maturity or prior redemption.

Both principal of and interest on the bonds of this Series shall be payable in lawful money of the United States of America. Principal of the bonds of this Series shall be payable upon presentation and surrender thereof by the registered holders, or in the case of coupon bonds of this Series, if any, upon presentation and surrender thereof, at the office or offices, designated by the Authority, of the Paying Agent or Paying Agents appointed for the purpose by the Authority, in a county which is in whole or in part in the Port of New York District. Interest on the registered bonds of this Series shall be payable when due to the registered holder thereof by check or draft drawn on the Paying Agent or Paying Agents appointed for the purpose by the Authority and mailed to said registered holder and interest on the coupon bonds of this Series, if any, shall be payable upon presentation and surrender of the coupons appertaining thereto at such office or offices of such Paying Agent or Paying Agents. If on original issuance the bonds of this Series are to be issued as book-entry only securities, subject to a book-entry system for determining interests therein, the Committee on Finance is hereby authorized to fix and determine an

alternate method for the payment of both or either of the principal of and interest on the bonds of this Series to the registered holder thereof; *provided, however,* in the event that such book-entry system or any successor book-entry system is discontinued without replacement with a similar system, then the foregoing payment provisions of this paragraph shall apply to the bonds of this Series.

Bonds of this Series shall be issued only in registered form without coupons, registered as to both principal and interest and not as to either alone; *provided, however,* if at any time prior to issuance of the first installment of the bonds of this Series, there shall be in effect a provision of the Internal Revenue Code of 1986, as amended (hereinafter called the "Code"), or successor provisions of law, or the regulations with respect thereto, which does not provide that, for the interest on the bonds of this Series to be considered not includible for Federal income tax purposes in the gross income of the recipients thereof under Section 103(a) of the Code, or successor provisions of law, such bonds of this Series must be issued in registered form, then the bonds of this Series may also be issued in the form of coupon bonds payable to bearer, in which event the Committee on Finance is hereby authorized to adopt an appropriate form of coupon bond issuable only in the denomination of $5,000. If on original issuance the bonds of this Series are to be issued as book-entry only securities subject to a book-entry system for determining interests therein, the Committee on Finance is hereby authorized to fix and determine an appropriate form of bond or other evidence of indebtedness; *provided, however,* in the event that such book-entry system or any successor book-entry system is discontinued without replacement with a similar system then the provisions of Section 9 of this resolution shall apply to the bonds of this Series.

Registered bonds of this Series shall be issued in the denominations of $5,000 or integral multiples of $5,000.

SECTION 4. The Authority will keep or cause to be kept at the offices, designated by the Authority, of its Registrar appointed for that purpose, in a county which is in whole or in part in the Port of New York District, proper and sufficient books for the registration of bonds of this Series. Each registered bond of this Series shall be transferable only upon such books by the registered holder thereof in person or by such registered holder's attorney duly authorized in accordance with the provisions of this resolution.

In the event that the bonds of this Series may be issued in coupon form, a coupon bond or bonds of this Series (if any), upon the written request of the bearer or bearers thereof and upon the surrender thereof with all unmatured coupons thereto attached, may be exchanged for a registered bond or bonds, registered as designated in such request, of the same aggregate principal amount and series as the surrendered bond or bonds, of any of the authorized denominations. A registered bond or bonds of this Series, upon the written request of the registered holder or holders thereof and upon surrender thereof, may be exchanged for a registered bond or bonds, registered as designated in such request, of any other authorized denominations, or in the event that the bonds of this Series may be issued in coupon form, a coupon bond or bonds with appropriate coupons attached, or a combination of such coupon and registered bonds, in each case of the same aggregate principal amount as the surrendered bond or bonds.

All requests for the registration, transfer, exchange and delivery of bonds as above provided shall be filed with the Registrar of the Authority; all bonds to be surrendered pursuant to such request shall be surrendered to the Registrar; and all bonds delivered in exchange as aforesaid shall be delivered by the Registrar. All bonds of this Series surrendered to the Registrar in exchange for other bonds or for transfer as above provided shall be cancelled by the Registrar upon such surrender.

The Authority shall bear the cost incurred by the Authority in connection with the registration, authentication (if any), transfer, cancellation, exchange and delivery of bonds of this Series, including such fees as may be imposed by the Registrar for such services performed by the Registrar as provided in this resolution.

Nothing contained in this resolution shall be deemed to authorize the execution and delivery of bonds of this Series except in the denomination of $5,000 in the case of coupon bonds (if any) or in the denominations of $5,000 or integral multiples of $5,000 in the case of registered bonds or to authorize the issuance of coupon bonds of this Series if at any time there shall be in effect a provision of the Code or the applicable regulations related thereto which provides that for the interest on the bonds of this Series to be considered not includible for Federal income tax purposes in the gross income of the recipients thereof under Section 103(a) of the Code, or successor provisions of law, such bonds of this Series must be issued in registered form.

SECTION 5. Except as provided in Section 6 of this resolution, bonds of this Series shall be redeemable at the option of the Authority, in whole or in part, on interest payment dates, at or subsequent to September 1, 1994, and prior to maturity, as follows:

At one hundred two per centum (102%) of their face value, plus accrued interest to the date fixed for redemption, at September 1, 1994, and thereafter and at or prior to September 1, 1996; at one hundred one per centum (101%) of their face value, plus accrued interest to the date fixed for redemption, thereafter and at or prior to September 1, 1999; and at one hundred per centum (100%) of their face value, plus accrued interest to the date fixed for redemption, thereafter and at or prior to March 1, 2022.

If less than all the bonds of this Series then outstanding are to be called for redemption, the bonds so to be called shall be determined by lot by the Authority or the Registrar as the Authority may elect or by such other system or method as the Committee on Finance may determine (which said Committee is hereby authorized to fix and determine such other system or method).

Notice of intention to redeem any bonds of this Series shall be given by the Authority by publication in a daily newspaper of general circulation in the Port of New York District. Such notice shall be published at least twice prior to the date fixed for redemption, the first publication to be not less than thirty (30) nor more than forty-five (45) days before the date fixed for redemption and the second publication to be not less than ten (10) nor more than twenty (20) days before the date fixed for redemption. A copy of such notice shall also be mailed by the Authority or the Registrar, as the Authority may elect, not less than thirty (30) nor more than forty-five (45) days prior to the date fixed for redemption, to the registered holders of the bonds of this Series to be called for redemption, at their last known addresses as appearing upon the Registry Books of the Authority; *provided, however*, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any action with respect to the redemption of said bonds. If on original issuance the bonds of this Series are to be issued only in registered form or are to be issued as book-entry only securities subject to a book-entry system for determining interests therein, the Committee on Finance is hereby authorized to fix and determine an alternate method by which the Authority shall give notice of intention to redeem any bonds of this Series.

Before the date fixed for redemption specified in the Authority's notice of intention to redeem, the Authority will pay or cause to be paid to the Paying Agent (or Paying Agents) an amount in cash in the aggregate sufficient to redeem all of the outstanding bonds which are to be redeemed, at the respective redemption prices thereof, which, in each case, shall include the accrued interest to the date fixed for redemption and the premium (if any), such principal amount and premium (if any), to be held by the Paying Agent (or Paying Agents) in trust for the account of the holders of the bonds so called for redemption and to be paid to them respectively upon presentation and surrender of the said bonds with accrued interest included in such redemption price to be paid to the registered holders in accordance with the provisions of this resolution and in the case of coupon bonds (if any), such accrued interest to be paid to the holders only upon presentation and surrender of all unmatured coupons (if any) pertaining to such bonds. On and after the date fixed for redemption, the notice of intention to redeem having been completed as above provided or as provided by the Committee on Finance, the bonds so called shall become due and payable at the office of the Paying Agent (or Paying Agents) designated by the Authority, and if funds sufficient for payment of the redemption price shall have been deposited with the Paying Agent (or Paying Agents) in trust as aforesaid and if such funds shall be available for redemption of such bonds on the date fixed for redemption, then and in any such event, interest shall cease to accrue on the bonds so called from and after the date fixed for their redemption, and such bonds and the unmatured coupons (if any) pertaining thereto shall not be entitled to the benefit or security of this resolution or the Consolidated Bond Resolution, but shall rely solely upon the funds so deposited.

In the case of registered bonds of denominations greater than $5,000, if less than all of the bonds of this Series then outstanding are to be called for redemption, then for all purposes in connection with redemption, each $5,000 unit of face value shall be treated as though it were a separate bond of the denomination of $5,000, and the word "bond" as used in the foregoing provisions of this Section 5 shall be deemed to refer to such $5,000 unit of face value. If it is determined as above provided that one or more but not all of the $5,000 units of face value represented by any bond are to be called for redemption, then upon notice of intention to redeem said $5,000 unit or units, the holder of said bond shall forthwith present said bond to the Registrar who shall issue a new bond or bonds of smaller authorized denominations but of the same aggregate principal amount in exchange therefor, pursuant to Section 4 of this resolution, including a new bond or bonds with the aggregate principal amount of the $5,000

unit or units of face value called for redemption; and such new bond or bonds shall be deemed to be duly called for redemption without further notice to the holder thereof. If the holder of such bond of a denomination greater than $5,000 shall fail to present such bond to the Registrar for the issuance of new bonds of smaller denominations in exchange therefor, as aforesaid, such bond shall nevertheless become due and payable on the date fixed for redemption to the extent of the $5,000 unit or units of face value called for redemption (and to that extent only); and (funds sufficient for the payment of the redemption price having been deposited with the Paying Agent or Paying Agents, as aforesaid, and being available as aforesaid on the date fixed for redemption) interest shall cease to accrue on the portion of the principal amount of such bond represented by such $5,000 unit or units of face value on and after the date fixed for redemption, and such bond shall not be entitled to the benefit or security of this resolution or the Consolidated Bond Resolution to the extent of the portion of its principal amount (and accrued interest thereon to the date fixed for redemption and premium, if any) represented by such $5,000 unit or units of face value, but to that extent shall rely solely upon the funds so deposited.

SECTION 6. The Authority shall establish and maintain a separate sinking fund for the retirement of bonds of this Series which shall be known as the "Consolidated Bonds, Fifty-ninth Series, Due 2022, Sinking Fund." The amount required to be paid into said Sinking Fund for each year shall be the difference at July 15 of such year between the schedule amount of principal for such year and the schedule amount of principal for the next preceding year as set forth in this Section 6, determined in the manner provided in the next succeeding paragraph. Except as provided in the third paragraph of this Section 6, payments into said Sinking Fund shall be made in bonds of this Series purchased or redeemed by the Authority at or prior to July 15 of the year on account of which the payment is made. Such payments may be made at any time or times during such year at or prior to July 15 or at any time or times during any prior year. Bonds of this Series so purchased may be purchased at such prices as the Authority may deem reasonable and proper and, in the discretion of the Authority, at public or private sale, with or without advertisement and with or without notice to any person other than the seller, and bonds theretofore issued and negotiated and then held by the Authority may be purchased for such purpose as well as bonds held by others. To be eligible for payment into said Sinking Fund each such bond shall have theretofore actually been issued and negotiated by the Authority and shall either be in registered form or in coupon form (if any) with all interest coupons attached maturing on and subsequent to September 1 of the year on account of which it is paid into said Sinking Fund. Bonds paid into said Sinking Fund shall be received therein at a value equal to the principal amount of such bonds. Upon payment into said Sinking Fund of said bonds of this Series so purchased or redeemed, said bonds shall be forthwith cancelled. All bonds of this Series which shall have been redeemed at prices established by Section 5 hereof shall be deemed to have been paid into said Sinking Fund and cancelled within the requirements of the preceding sentence whether or not said bonds shall have been presented for payment upon such redemption.

The schedule amount of bonds of this Series for each year shall be determined by multiplying the aggregate principal amount of all bonds of this Series theretofore issued (whether or not any of such bonds shall have theretofore been retired) by the cumulative percentage of total principal amount specified opposite such year in the schedule of mandatory periodic retirement hereafter set forth in this Section 6; if the amount so determined shall not be a multiple of $5,000, then the schedule amount for such year shall be the next higher multiple of $5,000.

If at the close of July 15 of any year (except the year of maturity) set forth in said schedule of mandatory periodic retirement, the Authority shall not have made payment into said Sinking Fund on account of such year of an amount at least equal to the payment required to be made therein on account of such year, then the Authority shall, on July 16 of such year, pay into said Sinking Fund an amount in cash equal to the deficiency, and such amounts shall be applied to the redemption of bonds of this Series at September 1, 2002, and at September 1 of each year thereafter, in the manner and upon the notice set forth in Section 5 of this resolution, but, notwithstanding the redemption price set forth in Section 5, at the price of one hundred per centum (100%) of their face value, plus accrued interest to the date fixed for redemption, at September 1, 2002, and thereafter and at or prior to September 1, 2021.

The following schedule of mandatory periodic retirement is provided for bonds of this Series:

Year	Cumulative Percentage of Total Principal Amount	Year	Cumulative Percentage of Total Principal Amount
2002	2.1	2013	38.9
2003	4.4	2014	43.9
2004	6.8	2015	49.3
2005	9.4	2016	55.1
2006	12.2	2017	61.4
2007	15.2	2018	68.1
2008	18.5	2019	75.3
2009	22.0	2020	83.1
2010	25.8	2021	91.4
2011	29.8	2022	100.0
2012	34.2		

Nothing herein contained shall be construed in any way to prevent the Authority from retiring bonds of this Series more rapidly than is shown in the foregoing schedule of mandatory periodic retirement.

SECTION 7. The Authority shall not apply any moneys in the Consolidated Bond Reserve Fund or in any special reserve fund established for the benefit of the bonds of any prior issue of bonds except for the payment of bonds secured by a pledge of the General Reserve Fund in whole or in part, the payment of debt service upon bonds so secured, the purchase for retirement of bonds so secured or the redemption of bonds so secured, or for the payment of expenses incurred for the establishment, acquisition, construction or effectuation, or for the operation, maintenance, repair or administration of any facility financed or refinanced in whole or in part by bonds secured by a pledge of the General Reserve Fund in whole or in part, or otherwise for the fulfillment of any undertakings which the Authority has assumed or may or shall hereafter assume to or for the benefit of the holders of bonds secured by a pledge of the General Reserve Fund in whole or in part; *provided, however*, that nothing herein contained shall be construed to permit the application by the Authority of moneys in the Consolidated Bond Reserve Fund or in any special reserve fund established for the benefit of the bonds of any prior issue of bonds except for purposes and upon conditions which in the case of the Consolidated Bond Reserve Fund are authorized by the Consolidated Bond Resolution or in the case of said special reserve funds are authorized by the respective resolutions establishing such prior issues of bonds.

Consolidated Bonds proposed to be issued for purposes in connection with an additional facility or a group of additional facilities in connection with which the Authority has not theretofore issued bonds which have been secured by a pledge of the General Reserve Fund in whole or in part, may be issued, and bonds other than Consolidated Bonds proposed to be issued for purposes in connection with such an additional facility or group of additional facilities may be secured by a pledge of the General Reserve Fund in whole or in part, in each case if and only if the Authority shall certify at the time of issuance (as defined in Section 3 of the Consolidated Bond Resolution) its opinion that the issuance of such Consolidated Bonds or that such pledge of the General Reserve Fund as security for such bonds other than Consolidated Bonds will not, during the ensuing ten (10) years or during the longest term of any of such bonds proposed to be issued (whether or not Consolidated Bonds), whichever shall be longer, in the light of its estimated expenditures in connection with such additional facility or such group of additional facilities, materially impair the sound credit standing of the Authority or the investment status of Consolidated Bonds or the ability of the Authority to fulfill its commitments, whether statutory or contractual or reasonably incidental thereto, including its undertakings to the holders of Consolidated Bonds; and the Authority may apply moneys in the General Reserve Fund for purposes in connection with those of its bonds and only those of its bonds which it has theretofore secured by a pledge of the General Reserve Fund in whole or in part. Expenditures in connection with an additional facility or group of additional facilities shall mean the amount of the excess, if any, of the sum of all items of expense to be considered in determining the net revenues of the additional facility or group of additional facilities plus the debt service upon the bonds proposed to be issued and upon any additional bonds which in the Authority's opinion would be required to be issued to place and maintain such facility or group of facilities upon a sound operating basis, over and above the sum of all items of revenue and income to be considered in determining such net revenues.

SECTION 8. The Authority shall appoint a bank or trust company as Trustee for and in connection with the bonds of this Series. The Trustee is hereby authorized to (i) institute any action or proceeding on behalf of the holders of the bonds of this Series against the Authority or others, or (ii) intervene in any pending action or proceeding, or (iii) take any other action which it shall in its sole discretion determine to be necessary or advisable in order to protect the rights of the holders of bonds of this Series. The rights of the Trustee in this respect and in all other respects shall be in addition to and not in substitution of any and all rights which would otherwise inure to the holder or holders of bonds of this Series. It is understood that the Trustee in its sole discretion may, but shall be under no obligation to, review the activities or operations of the Authority or any of the contracts or agreements of the Authority or exercise any of the rights or powers vested in it by this Section 8 whether on the Trustee's initiative or at the request or direction of any of the holders of bonds of this Series.

The Trustee (which shall include any successor Trustee) appointed under the provisions of this Section shall be a bank or trust company organized under the laws of the State of New York or the State of New Jersey or a national banking association doing business and having its principal office in the Port of New York District and having a total capital (including capital stock, surplus, undivided profits and capital notes, if any) aggregating at least $25,000,000, which is willing and able to accept the office on reasonable and customary terms and is authorized by law to perform all the duties imposed upon it by this resolution.

The Trustee shall not be liable for any action taken or suffered upon any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document believed by it to be genuine, and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may or may not be counsel to the Authority, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this resolution in good faith and in accordance therewith. The Trustee shall not be liable in connection with the performance or nonperformance of its duties except for its own willful misconduct, negligence or bad faith.

If the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this resolution, such matter (unless other evidence in respect thereof be specifically prescribed) may be deemed to be conclusively proved and established by a certificate of an authorized officer of the Authority (who shall be any officer authorized pursuant to Section 9 hereof to execute bonds of this Series), and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this resolution upon the faith thereof; but in its discretion the Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable.

The Authority shall annually, within one hundred twenty (120) days after the close of each calendar year, file with the Trustee a statement of an authorized officer showing for the preceding calendar year (i) net revenues, (ii) the aggregate interest paid on bonds of the Authority, and (iii) the payments of principal on bonds of the Authority.

The Authority shall annually, within one hundred twenty (120) days after the close of each calendar year, file with the Trustee a copy of its annual report for such year, and its financial statement for such year accompanied by an opinion signed by an independent public accountant or firm of public accountants of recognized standing selected by the Authority and satisfactory to the Trustee.

The Authority shall file with the Trustee a copy of any Official Statement hereafter issued by the Authority in connection with the issuance of bonds by the Authority.

The Authority shall file with the Trustee a copy of the minutes of every meeting of the Authority and of the Port Authority Trans-Hudson Corporation at the time said minutes are transmitted to the Governor of New York and the Governor of New Jersey.

The Authority shall not be required to file with the Trustee (except when requested to do so by the Trustee) and the Trustee shall not be required to review any document, instrument, report or paper other than those which the Authority is expressly required hereunder to file with the Trustee. The Trustee shall not be bound to make any investigation into the facts or matters stated in any document, instrument, report or paper supplied to it, but the Trustee in its sole discretion may make such further inquiry or investigation into such facts or matters as the Trustee may deem advisable, and, if the Trustee shall determine to make such further inquiry or investigation, the Trustee is authorized to examine such books and records of and properties owned or operated by the Authority as the Trustee may deem advisable, personally or by agent or attorney.

The Authority hereby agrees (i) to pay to the Trustee from time to time reasonable compensation for all services rendered by it hereunder, (ii) to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in connection with the exercise or performance of any of its powers or duties hereunder (including the reasonable compensation and the expenses and disbursements of its agents and counsel), and (iii) to indemnify the Trustee for, and hold it harmless against, any loss, liability or expense incurred without willful misconduct, negligence or bad faith on its part, arising out of or in connection with the exercise or performance of the Trustee's powers and duties hereunder, including the costs and expenses of defending itself against any claim or liability in connection with such exercise or performance.

The Trustee may become the owner or holder of any bonds of the Authority with the same rights as it would have were it not a Trustee. To the extent permitted by law, the Trustee may act as depositary for the Authority, act as Paying Agent and Registrar of bonds of the Authority, act itself and permit any of its officers or directors to act in any other capacity with respect to the Authority, the bonds of the Authority and the holders of bonds of the Authority as it or its officers or directors would be able to act were it not a Trustee.

The Trustee may at any time resign and be discharged of the duties and obligations created by this resolution by giving not less than sixty (60) days' written notice to the Authority and publishing notice thereof, specifying the date when such resignation shall take effect, once in each week for two (2) successive calendar weeks in a newspaper of general circulation in the City of New York, State of New York, and such resignation shall take effect upon the date specified in such notice unless previously a successor shall have been appointed by the Authority in which event such resignation shall take effect immediately on the appointment of such successor.

The Trustee may be removed at any time by an instrument or concurrent instruments in writing, filed with the Trustee, and signed and acknowledged by the holders of a majority in principal amount of the bonds of this Series then outstanding or by their attorneys duly authorized, excluding any bonds held by or for the account of the Authority.

In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, a successor may be appointed by the holders of a majority in principal amount of the bonds of this Series then outstanding, excluding any bonds held by or for the account of the Authority, by an instrument or concurrent instruments in writing signed and acknowledged by such bondholders or by their attorneys duly authorized and delivered to such successor Trustee, notification thereof being given to the Authority and the predecessor Trustee; *provided*, nevertheless, the Authority shall forthwith appoint a Trustee to fill such vacancy until a successor Trustee shall be appointed by the holders of bonds of this Series as authorized in this Section. The Authority shall publish notice of any such appointment made by it once in each week for two (2) consecutive calendar weeks, in a newspaper of general circulation in the City of New York, State of New York, the first publication to be made within twenty (20) days after such appointment. Any successor Trustee appointed by the Authority shall, immediately and without further act, be superseded by a Trustee appointed by the holders of bonds of this Series.

Any company into which any Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which any Trustee may sell or transfer all or substantially all of its corporate trust business; *provided*, such company shall be a bank or trust company located in the Port of New York District and shall be authorized by law to perform all the duties imposed upon it by this resolution, shall be the successor to such Trustee without the execution or filing of any paper or the performance of any further act.

The failure of the Authority to take any action required by this Section shall not invalidate any bond or bonds issued pursuant to this resolution or hereafter issued by the Authority, or affect any other actions of the Authority. The Authority shall in no way be restricted by this Section from entering any defense to an action or proceeding instituted by the Trustee or by the holder or holders of bonds of this Series.

SECTION 9. Each bond of this Series shall have the official seal of the Authority, or a facsimile thereof, affixed thereto or printed or impressed thereon, and shall be signed by any one of the following persons, to wit:—The person holding the office or exercising the duties of Chairman; Vice Chairman; Chairman of the

Committee on Finance; Executive Director; Assistant Executive Director; Secretary; Assistant Secretary; Chief Financial Officer; Deputy Chief Financial Officer; Comptroller; Assistant Comptroller; Treasurer; or Assistant Treasurer of the Authority at the time of its execution; *provided*, that each bond of this Series may be executed by the facsimile signature of any of the foregoing persons and, in such event, such bond shall have endorsed thereon a certificate of authentication substantially in the form hereinafter set forth, manually executed by the Registrar of the Authority. No bond of this Series bearing a facsimile signature of any of the foregoing persons shall be entitled to any benefit under this resolution or the Consolidated Bond Resolution or be valid or obligatory for any purpose unless and until such certificate of authentication shall have been manually executed by the Registrar of the Authority, as aforesaid, and such manually executed certificate upon such bond shall be conclusive evidence that such bond has been authenticated and delivered hereunder. Such certificate of authentication on any such bond shall be deemed to have been executed by the Registrar of the Authority, as aforesaid, if signed by an authorized officer thereof, but it shall not be necessary that the same officer sign the certificate of authentication on all of such bonds issued hereunder. Bonds of this Series in coupon form (if any) shall have coupons for interest attached, bearing facsimile signatures of the Chairman and Secretary of the Authority.

The registered bonds of this Series shall be in substantially the following form, the blank spaces being appropriately filled in, and, as applicable, taking account of the changes and adjustments authorized in this resolution:

(FORM OF REGISTERED BOND)

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

CONSOLIDATED BOND

FIFTY-NINTH SERIES, DUE 2022

No. C(59)-. . . .
Maturity Date: September 1, 2022 Interest Rate: . . .% Per Annum Dated: September 1, 1987 CUSIP . . .

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (formerly known as The Port of New York Authority and hereinafter called the Authority), a body corporate and politic, created by the Compact of April 30, 1921, between the State of New York and the State of New Jersey, to which the consent of the Congress of the United States was given by Public Resolution No. 17, 67th Congress, First Session, acknowledges itself indebted and for value received hereby promises to pay to the registered holder hereof, on the first day of September, 2022, upon presentation and surrender of this bond, the principal amount shown below:
together with interest thereon at the rate of per centum (%) per annum from , payable semi-annually commencing on March 1, 1988, and thereafter on each succeeding September 1 and March 1 until maturity or prior redemption. The principal of this bond shall be payable in lawful money of the United States of America, at maturity or prior redemption upon presentation and surrender by the registered holder hereof at the office of , Paying Agent of the Authority, or the office or offices designated by the Authority of such other Paying Agent or Paying Agents appointed for the purpose by the Authority in a county which is in whole or in part in the Port of New York District. Semi-annual interest on this bond shall be payable when due, in lawful money of the United States of America, to said registered holder by check or draft drawn on the Paying Agent or Paying Agents appointed for the purpose by the Authority and mailed to said registered holder.

This bond is issued pursuant to and in full conformity with the Compact between the States of New York and New Jersey creating the Authority and the various statutes of said two States amendatory thereof and supplemental thereto, for purposes provided in said Compact and statutes, and is a direct and general obligation of the Authority for the prompt payment of the principal of and interest on which the full faith and credit of the Authority are irrevocably pledged. The provisions of the resolution of October 9, 1952, establishing an issue of Consolidated Bonds, and of the resolutions of April 9, 1987, establishing the Series of which this bond forms a part and authorizing the issuance of this bond, constitute a contract between the Authority and the registered holder of this bond, which is subject to modification as therein provided.

The Authority has appointed a Trustee for and in connection with the bonds of this Series as provided by the resolution establishing the Series of which this bond forms a part.

This bond is registered as to principal and interest (but not as to either alone) and is transferable only upon the books kept by the Registrar of the Authority by the registered holder of this bond or attorney duly authorized, all in accordance with the provisions of the resolution establishing the Series of which this bond forms a part. The bonds of this Series are issuable only in the form of registered bonds without coupons in the denominations of $5,000 or integral multiples of $5,000. The registered holder of this bond or attorney duly authorized may upon application to the Registrar of the Authority exchange the same in accordance with the provisions of the resolution establishing the Series of which this bond forms a part for an equal aggregate principal amount of registered bonds of any other authorized denominations. The Authority shall bear the cost incurred by the Authority in connection with the registration, authentication (if any), transfer, cancellation, exchange and delivery of bonds of this Series including such fees as may be imposed by the Registrar for such services performed by the Registrar.

This bond may be redeemed at September 1 of any year prior to maturity beginning with 2002 to satisfy the requirements of the schedule of mandatory periodic retirement provided for bonds of this Series in and pursuant to said resolutions of the Authority at one hundred per centum (100%) of its face value, plus accrued interest to the date fixed for redemption at September 1, 2002, and thereafter and at or prior to September 1, 2021.

This bond may at the option of the Authority be redeemed for any other purpose at any interest payment date at or subsequent to September 1, 1994, as follows:

At one hundred two per centum (102%) of its face value, plus accrued interest to the date fixed for redemption, at September 1, 1994, and thereafter and at or prior to September 1, 1996; at one hundred one per centum (101%) of its face value, plus accrued interest to the date fixed for redemption, thereafter and at or prior to September 1, 1999; and at one hundred per centum (100%) of its face value, plus accrued interest to the date fixed for redemption, thereafter and at or prior to March 1, 2022.

If less than all the bonds of this Series then outstanding are to be called for redemption, the bonds so to be called shall be determined by lot by the Authority or the Registrar as the Authority may elect or by such other system or method as the Committee on Finance of the Authority shall fix and determine.

If this bond shall be called for redemption, notice shall be given by the Authority by publication in a daily newspaper of general circulation in the Port of New York District. Such notice shall be published at least twice prior to the date fixed for redemption—the first publication to be not less than thirty (30) nor more than forty-five (45) days before the date fixed for redemption; and the second publication to be not less than ten (10) nor more than twenty (20) days before the date fixed for redemption. A copy of such notice shall also be mailed, not less than thirty (30) nor more than forty-five (45) days before the date fixed for redemption, to the registered holder of this bond at his last known address as appearing on the Registry Books of the Authority; *provided, however,* that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any action with respect to the redemption of said bonds. If this bond shall be called for redemption, and if funds sufficient for the redemption price shall be deposited with the Paying Agent or Paying Agents of the Authority in trust for the account of the registered holder of this bond, and if such funds shall be available for its redemption on the date fixed for redemption, interest shall cease to accrue on this bond from and after the date fixed for redemption and this bond shall not be entitled to the benefit or security of the foregoing resolutions but shall rely solely upon the funds so deposited.

If this bond is of a denomination greater than $5,000, and if less than all of the bonds of the Series of which this bond forms a part are to be called for redemption, then for all purposes in connection with redemption, each $5,000 of face value of this bond shall be treated as though it were a separate bond of the denomination of $5,000, and the word "bond" as used in the foregoing redemption provisions shall be deemed to refer to each such $5,000 unit of face value.

If it is determined as above provided that one or more but not all of the $5,000 units of face value represented by this bond are to be called for redemption, then upon notice of intention to redeem such $5,000 unit or units the registered holder of this bond shall forthwith present this bond to the Registrar who will issue new bonds of smaller denominations but of the same aggregate principal amount in exchange or substitution therefor, as provided in the resolution establishing the Series of which this bond forms a part, including a new bond or bonds

with the aggregate principal amount of the $5,000 unit or units called for redemption; and such new bond or bonds shall be deemed to be duly called for redemption without further notice to the registered holder. If the registered holder shall fail to present this bond to the Registrar for the issuance of new bonds of smaller denominations in exchange or substitution therefor as aforesaid, this bond shall nevertheless become due and payable on the date fixed for redemption to the extent of the $5,000 unit or units of face value called for redemption (and to that extent only); and (funds sufficient for the payment of the redemption price having been deposited with the Paying Agent or Paying Agents as aforesaid, and being available as aforesaid on the date fixed for redemption) interest shall cease to accrue on the portion of the principal amount of this bond represented by such $5,000 unit or units of face value on and after the date fixed for redemption and this bond shall not be entitled to the benefit or security of the aforesaid resolutions to the extent of the portion of its principal amount (and accrued interest thereon to the date fixed for redemption and premium, if any) represented by such $5,000 unit or units, but to that extent shall rely solely upon the funds so deposited.

This bond is entitled to the benefit of the sinking fund established for this Series by the resolutions of the Authority hereinabove referred to.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen or be performed, precedent to and in the issuance of this bond, exist, have happened and have been performed in due time, form and manner as required by the Constitutions and statutes of the States of New York and New Jersey, the Compact creating the Authority and the aforesaid resolutions of the Authority, and that the amount of this bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by said Constitutions, statutes, Compact or the Consolidated Bond Resolution.

IN WITNESS WHEREOF, The Port Authority of New York and New Jersey has caused its name to be signed hereto by its duly authorized officer, by manual or facsimile signature, and its official seal, or facsimile thereof, to be hereto affixed or printed or impressed hereon, and this bond to be dated as of the first day of September, 1987.

THE PORT AUTHORITY
OF NEW YORK AND NEW JERSEY

.....
Authorized Officer

(END OF FORM OF REGISTERED BOND)

The certificate of authentication attached to each of the bonds of this Series which are executed by a facsimile signature on behalf of the Authority shall be in substantially the following form, the blank spaces being appropriately filled in:

(FORM OF CERTIFICATE OF AUTHENTICATION)

This bond is one of the bonds issued under the provisions of the within-named resolution and the Consolidated Bond Resolution.

Date of Authentication: .....

REGISTRAR
as Registrar of the Authority

By .....
Authorized Officer

(END OF FORM OF CERTIFICATE OF AUTHENTICATION)

Each registered bond of this Series shall have provisions for assignment endorsed thereon, in substantially the following form:

(FORM OF PROVISIONS FOR ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

. . . . . .
(Please Print or Type Name and Address of Assignee)

. . . . . .

. . . . . .
the within bond and all rights thereunder and does hereby irrevocably constitute and appoint

. . . . . Attorney
to transfer such bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated:

. . . . . .
(Signature of Registered Holder)

In the presence of: . . . . . .
(Witness)

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within bond in every particular, with such signature appropriately guaranteed.

(END OF FORM OF PROVISIONS FOR ASSIGNMENT)

In case any official of the Authority who shall have signed or whose facsimile signature shall appear on any of the bonds of this Series shall cease to be such official before such bonds shall have been actually issued, such bonds may nevertheless be issued as though the person who signed such bonds had not ceased to be such official of the Authority; and the Authority may, by issuing bonds bearing coupons (if any) so executed, adopt and use the facsimile signature of any person appearing on the coupons (if any), notwithstanding the fact that such person may have ceased, at the time when the bonds and coupons (if any) shall have been issued, to hold the office appearing after such person's facsimile signature on such coupons (if any).

SECTION 10. The Committee on Finance of the Authority is hereby authorized (i) prior to the issuance of the first installment of the bonds of this Series, to change the date as of which the bonds of this Series shall be dated to any date on or before December 31, 1988, and, if the date as of which the bonds of this Series shall be dated is so changed and the bonds bear a stated rate or rates of interest, the Committee shall change by the same number of days the respective dates on which interest on the bonds of this Series shall be payable; (ii) prior to the issuance of any installment of the bonds of this Series, to change the date at which any of the bonds of that installment shall mature; *provided*, that said date or dates shall not be more than thirty-five (35) years from the date as of which the bonds of this Series are dated; (iii) prior to the issuance of any installment of the bonds of this Series, to adjust or change the respective dates in connection with the redemption, retirement, call and sinking fund provisions as to such installment; (iv) prior to the issuance of any installment of the bonds of this Series, to adjust or change the respective dates and cumulative percentages of total principal amount provided in the schedule of mandatory sinking fund redemption for the bonds of this Series to retire such entire installment at or prior to maturity or to rescind in its entirety the establishment of the mandatory sinking fund redemption schedule and provisions as to such installment; (v) prior to the issuance of any installment of the bonds of this Series, to reduce the percentages of face value relating to the optional call provisions for such installment; (vi) prior to the issuance of the first installment of the bonds of this Series, to provide for the bonds of this Series to be issued on original issuance as book-entry only securities taking account of the changes and adjustments authorized in this resolution with respect to the issuance of the bonds of this Series as book-entry only securities; (vii) prior to the issuance of the first installment of the bonds of this Series, to provide for the bonds of this Series to be separately registrable

as to principal and interest (including any authorized incremental interest) to any one or more holders of the bonds or certificates (if any) with respect to the payment of interest thereon; (viii) prior to the issuance of the first installment of the bonds of this Series if it is desirable in connection with the use of the proceeds of the bonds of this Series for the refunding of a series of the Authority's obligations to renumber this Series for purposes of identification, to renumber this Series; (ix) prior to the issuance of the first installment of the bonds of this Series, if a prior series of Consolidated Bonds has been renumbered or the resolutions in connection therewith have been rescinded and cancelled, and if it is desirable to accomplish the capital program of the Authority utilizing a continuous numbered sequence of Consolidated Bonds, to renumber this Series; and (x) to take such other action as in the opinion of the Committee will best serve the public interest.

SECTION 11. In case any bond or coupon (if any) pertaining to such a bond shall at any time become mutilated or be lost or destroyed, the Authority, in its discretion, may execute and deliver a new bond or coupon of like tenor and amount in exchange or substitution for and upon cancellation of said mutilated bond or coupon or in lieu of or in substitution for such destroyed or lost bond or coupon; or if such bond or coupon shall have matured, instead of issuing a substitute bond or coupon the Authority may pay the same without surrender thereof. In case of destruction or loss, the applicant for a substitute bond or coupon shall furnish to the Authority evidence satisfactory to the Authority of the destruction or loss of such bond or coupon and of the ownership thereof and also such security and indemnity as may be required by the Authority. The Authority may execute and deliver any such substitute bond or coupon or make any such payment; or any Paying Agent may make any such payment upon the written request or authorization of the Authority. Upon the issuance of any substitute bond or coupon, the Authority, at its option, may require the payment of a sum sufficient to reimburse it for any stamp tax or other governmental charge or other reasonable expense connected therewith and also a further sum not exceeding the cost of preparation of each new bond or coupon so issued in substitution. Any bond or coupon (if any) issued under the provisions of this section in lieu of any bond or coupon alleged to have been destroyed or lost shall constitute an original contractual obligation on the part of the Authority, whether or not the bond or coupon so alleged to have been destroyed or lost be at any time enforceable by anyone, and shall be equally and proportionately entitled to the security of this resolution and of the Consolidated Bond Resolution with all other bonds, notes and coupons (if any) issued hereunder or thereunder.

Consolidated Bonds, Fifty-ninth Series—Authorization of Issuance

Pursuant to the foregoing report, the following resolution was unanimously adopted:

WHEREAS, on the 9th day of October, 1952, The Port Authority of New York and New Jersey (formerly known as The Port of New York Authority and hereinafter called the "Authority"), adopted a resolution providing for the issuance of certain direct and general obligations of the Authority (hereinafter called "Consolidated Bonds"), from time to time in conformity with said resolution for the purposes therein set forth, which said resolution (hereinafter called the "Consolidated Bond Resolution") constitutes a contract with the holders of the bonds so issued; and

WHEREAS, on the 9th day of April, 1987, the Authority adopted a resolution establishing a series of said Consolidated Bonds to be known as "Fifty-ninth Series, Due 2022" (hereinafter called "bonds of this Series"), which said resolution by its terms constitutes a contract with the holders of the bonds of this Series; and

WHEREAS, the Authority has now determined that it is necessary, advisable and in the public interest to authorize the issuance of Two Hundred Million Dollars ($200,000,000) in principal amount of bonds of this Series for the purposes hereinafter set forth;

NOW, THEREFORE, be it resolved by The Port Authority of New York and New Jersey:

SECTION 1. As used in this resolution, any words or phrases specially defined in the aforesaid Consolidated Bond Resolution shall be read and construed in accordance with such special definitions; *provided, however,* that the term "facility" herein shall not include any railroad car owned, leased or operated pursuant to Chapter 638 of the Laws of New York of 1959 and Chapter 25 of the Laws of New Jersey of 1959 or any acts amendatory or supplementary thereto.

SECTION 2. The issuance of up to Two Hundred Million Dollars ($200,000,000) in principal amount of bonds of this Series is hereby authorized. Said bonds shall be issued in one or more installments or lots pursuant to and shall conform in all respects to the aforesaid Consolidated Bond Resolution and the aforesaid resolution establishing the bonds of this Series.

SECTION 3. Unless otherwise determined by the Committee on Finance in connection with the issuance of the bonds of this Series as book-entry only securities (which said Committee is hereby authorized to fix and determine such other system or method), the bonds of this Series shall be numbered upward from C(59)-1, or they may bear such other numbers as the Chairman of the Authority; Vice Chairman of the Authority; Chairman of the Committee on Finance; Executive Director; Assistant Executive Director; Chief Financial Officer; Deputy Chief Financial Officer; Comptroller; Assistant Comptroller; Treasurer; or Assistant Treasurer of the Authority may deem appropriate.

SECTION 4. The proceeds of the bonds of this Series shall be used (a) for purposes of capital expenditures in connection with any one or more of the facilities of the Authority and for purposes incidental thereto; *provided, however,* that subject to agreements with the holders of obligations of the Authority and consistent with applicable provisions of Section 103 of the Internal Revenue Code of 1986, as amended, or successor provisions of law, and the applicable regulations related thereto, the Committee on Finance may authorize all or any portion of the unspent proceeds of the bonds of this Series to be used for any purpose for which at the time of issuance thereof the Authority was authorized by law to issue its obligations, including capital expenditures in connection with facilities of the Authority certified or to be certified after issuance of the bonds of this Series; (b) for the purpose of refunding, directly, by offers to exchange, or otherwise, at or before maturity, all or any part of any issue of Consolidated Bonds or Consolidated Notes issued and outstanding at the time of the sale of any installment of the bonds of this Series; and (c) for the purpose of refunding in accordance with applicable law, regulations and contractual provisions, any of the special obligations under the Port Authority Commercial Paper Program.

SECTION 5. In the event the Committee on Finance determines that the needs of the Authority for capital funds or the public interest require allocation of the proceeds of any of the bonds of this Series to purposes in connection with some but not all of the purposes authorized in Section 4 hereof, the Committee is hereby authorized, prior to the sale of bonds of any installment of this Series from time to time, to make such allocation by resolution. The adoption by said Committee of such a resolution prior to any such sale shall be sufficient to restrict the application of the proceeds of any bonds of such installment of this Series included in said sale to the purposes specified by the Committee in said resolution.

SECTION 6. The provisions of this resolution shall constitute a contract with the holders of the bonds issued pursuant to this resolution, and with each such holder.

Consolidated Bonds, Fifty-ninth Series—Authorization of Sale

Pursuant to the foregoing report, the following resolution was unanimously adopted:

SECTION 1. The Committee on Finance of the Authority (hereinafter called the "Committee") is hereby authorized to sell all or any part of Two Hundred Million Dollars ($200,000,000) in principal amount of Consolidated Bonds, Fifty-ninth Series, Due 2022 (hereinafter called the "bonds of this Series"), at a price which will result in a true interest cost to the Authority not in excess of twelve per centum (12%) per annum to maturity, and to do so in the name of and on behalf of the Authority, at public or private sale, with or without advertisement, in one or more installments or in one or more lots, at one or more times on or before December 31, 1988, and to apply the proceeds of such sale or sales as provided in the resolution authorizing the issuance of said bonds of this Series; *provided, however,* that the total aggregate principal amount of Consolidated Bonds, Fifty-eighth Series, Due 2022, Consolidated Bonds, Fifty-ninth Series, Due 2022, Consolidated Bonds, Sixtieth Series, Due 2022, Consolidated Bonds, Sixty-first Series, Due 2022, Consolidated Bonds, Sixty-second Series, Due 2023, Consolidated Bonds, Sixty-third Series, Due 2023, Consolidated Bonds, Sixty-fourth Series, Due 2023, and Consolidated Bonds, Sixty-fifth Series, Due 2023, sold by the Committee shall not exceed One Billion Dollars ($1,000,000,000).

SECTION 2. The Committee shall have power, in connection with the bonds of this Series, to fix the time or times of sale on or before December 31, 1988, to determine the terms and conditions upon which sales shall be made and to accept or reject offers in connection with such sales, and to do so in the name of and on behalf of the Authority.

SECTION 3. The Committee shall have power in the name of and on behalf of the Authority, in connection with the bonds of this Series, to enter into any appropriate contracts or agreements concerning any sales or exchanges; to fix the time or times and determine the terms and conditions of delivery of the bonds of this Series; to appoint and to enter into appropriate contracts or agreements with one or more Paying Agents and a Registrar and a Trustee, and to designate the office or offices of any such Paying Agent or Paying Agents at which payments shall be made and the office or offices of any such Registrar at which the books for registration shall be kept; to enter into any appropriate contracts or agreements providing insurance in connection with the bonds of this Series; to enter into appropriate contracts or agreements in connection with the issuance of the bonds of this Series as book-entry only securities; to make any selection, designation, determination or estimate and to take or withhold any action and to formulate and express any opinions and to exercise any discretion or judgment which may be or is required to be made, taken, withheld, formulated, expressed or exercised by the Authority as a condition precedent to the issuance of the bonds of this Series or for the purpose of determining whether all conditions precedent to their issuance exist, the Authority hereby adopting all such selections, designations, determinations, actions, withholdings of action, estimates and exercises of judgment and discretion, whether pursuant to Section 3 of the Consolidated Bond Resolution of October 9, 1952, or otherwise, as its own; and to authorize any of the foregoing and generally to take such other action as in the opinion of the Committee will best serve the public interest.

SECTION 4. The Committee shall have power to authorize one or more official statements in the name of and on behalf of the Authority (describing the Authority, its financial condition and the bonds offered for sale, and making representations on behalf of the Authority). The Authority hereby authorizes the underwriter or underwriters purchasing the bonds in offering the bonds of this Series for resale to use such official statement or statements and representations as those of the Authority.

SECTION 5. No part of the proceeds of the bonds of any installment of the bonds of this Series shall be invested directly or indirectly in such a manner as to cause the interest on such bonds of this Series to be subject to Federal income taxes under Section 148 of the Internal Revenue Code of 1986, as amended, or successor provisions of law, and the applicable regulations related thereto.

SECTION 6. The Committee; Chairman of the Authority; Vice Chairman of the Authority; Chairman of the Committee; Executive Director; Assistant Executive Director; Chief Financial Officer; Deputy Chief Financial

Officer; or Treasurer of the Authority is hereby authorized, in connection with the bonds of this Series, to take any action which may be necessary or desirable to assure that the bonds of this Series are in conformity with the provisions of Section 103 of the Internal Revenue Code of 1986, as amended, or successor provisions of law, and the applicable regulations related thereto, and that the interest on such bonds of this Series is not includible for Federal income tax purposes in the gross income of the recipients thereof under Section 103(a) of the Code, or successor provisions of law, or regulations with respect thereto, and any such actions taken in connection therewith are hereby ratified. The Chairman of the Authority; Vice Chairman of the Authority; Chairman of the Committee; Executive Director; Assistant Executive Director; Chief Financial Officer; Deputy Chief Financial Officer; Comptroller; Assistant Comptroller; Treasurer; or Assistant Treasurer of the Authority is hereby authorized to certify on behalf of the Authority as to the need for the issuance of bonds of this Series for the purposes for which such bonds of this Series are issued, as to the status of the projects for which the proceeds of the bonds of this Series would be used, as to the Authority's intentions with respect to the application and investment of said proceeds, and as to such other related matters as may be authorized by the Committee and any such actions taken in connection therewith are hereby ratified.

Consolidated Bonds, Sixtieth Series—Establishment

Pursuant to the foregoing report, the following resolution was unanimously adopted:

WHEREAS, heretofore and on the 9th day of October, 1952, The Port Authority of New York and New Jersey (formerly known as The Port of New York Authority and hereinafter called the "Authority") adopted a resolution (hereinafter called the "Consolidated Bond Resolution") providing for the issuance of certain direct and general obligations of the Authority (hereinafter called "Consolidated Bonds"), from time to time, in conformity with said Consolidated Bond Resolution for the purposes therein set forth, and which Consolidated Bond Resolution constitutes a contract with the holders of the Consolidated Bonds so issued; and

WHEREAS, said Consolidated Bond Resolution provides that such Consolidated Bonds shall be issued in such series as the Authority may determine, and that the characteristics of the bonds of such series shall be determined by the Authority by and in the resolution establishing such series, and that the resolution establishing any series may contain other terms and provisions not inconsistent with the Consolidated Bond Resolution; and

WHEREAS, the Authority has heretofore established various series of said Consolidated Bonds and has now determined that it is necessary, advisable and in the public interest to establish another series of said Consolidated Bonds, without prejudice to its right hereafter to establish other and additional series of such Consolidated Bonds;

NOW, THEREFORE, be it resolved by The Port Authority of New York and New Jersey:

SECTION 1. As used in this resolution, any words or phrases specially defined in the aforesaid Consolidated Bond Resolution shall be read and construed in accordance with such special definitions.

SECTION 2. There is hereby established a series of said Consolidated Bonds to be known as "Consolidated Bonds, Sixtieth Series, Due 2022," to be issued in conformity with said Consolidated Bond Resolution and for any one or more of the purposes specified therein as may be provided in the resolution authorizing the issuance of such series. This resolution shall constitute a contract with the holders of said bonds of Consolidated Bonds, Sixtieth Series, Due 2022, which said bonds are hereinafter called "bonds of this Series," and with each such holder.

SECTION 3. Bonds of this Series shall be issued in one or more installments or lots as the Authority may hereafter determine.

The bonds of this Series shall be dated as of October 1, 1987, shall mature on October 1, 2022, and shall bear a stated rate or rates of interest, including fixed, variable or incremental rates for the term of the bonds or any portion thereof, or a combination thereof, from the semi-annual interest payment date next preceding their date of issuance, or if such date of issuance shall be an interest payment date, from such date of issuance, not exceeding twelve per centum (12%) per annum as may be determined by the Committee on Finance of the Authority. The Committee on Finance is hereby authorized to fix and determine any other date as that upon which interest shall commence and said interest rate or rates, or to determine that said bonds of this Series shall not bear a stated rate of interest. If the bonds of this Series shall bear a stated rate or rates of interest, interest shall be payable semi-annually commencing on April 1, 1988, and thereafter on each succeeding October 1 and April 1 until maturity or prior redemption.

Both principal of and interest on the bonds of this Series shall be payable in lawful money of the United States of America. Principal of the bonds of this Series shall be payable upon presentation and surrender thereof by the registered holders, or in the case of coupon bonds of this Series, if any, upon presentation and surrender thereof, at the office or offices, designated by the Authority, of the Paying Agent or Paying Agents appointed for the purpose by the Authority, in a county which is in whole or in part in the Port of New York District. Interest on the registered bonds of this Series shall be payable when due to the registered holder thereof by check or draft drawn on the Paying Agent or Paying Agents appointed for the purpose by the Authority and mailed to said registered holder and interest on the coupon bonds of this Series, if any, shall be payable upon presentation and surrender of the coupons appertaining thereto at such office or offices of such Paying Agent or Paying Agents. If on original issuance the bonds of this Series are to be issued as book-entry only securities, subject to a book-entry

system for determining interests therein, the Committee on Finance is hereby authorized to fix and determine an alternate method for the payment of both or either of the principal of and interest on the bonds of this Series to the registered holder thereof; *provided, however,* in the event that such book-entry system or any successor book-entry system is discontinued without replacement with a similar system, then the foregoing payment provisions of this paragraph shall apply to the bonds of this Series.

Bonds of this Series shall be issued only in registered form without coupons, registered as to both principal and interest and not as to either alone; *provided, however,* if at any time prior to issuance of the first installment of the bonds of this Series, there shall be in effect a provision of the Internal Revenue Code of 1986, as amended (hereinafter called the "Code"), or successor provisions of law, or the regulations with respect thereto, which does not provide that, for the interest on the bonds of this Series to be considered not includible for Federal income tax purposes in the gross income of the recipients thereof under Section 103(a) of the Code, or successor provisions of law, such bonds of this Series must be issued in registered form, then the bonds of this Series may also be issued in the form of coupon bonds payable to bearer, in which event the Committee on Finance is hereby authorized to adopt an appropriate form of coupon bond issuable only in the denomination of $5,000. If on original issuance the bonds of this Series are to be issued as book-entry only securities subject to a book-entry system for determining interests therein, the Committee on Finance is hereby authorized to fix and determine an appropriate form of bond or other evidence of indebtedness; *provided, however,* in the event that such book-entry system or any successor book-entry system is discontinued without replacement with a similar system then the provisions of Section 9 of this resolution shall apply to the bonds of this Series.

Registered bonds of this Series shall be issued in the denominations of $5,000 or integral multiples of $5,000.

SECTION 4. The Authority will keep or cause to be kept at the offices, designated by the Authority, of its Registrar appointed for that purpose, in a county which is in whole or in part in the Port of New York District, proper and sufficient books for the registration of bonds of this Series. Each registered bond of this Series shall be transferable only upon such books by the registered holder thereof in person or by such registered holder's attorney duly authorized in accordance with the provisions of this resolution.

In the event that the bonds of this Series may be issued in coupon form, a coupon bond or bonds of this Series (if any), upon the written request of the bearer or bearers thereof and upon the surrender thereof with all unmatured coupons thereto attached, may be exchanged for a registered bond or bonds, registered as designated in such request, of the same aggregate principal amount and series as the surrendered bond or bonds, of any of the authorized denominations. A registered bond or bonds of this Series, upon the written request of the registered holder or holders thereof and upon surrender thereof, may be exchanged for a registered bond or bonds, registered as designated in such request, of any other authorized denominations, or in the event that the bonds of this Series may be issued in coupon form, a coupon bond or bonds with appropriate coupons attached, or a combination of such coupon and registered bonds, in each case of the same aggregate principal amount as the surrendered bond or bonds.

All requests for the registration, transfer, exchange and delivery of bonds as above provided shall be filed with the Registrar of the Authority; all bonds to be surrendered pursuant to such request shall be surrendered to the Registrar; and all bonds delivered in exchange as aforesaid shall be delivered by the Registrar. All bonds of this Series surrendered to the Registrar in exchange for other bonds or for transfer as above provided shall be cancelled by the Registrar upon such surrender.

The Authority shall bear the cost incurred by the Authority in connection with the registration, authentication (if any), transfer, cancellation, exchange and delivery of bonds of this Series, including such fees as may be imposed by the Registrar for such services performed by the Registrar as provided in this resolution.

Nothing contained in this resolution shall be deemed to authorize the execution and delivery of bonds of this Series except in the denomination of $5,000 in the case of coupon bonds (if any) or in the denominations of $5,000 or integral multiples of $5,000 in the case of registered bonds or to authorize the issuance of coupon bonds of this Series if at any time there shall be in effect a provision of the Code or the applicable regulations related thereto which provides that for the interest on the bonds of this Series to be considered not includible for Federal income tax purposes in the gross income of the recipients thereof under Section 103(a) of the Code, or successor provisions of law, such bonds of this Series must be issued in registered form.

SECTION 5. Except as provided in Section 6 of this resolution, bonds of this Series shall be redeemable at the option of the Authority, in whole or in part, on interest payment dates, at or subsequent to October 1, 1994, and prior to maturity, as follows:

At one hundred two per centum (102%) of their face value, plus accrued interest to the date fixed for redemption, at October 1, 1994, and thereafter and at or prior to October 1, 1996; at one hundred one per centum (101%) of their face value, plus accrued interest to the date fixed for redemption, thereafter and at or prior to October 1, 1999; and at one hundred per centum (100%) of their face value, plus accrued interest to the date fixed for redemption, thereafter and at or prior to April 1, 2022.

If less than all the bonds of this Series then outstanding are to be called for redemption, the bonds so to be called shall be determined by lot by the Authority or the Registrar as the Authority may elect or by such other system or method as the Committee on Finance may determine (which said Committee is hereby authorized to fix and determine such other system or method).

Notice of intention to redeem any bonds of this Series shall be given by the Authority by publication in a daily newspaper of general circulation in the Port of New York District. Such notice shall be published at least twice prior to the date fixed for redemption, the first publication to be not less than thirty (30) nor more than forty-five (45) days before the date fixed for redemption and the second publication to be not less than ten (10) nor more than twenty (20) days before the date fixed for redemption. A copy of such notice shall also be mailed by the Authority or the Registrar, as the Authority may elect, not less than thirty (30) nor more than forty-five (45) days prior to the date fixed for redemption, to the registered holders of the bonds of this Series to be called for redemption, at their last known addresses as appearing upon the Registry Books of the Authority; *provided, however*, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any action with respect to the redemption of said bonds. If on original issuance the bonds of this Series are to be issued only in registered form or are to be issued as book-entry only securities subject to a book-entry system for determining interests therein, the Committee on Finance is hereby authorized to fix and determine an alternate method by which the Authority shall give notice of intention to redeem any bonds of this Series.

Before the date fixed for redemption specified in the Authority's notice of intention to redeem, the Authority will pay or cause to be paid to the Paying Agent (or Paying Agents) an amount in cash in the aggregate sufficient to redeem all of the outstanding bonds which are to be redeemed, at the respective redemption prices thereof, which, in each case, shall include the accrued interest to the date fixed for redemption and the premium (if any), such principal amount and premium (if any), to be held by the Paying Agent (or Paying Agents) in trust for the account of the holders of the bonds so called for redemption and to be paid to them respectively upon presentation and surrender of the said bonds with accrued interest included in such redemption price to be paid to the registered holders in accordance with the provisions of this resolution and in the case of coupon bonds (if any), such accrued interest to be paid to the holders only upon presentation and surrender of all unmatured coupons (if any) pertaining to such bonds. On and after the date fixed for redemption, the notice of intention to redeem having been completed as above provided or as provided by the Committee on Finance, the bonds so called shall become due and payable at the office of the Paying Agent (or Paying Agents) designated by the Authority, and if funds sufficient for payment of the redemption price shall have been deposited with the Paying Agent (or Paying Agents) in trust as aforesaid and if such funds shall be available for redemption of such bonds on the date fixed for redemption, then and in any such event, interest shall cease to accrue on the bonds so called from and after the date fixed for their redemption, and such bonds and the unmatured coupons (if any) pertaining thereto shall not be entitled to the benefit or security of this resolution or the Consolidated Bond Resolution, but shall rely solely upon the funds so deposited.

In the case of registered bonds of denominations greater than $5,000, if less than all of the bonds of this Series then outstanding are to be called for redemption, then for all purposes in connection with redemption, each $5,000 unit of face value shall be treated as though it were a separate bond of the denomination of $5,000, and the word "bond" as used in the foregoing provisions of this Section 5 shall be deemed to refer to such $5,000 unit of face value. If it is determined as above provided that one or more but not all of the $5,000 units of face value represented by any bond are to be called for redemption, then upon notice of intention to redeem said $5,000 unit or units, the holder of said bond shall forthwith present said bond to the Registrar who shall issue a new bond or bonds of smaller authorized denominations but of the same aggregate principal amount in exchange therefor, pursuant to Section 4 of this resolution, including a new bond or bonds with the aggregate principal amount of the $5,000

unit or units of face value called for redemption; and such new bond or bonds shall be deemed to be duly called for redemption without further notice to the holder thereof. If the holder of such bond of a denomination greater than $5,000 shall fail to present such bond to the Registrar for the issuance of new bonds of smaller denominations in exchange therefor, as aforesaid, such bond shall nevertheless become due and payable on the date fixed for redemption to the extent of the $5,000 unit or units of face value called for redemption (and to that extent only); and (funds sufficient for the payment of the redemption price having been deposited with the Paying Agent or Paying Agents, as aforesaid, and being available as aforesaid on the date fixed for redemption) interest shall cease to accrue on the portion of the principal amount of such bond represented by such $5,000 unit or units of face value on and after the date fixed for redemption, and such bond shall not be entitled to the benefit or security of this resolution or the Consolidated Bond Resolution to the extent of the portion of its principal amount (and accrued interest thereon to the date fixed for redemption and premium, if any) represented by such $5,000 unit or units of face value, but to that extent shall rely solely upon the funds so deposited.

SECTION 6. The Authority shall establish and maintain a separate sinking fund for the retirement of bonds of this Series which shall be known as the "Consolidated Bonds, Sixtieth Series, Due 2022, Sinking Fund." The amount required to be paid into said Sinking Fund for each year shall be the difference at August 15 of such year between the schedule amount of principal for such year and the schedule amount of principal for the next preceding year as set forth in this Section 6, determined in the manner provided in the next succeeding paragraph. Except as provided in the third paragraph of this Section 6, payments into said Sinking Fund shall be made in bonds of this Series purchased or redeemed by the Authority at or prior to August 15 of the year on account of which the payment is made. Such payments may be made at any time or times during such year at or prior to August 15 or at any time or times during any prior year. Bonds of this Series so purchased may be purchased at such prices as the Authority may deem reasonable and proper and, in the discretion of the Authority, at public or private sale, with or without advertisement and with or without notice to any person other than the seller, and bonds theretofore issued and negotiated and then held by the Authority may be purchased for such purpose as well as bonds held by others. To be eligible for payment into said Sinking Fund each such bond shall have theretofore actually been issued and negotiated by the Authority and shall either be in registered form or in coupon form (if any) with all interest coupons attached maturing on and subsequent to October 1 of the year on account of which it is paid into said Sinking Fund. Bonds paid into said Sinking Fund shall be received therein at a value equal to the principal amount of such bonds. Upon payment into said Sinking Fund of said bonds of this Series so purchased or redeemed, said bonds shall be forthwith cancelled. All bonds of this Series which shall have been redeemed at prices established by Section 5 hereof shall be deemed to have been paid into said Sinking Fund and cancelled within the requirements of the preceding sentence whether or not said bonds shall have been presented for payment upon such redemption.

The schedule amount of bonds of this Series for each year shall be determined by multiplying the aggregate principal amount of all bonds of this Series theretofore issued (whether or not any of such bonds shall have theretofore been retired) by the cumulative percentage of total principal amount specified opposite such year in the schedule of mandatory periodic retirement hereafter set forth in this Section 6; if the amount so determined shall not be a multiple of $5,000, then the schedule amount for such year shall be the next higher multiple of $5,000.

If at the close of August 15 of any year (except the year of maturity) set forth in said schedule of mandatory periodic retirement, the Authority shall not have made payment into said Sinking Fund on account of such year of an amount at least equal to the payment required to be made therein on account of such year, then the Authority shall, on August 16 of such year, pay into said Sinking Fund an amount in cash equal to the deficiency, and such amounts shall be applied to the redemption of bonds of this Series at October 1, 2002, and at October 1 of each year thereafter, in the manner and upon the notice set forth in Section 5 of this resolution, but, notwithstanding the redemption price set forth in Section 5, at the price of one hundred per centum (100%) of their face value, plus accrued interest to the date fixed for redemption, at October 1, 2002, and thereafter and at or prior to October 1, 2021.

The following schedule of mandatory periodic retirement is provided for bonds of this Series:

Year	Cumulative Percentage of Total Principal Amount	Year	Cumulative Percentage of Total Principal Amount
2002	2.1	2013	38.9
2003	4.4	2014	43.9
2004	6.8	2015	49.3
2005	9.4	2016	55.1
2006	12.2	2017	61.4
2007	15.2	2018	68.1
2008	18.5	2019	75.3
2009	22.0	2020	83.1
2010	25.8	2021	91.4
2011	29.8	2022	100.0
2012	34.2		

Nothing herein contained shall be construed in any way to prevent the Authority from retiring bonds of this Series more rapidly than is shown in the foregoing schedule of mandatory periodic retirement.

SECTION 7. The Authority shall not apply any moneys in the Consolidated Bond Reserve Fund or in any special reserve fund established for the benefit of the bonds of any prior issue of bonds except for the payment of bonds secured by a pledge of the General Reserve Fund in whole or in part, the payment of debt service upon bonds so secured, the purchase for retirement of bonds so secured or the redemption of bonds so secured, or for the payment of expenses incurred for the establishment, acquisition, construction or effectuation, or for the operation, maintenance, repair or administration of any facility financed or refinanced in whole or in part by bonds secured by a pledge of the General Reserve Fund in whole or in part, or otherwise for the fulfillment of any undertakings which the Authority has assumed or may or shall hereafter assume to or for the benefit of the holders of bonds secured by a pledge of the General Reserve Fund in whole or in part; *provided, however*, that nothing herein contained shall be construed to permit the application by the Authority of moneys in the Consolidated Bond Reserve Fund or in any special reserve fund established for the benefit of the bonds of any prior issue of bonds except for purposes and upon conditions which in the case of the Consolidated Bond Reserve Fund are authorized by the Consolidated Bond Resolution or in the case of said special reserve funds are authorized by the respective resolutions establishing such prior issues of bonds.

Consolidated Bonds proposed to be issued for purposes in connection with an additional facility or a group of additional facilities in connection with which the Authority has not theretofore issued bonds which have been secured by a pledge of the General Reserve Fund in whole or in part, may be issued, and bonds other than Consolidated Bonds proposed to be issued for purposes in connection with such an additional facility or group of additional facilities may be secured by a pledge of the General Reserve Fund in whole or in part, in each case if and only if the Authority shall certify at the time of issuance (as defined in Section 3 of the Consolidated Bond Resolution) its opinion that the issuance of such Consolidated Bonds or that such pledge of the General Reserve Fund as security for such bonds other than Consolidated Bonds will not, during the ensuing ten (10) years or during the longest term of any of such bonds proposed to be issued (whether or not Consolidated Bonds), whichever shall be longer, in the light of its estimated expenditures in connection with such additional facility or such group of additional facilities, materially impair the sound credit standing of the Authority or the investment status of Consolidated Bonds or the ability of the Authority to fulfill its commitments, whether statutory or contractual or reasonably incidental thereto, including its undertakings to the holders of Consolidated Bonds; and the Authority may apply moneys in the General Reserve Fund for purposes in connection with those of its bonds and only those of its bonds which it has theretofore secured by a pledge of the General Reserve Fund in whole or in part. Expenditures in connection with an additional facility or group of additional facilities shall mean the amount of the excess, if any, of the sum of all items of expense to be considered in determining the net revenues of the additional facility or group of additional facilities plus the debt service upon the bonds proposed to be issued and upon any additional bonds which in the Authority's opinion would be required to be issued to place and maintain such facility or group of facilities upon a sound operating basis, over and above the sum of all items of revenue and income to be considered in determining such net revenues.

SECTION 8. The Authority shall appoint a bank or trust company as Trustee for and in connection with the bonds of this Series. The Trustee is hereby authorized to (i) institute any action or proceeding on behalf of the holders of the bonds of this Series against the Authority or others, or (ii) intervene in any pending action or proceeding, or (iii) take any other action which it shall in its sole discretion determine to be necessary or advisable in order to protect the rights of the holders of bonds of this Series. The rights of the Trustee in this respect and in all other respects shall be in addition to and not in substitution of any and all rights which would otherwise inure to the holder or holders of bonds of this Series. It is understood that the Trustee in its sole discretion may, but shall be under no obligation to, review the activities or operations of the Authority or any of the contracts or agreements of the Authority or exercise any of the rights or powers vested in it by this Section 8 whether on the Trustee's initiative or at the request or direction of any of the holders of bonds of this Series.

The Trustee (which shall include any successor Trustee) appointed under the provisions of this Section shall be a bank or trust company organized under the laws of the State of New York or the State of New Jersey or a national banking association doing business and having its principal office in the Port of New York District and having a total capital (including capital stock, surplus, undivided profits and capital notes, if any) aggregating at least $25,000,000, which is willing and able to accept the office on reasonable and customary terms and is authorized by law to perform all the duties imposed upon it by this resolution.

The Trustee shall not be liable for any action taken or suffered upon any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document believed by it to be genuine, and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may or may not be counsel to the Authority, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this resolution in good faith and in accordance therewith. The Trustee shall not be liable in connection with the performance or nonperformance of its duties except for its own willful misconduct, negligence or bad faith.

If the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this resolution, such matter (unless other evidence in respect thereof be specifically prescribed) may be deemed to be conclusively proved and established by a certificate of an authorized officer of the Authority (who shall be any officer authorized pursuant to Section 9 hereof to execute bonds of this Series), and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this resolution upon the faith thereof; but in its discretion the Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable.

The Authority shall annually, within one hundred twenty (120) days after the close of each calendar year, file with the Trustee a statement of an authorized officer showing for the preceding calendar year (i) net revenues, (ii) the aggregate interest paid on bonds of the Authority, and (iii) the payments of principal on bonds of the Authority.

The Authority shall annually, within one hundred twenty (120) days after the close of each calendar year, file with the Trustee a copy of its annual report for such year, and its financial statement for such year accompanied by an opinion signed by an independent public accountant or firm of public accountants of recognized standing selected by the Authority and satisfactory to the Trustee.

The Authority shall file with the Trustee a copy of any Official Statement hereafter issued by the Authority in connection with the issuance of bonds by the Authority.

The Authority shall file with the Trustee a copy of the minutes of every meeting of the Authority and of the Port Authority Trans-Hudson Corporation at the time said minutes are transmitted to the Governor of New York and the Governor of New Jersey.

The Authority shall not be required to file with the Trustee (except when requested to do so by the Trustee) and the Trustee shall not be required to review any document, instrument, report or paper other than those which the Authority is expressly required hereunder to file with the Trustee. The Trustee shall not be bound to make any investigation into the facts or matters stated in any document, instrument, report or paper supplied to it, but the Trustee in its sole discretion may make such further inquiry or investigation into such facts or matters as the Trustee may deem advisable, and, if the Trustee shall determine to make such further inquiry or investigation, the Trustee is authorized to examine such books and records of and properties owned or operated by the Authority as the Trustee may deem advisable, personally or by agent or attorney.

The Authority hereby agrees (i) to pay to the Trustee from time to time reasonable compensation for all services rendered by it hereunder, (ii) to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in connection with the exercise or performance of any of its powers or duties hereunder (including the reasonable compensation and the expenses and disbursements of its agents and counsel), and (iii) to indemnify the Trustee for, and hold it harmless against, any loss, liability or expense incurred without willful misconduct, negligence or bad faith on its part, arising out of or in connection with the exercise or performance of the Trustee's powers and duties hereunder, including the costs and expenses of defending itself against any claim or liability in connection with such exercise or performance.

The Trustee may become the owner or holder of any bonds of the Authority with the same rights as it would have were it not a Trustee. To the extent permitted by law, the Trustee may act as depositary for the Authority, act as Paying Agent and Registrar of bonds of the Authority, act itself and permit any of its officers or directors to act in any other capacity with respect to the Authority, the bonds of the Authority and the holders of bonds of the Authority as it or its officers or directors would be able to act were it not a Trustee.

The Trustee may at any time resign and be discharged of the duties and obligations created by this resolution by giving not less than sixty (60) days' written notice to the Authority and publishing notice thereof, specifying the date when such resignation shall take effect, once in each week for two (2) successive calendar weeks in a newspaper of general circulation in the City of New York, State of New York, and such resignation shall take effect upon the date specified in such notice unless previously a successor shall have been appointed by the Authority in which event such resignation shall take effect immediately on the appointment of such successor.

The Trustee may be removed at any time by an instrument or concurrent instruments in writing, filed with the Trustee, and signed and acknowledged by the holders of a majority in principal amount of the bonds of this Series then outstanding or by their attorneys duly authorized, excluding any bonds held by or for the account of the Authority.

In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, a successor may be appointed by the holders of a majority in principal amount of the bonds of this Series then outstanding, excluding any bonds held by or for the account of the Authority, by an instrument or concurrent instruments in writing signed and acknowledged by such bondholders or by their attorneys duly authorized and delivered to such successor Trustee, notification thereof being given to the Authority and the predecessor Trustee; *provided*, nevertheless, the Authority shall forthwith appoint a Trustee to fill such vacancy until a successor Trustee shall be appointed by the holders of bonds of this Series as authorized in this Section. The Authority shall publish notice of any such appointment made by it once in each week for two (2) consecutive calendar weeks, in a newspaper of general circulation in the City of New York, State of New York, the first publication to be made within twenty (20) days after such appointment. Any successor Trustee appointed by the Authority shall, immediately and without further act, be superseded by a Trustee appointed by the holders of bonds of this Series.

Any company into which any Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which any Trustee may sell or transfer all or substantially all of its corporate trust business; *provided*, such company shall be a bank or trust company located in the Port of New York District and shall be authorized by law to perform all the duties imposed upon it by this resolution, shall be the successor to such Trustee without the execution or filing of any paper or the performance of any further act.

The failure of the Authority to take any action required by this Section shall not invalidate any bond or bonds issued pursuant to this resolution or hereafter issued by the Authority, or affect any other actions of the Authority. The Authority shall in no way be restricted by this Section from entering any defense to an action or proceeding instituted by the Trustee or by the holder or holders of bonds of this Series.

SECTION 9. Each bond of this Series shall have the official seal of the Authority, or a facsimile thereof, affixed thereto or printed or impressed thereon, and shall be signed by any one of the following persons, to wit:—The person holding the office or exercising the duties of Chairman; Vice Chairman; Chairman of the Committee on Finance; Executive Director; Assistant Executive Director; Secretary; Assistant Secretary; Chief

Financial Officer; Deputy Chief Financial Officer; Comptroller; Assistant Comptroller; Treasurer; or Assistant Treasurer of the Authority at the time of its execution: *provided*, that each bond of this Series may be executed by the facsimile signature of any of the foregoing persons and, in such event, such bond shall have endorsed thereon a certificate of authentication substantially in the form hereinafter set forth, manually executed by the Registrar of the Authority. No bond of this Series bearing a facsimile signature of any of the foregoing persons shall be entitled to any benefit under this resolution or the Consolidated Bond Resolution or be valid or obligatory for any purpose unless and until such certificate of authentication shall have been manually executed by the Registrar of the Authority, as aforesaid, and such manually executed certificate upon such bond shall be conclusive evidence that such bond has been authenticated and delivered hereunder. Such certificate of authentication on any such bond shall be deemed to have been executed by the Registrar of the Authority, as aforesaid, if signed by an authorized officer thereof, but it shall not be necessary that the same officer sign the certificate of authentication on all of such bonds issued hereunder. Bonds of this Series in coupon form (if any) shall have coupons for interest attached, bearing facsimile signatures of the Chairman and Secretary of the Authority.

The registered bonds of this Series shall be in substantially the following form, the blank spaces being appropriately filled in, and, as applicable, taking account of the changes and adjustments authorized in this resolution:

(FORM OF REGISTERED BOND)

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

CONSOLIDATED BOND

SIXTIETH SERIES, DUE 2022

No. C(60)-. . . .
Maturity Date: October 1, 2022 Interest Rate: . . . .% Per Annum Dated: October 1, 1987 CUSIP . . . .

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (formerly known as The Port of New York Authority and hereinafter called the Authority), a body corporate and politic, created by the Compact of April 30, 1921, between the State of New York and the State of New Jersey, to which the consent of the Congress of the United States was given by Public Resolution No. 17, 67th Congress, First Session, acknowledges itself indebted and for value received hereby promises to pay to the registered holder hereof, on the first day of October, 2022, upon presentation and surrender of this bond, the principal amount shown below:

together with interest thereon at the rate of per centum (%) per annum from , payable semi-annually commencing on April 1, 1988, and thereafter on each succeeding October 1 and April 1 until maturity or prior redemption. The principal of this bond shall be payable in lawful money of the United States of America, at maturity or prior redemption upon presentation and surrender by the registered holder hereof at the office of , Paying Agent of the Authority, or the office or offices designated by the Authority of such other Paying Agent or Paying Agents appointed for the purpose by the Authority in a county which is in whole or in part in the Port of New York District. Semi-annual interest on this bond shall be payable when due, in lawful money of the United States of America, to said registered holder by check or draft drawn on the Paying Agent or Paying Agents appointed for the purpose by the Authority and mailed to said registered holder.

This bond is issued pursuant to and in full conformity with the Compact between the States of New York and New Jersey creating the Authority and the various statutes of said two States amendatory thereof and supplemental thereto, for purposes provided in said Compact and statutes, and is a direct and general obligation of the Authority for the prompt payment of the principal of and interest on which the full faith and credit of the Authority are irrevocably pledged. The provisions of the resolution of October 9, 1952, establishing an issue of Consolidated Bonds, and of the resolutions of April 9, 1987, establishing the Series of which this bond forms a part and authorizing the issuance of this bond, constitute a contract between the Authority and the registered holder of this bond, which is subject to modification as therein provided.

The Authority has appointed a Trustee for and in connection with the bonds of this Series as provided by the resolution establishing the Series of which this bond forms a part.

This bond is registered as to principal and interest (but not as to either alone) and is transferable only upon the books kept by the Registrar of the Authority by the registered holder of this bond or attorney duly authorized, all in accordance with the provisions of the resolution establishing the Series of which this bond forms a part. The bonds of this Series are issuable only in the form of registered bonds without coupons in the denominations of $5,000 or integral multiples of $5,000. The registered holder of this bond or attorney duly authorized may upon application to the Registrar of the Authority exchange the same in accordance with the provisions of the resolution establishing the Series of which this bond forms a part for an equal aggregate principal amount of registered bonds of any other authorized denominations. The Authority shall bear the cost incurred by the Authority in connection with the registration, authentication (if any), transfer, cancellation, exchange and delivery of bonds of this Series including such fees as may be imposed by the Registrar for such services performed by the Registrar.

This bond may be redeemed at October 1 of any year prior to maturity beginning with 2002 to satisfy the requirements of the schedule of mandatory periodic retirement provided for bonds of this Series in and pursuant to said resolutions of the Authority at one hundred per centum (100%) of its face value, plus accrued interest to the date fixed for redemption at October 1, 2002, and thereafter and at or prior to October 1, 2021.

This bond may at the option of the Authority be redeemed for any other purpose at any interest payment date at or subsequent to October 1, 1994, as follows:

At one hundred two per centum (102%) of its face value, plus accrued interest to the date fixed for redemption, at October 1, 1994, and thereafter and at or prior to October 1, 1996; at one hundred one per centum (101%) of its face value, plus accrued interest to the date fixed for redemption, thereafter and at or prior to October 1, 1999; and at one hundred per centum (100%) of its face value, plus accrued interest to the date fixed for redemption, thereafter and at or prior to April 1, 2022.

If less than all the bonds of this Series then outstanding are to be called for redemption, the bonds so to be called shall be determined by lot by the Authority or the Registrar as the Authority may elect or by such other system or method as the Committee on Finance of the Authority shall fix and determine.

If this bond shall be called for redemption, notice shall be given by the Authority by publication in a daily newspaper of general circulation in the Port of New York District. Such notice shall be published at least twice prior to the date fixed for redemption—the first publication to be not less than thirty (30) nor more than forty-five (45) days before the date fixed for redemption; and the second publication to be not less than ten (10) nor more than twenty (20) days before the date fixed for redemption. A copy of such notice shall also be mailed, not less than thirty (30) nor more than forty-five (45) days before the date fixed for redemption, to the registered holder of this bond at his last known address as appearing on the Registry Books of the Authority; *provided, however,* that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any action with respect to the redemption of said bonds. If this bond shall be called for redemption, and if funds sufficient for the redemption price shall be deposited with the Paying Agent or Paying Agents of the Authority in trust for the account of the registered holder of this bond, and if such funds shall be available for its redemption on the date fixed for redemption, interest shall cease to accrue on this bond from and after the date fixed for redemption and this bond shall not be entitled to the benefit or security of the foregoing resolutions but shall rely solely upon the funds so deposited.

If this bond is of a denomination greater than $5,000, and if less than all of the bonds of the Series of which this bond forms a part are to be called for redemption, then for all purposes in connection with redemption, each $5,000 of face value of this bond shall be treated as though it were a separate bond of the denomination of $5,000, and the word "bond" as used in the foregoing redemption provisions shall be deemed to refer to each such $5,000 unit of face value.

If it is determined as above provided that one or more but not all of the $5,000 units of face value represented by this bond are to be called for redemption, then upon notice of intention to redeem such $5,000 unit or units the registered holder of this bond shall forthwith present this bond to the Registrar who will issue new bonds of smaller denominations but of the same aggregate principal amount in exchange or substitution therefor, as provided in the resolution establishing the Series of which this bond forms a part, including a new bond or bonds

with the aggregate principal amount of the $5,000 unit or units called for redemption; and such new bond or bonds shall be deemed to be duly called for redemption without further notice to the registered holder. If the registered holder shall fail to present this bond to the Registrar for the issuance of new bonds of smaller denominations in exchange or substitution therefor as aforesaid, this bond shall nevertheless become due and payable on the date fixed for redemption to the extent of the $5,000 unit or units of face value called for redemption (and to that extent only); and (funds sufficient for the payment of the redemption price having been deposited with the Paying Agent or Paying Agents as aforesaid, and being available as aforesaid on the date fixed for redemption) interest shall cease to accrue on the portion of the principal amount of this bond represented by such $5,000 unit or units of face value on and after the date fixed for redemption and this bond shall not be entitled to the benefit or security of the aforesaid resolutions to the extent of the portion of its principal amount (and accrued interest thereon to the date fixed for redemption and premium, if any) represented by such $5,000 unit or units, but to that extent shall rely solely upon the funds so deposited.

This bond is entitled to the benefit of the sinking fund established for this Series by the resolutions of the Authority hereinabove referred to.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen or be performed, precedent to and in the issuance of this bond, exist, have happened and have been performed in due time, form and manner as required by the Constitutions and statutes of the States of New York and New Jersey, the Compact creating the Authority and the aforesaid resolutions of the Authority, and that the amount of this bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by said Constitutions, statutes, Compact or the Consolidated Bond Resolution.

IN WITNESS WHEREOF, The Port Authority of New York and New Jersey has caused its name to be signed hereto by its duly authorized officer, by manual or facsimile signature, and its official seal, or facsimile thereof, to be hereto affixed or printed or impressed hereon, and this bond to be dated as of the first day of October, 1987.

THE PORT AUTHORITY
OF NEW YORK AND NEW JERSEY

.....
Authorized Officer

(END OF FORM OF REGISTERED BOND)

The certificate of authentication attached to each of the bonds of this Series which are executed by a facsimile signature on behalf of the Authority shall be in substantially the following form, the blank spaces being appropriately filled in:

(FORM OF CERTIFICATE OF AUTHENTICATION)

This bond is one of the bonds issued under the provisions of the within-named resolution and the Consolidated Bond Resolution.

Date of Authentication: .....

REGISTRAR
as Registrar of the Authority

By .....
Authorized Officer

(END OF FORM OF CERTIFICATE OF AUTHENTICATION)

Each registered bond of this Series shall have provisions for assignment endorsed thereon, in substantially the following form:

(FORM OF PROVISIONS FOR ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

. . . . . .
(Please Print or Type Name and Address of Assignee)

. . . . . .

. . . . . .
the within bond and all rights thereunder and does hereby irrevocably constitute and appoint

. . . . . Attorney
to transfer such bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated:

. . . . . .
(Signature of Registered Holder)

In the presence of: . . . . . .
(Witness)

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within bond in every particular, with such signature appropriately guaranteed.

(END OF FORM OF PROVISIONS FOR ASSIGNMENT)

In case any official of the Authority who shall have signed or whose facsimile signature shall appear on any of the bonds of this Series shall cease to be such official before such bonds shall have been actually issued, such bonds may nevertheless be issued as though the person who signed such bonds had not ceased to be such official of the Authority; and the Authority may, by issuing bonds bearing coupons (if any) so executed, adopt and use the facsimile signature of any person appearing on the coupons (if any), notwithstanding the fact that such person may have ceased, at the time when the bonds and coupons (if any) shall have been issued, to hold the office appearing after such person's facsimile signature on such coupons (if any).

SECTION 10. The Committee on Finance of the Authority is hereby authorized (i) prior to the issuance of the first installment of the bonds of this Series, to change the date as of which the bonds of this Series shall be dated to any date on or before December 31, 1988, and, if the date as of which the bonds of this Series shall be dated is so changed and the bonds bear a stated rate or rates of interest, the Committee shall change by the same number of days the respective dates on which interest on the bonds of this Series shall be payable; (ii) prior to the issuance of any installment of the bonds of this Series, to change the date at which any of the bonds of that installment shall mature; *provided*, that said date or dates shall not be more than thirty-five (35) years from the date as of which the bonds of this Series are dated; (iii) prior to the issuance of any installment of the bonds of this Series, to adjust or change the respective dates in connection with the redemption, retirement, call and sinking fund provisions as to such installment; (iv) prior to the issuance of any installment of the bonds of this Series, to adjust or change the respective dates and cumulative percentages of total principal amount provided in the schedule of mandatory sinking fund redemption for the bonds of this Series to retire such entire installment at or prior to maturity or to rescind in its entirety the establishment of the mandatory sinking fund redemption schedule and provisions as to such installment; (v) prior to the issuance of any installment of the bonds of this Series, to reduce the percentages of face value relating to the optional call provisions for such installment; (vi) prior to the issuance of the first installment of the bonds of this Series, to provide for the bonds of this Series to be issued on original issuance as book-entry only securities taking account of the changes and adjustments authorized in this resolution with respect to the issuance of the bonds of this Series as book-entry only securities; (vii) prior to the issuance of the first installment of the bonds of this Series, to provide for the bonds of this Series to be separately registrable

as to principal and interest (including any authorized incremental interest) to any one or more holders of the bonds or certificates (if any) with respect to the payment of interest thereon; (viii) prior to the issuance of the first installment of the bonds of this Series if it is desirable in connection with the use of the proceeds of the bonds of this Series for the refunding of a series of the Authority's obligations to renumber this Series for purposes of identification, to renumber this Series; (ix) prior to the issuance of the first installment of the bonds of this Series, if a prior series of Consolidated Bonds has been renumbered or the resolutions in connection therewith have been rescinded and cancelled, and if it is desirable to accomplish the capital program of the Authority utilizing a continuous numbered sequence of Consolidated Bonds, to renumber this Series; and (x) to take such other action as in the opinion of the Committee will best serve the public interest.

SECTION 11. In case any bond or coupon (if any) pertaining to such a bond shall at any time become mutilated or be lost or destroyed, the Authority, in its discretion, may execute and deliver a new bond or coupon of like tenor and amount in exchange or substitution for and upon cancellation of said mutilated bond or coupon or in lieu of or in substitution for such destroyed or lost bond or coupon; or if such bond or coupon shall have matured, instead of issuing a substitute bond or coupon the Authority may pay the same without surrender thereof. In case of destruction or loss, the applicant for a substitute bond or coupon shall furnish to the Authority evidence satisfactory to the Authority of the destruction or loss of such bond or coupon and of the ownership thereof and also such security and indemnity as may be required by the Authority. The Authority may execute and deliver any such substitute bond or coupon or make any such payment; or any Paying Agent may make any such payment upon the written request or authorization of the Authority. Upon the issuance of any substitute bond or coupon, the Authority, at its option, may require the payment of a sum sufficient to reimburse it for any stamp tax or other governmental charge or other reasonable expense connected therewith and also a further sum not exceeding the cost of preparation of each new bond or coupon so issued in substitution. Any bond or coupon (if any) issued under the provisions of this section in lieu of any bond or coupon alleged to have been destroyed or lost shall constitute an original contractual obligation on the part of the Authority, whether or not the bond or coupon so alleged to have been destroyed or lost be at any time enforceable by anyone, and shall be equally and proportionately entitled to the security of this resolution and of the Consolidated Bond Resolution with all other bonds, notes and coupons (if any) issued hereunder or thereunder.

Consolidated Bonds, Sixtieth Series—Authorization of Issuance

Pursuant to the foregoing report, the following resolution was unanimously adopted:

WHEREAS, on the 9th day of October, 1952, The Port Authority of New York and New Jersey (formerly known as The Port of New York Authority and hereinafter called the "Authority"), adopted a resolution providing for the issuance of certain direct and general obligations of the Authority (hereinafter called "Consolidated Bonds"), from time to time in conformity with said resolution for the purposes therein set forth, which said resolution (hereinafter called the "Consolidated Bond Resolution") constitutes a contract with the holders of the bonds so issued; and

WHEREAS, on the 9th day of April, 1987, the Authority adopted a resolution establishing a series of said Consolidated Bonds to be known as "Sixtieth Series, Due 2022" (hereinafter called "bonds of this Series"), which said resolution by its terms constitutes a contract with the holders of the bonds of this Series; and

WHEREAS, the Authority has now determined that it is necessary, advisable and in the public interest to authorize the issuance of Two Hundred Million Dollars ($200,000,000) in principal amount of bonds of this Series for the purposes hereinafter set forth;

NOW, THEREFORE, be it resolved by The Port Authority of New York and New Jersey:

SECTION 1. As used in this resolution, any words or phrases specially defined in the aforesaid Consolidated Bond Resolution shall be read and construed in accordance with such special definitions; *provided, however*, that the term "facility" herein shall not include any railroad car owned, leased or operated pursuant to Chapter 638 of the Laws of New York of 1959 and Chapter 25 of the Laws of New Jersey of 1959 or any acts amendatory or supplementary thereto.

SECTION 2. The issuance of up to Two Hundred Million Dollars ($200,000,000) in principal amount of bonds of this Series is hereby authorized. Said bonds shall be issued in one or more installments or lots pursuant to and shall conform in all respects to the aforesaid Consolidated Bond Resolution and the aforesaid resolution establishing the bonds of this Series.

SECTION 3. Unless otherwise determined by the Committee on Finance in connection with the issuance of the bonds of this Series as book-entry only securities (which said Committee is hereby authorized to fix and determine such other system or method), the bonds of this Series shall be numbered upward from C(60)-1, or they may bear such other numbers as the Chairman of the Authority; Vice Chairman of the Authority; Chairman of the Committee on Finance; Executive Director; Assistant Executive Director; Chief Financial Officer; Deputy Chief Financial Officer; Comptroller; Assistant Comptroller; Treasurer; or Assistant Treasurer of the Authority may deem appropriate.

SECTION 4. The proceeds of the bonds of this Series shall be used (a) for purposes of capital expenditures in connection with any one or more of the facilities of the Authority and for purposes incidental thereto; *provided, however*, that subject to agreements with the holders of obligations of the Authority and consistent with applicable provisions of Section 103 of the Internal Revenue Code of 1986, as amended, or successor provisions of law, and the applicable regulations related thereto, the Committee on Finance may authorize all or any portion of the unspent proceeds of the bonds of this Series to be used for any purpose for which at the time of issuance thereof the Authority was authorized by law to issue its obligations, including capital expenditures in connection with facilities of the Authority certified or to be certified after issuance of the bonds of this Series; (b) for the purpose of refunding, directly, by offers to exchange, or otherwise, at or before maturity, all or any part of any issue of Consolidated Bonds or Consolidated Notes issued and outstanding at the time of the sale of any installment of the bonds of this Series; and (c) for the purpose of refunding in accordance with applicable law, regulations and contractual provisions, any of the special obligations under the Port Authority Commercial Paper Program.

SECTION 5. In the event the Committee on Finance determines that the needs of the Authority for capital funds or the public interest require allocation of the proceeds of any of the bonds of this Series to purposes in connection with some but not all of the purposes authorized in Section 4 hereof, the Committee is hereby authorized, prior to the sale of bonds of any installment of this Series from time to time, to make such allocation by resolution. The adoption by said Committee of such a resolution prior to any such sale shall be sufficient to restrict the application of the proceeds of any bonds of such installment of this Series included in said sale to the purposes specified by the Committee in said resolution.

SECTION 6. The provisions of this resolution shall constitute a contract with the holders of the bonds issued pursuant to this resolution, and with each such holder.

Consolidated Bonds, Sixtieth Series—Authorization of Sale

Pursuant to the foregoing report, the following resolution was unanimously adopted:

SECTION 1. The Committee on Finance of the Authority (hereinafter called the "Committee") is hereby authorized to sell all or any part of Two Hundred Million Dollars ($200,000,000) in principal amount of Consolidated Bonds, Sixtieth Series, Due 2022 (hereinafter called the "bonds of this Series"), at a price which will result in a true interest cost to the Authority not in excess of twelve per centum (12%) per annum to maturity, and to do so in the name of and on behalf of the Authority, at public or private sale, with or without advertisement, in one or more installments or in one or more lots, at one or more times on or before December 31, 1988, and to apply the proceeds of such sale or sales as provided in the resolution authorizing the issuance of said bonds of this Series; *provided, however*, that the total aggregate principal amount of Consolidated Bonds, Fifty-eighth Series, Due 2022, Consolidated Bonds, Fifty-ninth Series, Due 2022, Consolidated Bonds, Sixtieth Series, Due 2022, Consolidated Bonds, Sixty-first Series, Due 2022, Consolidated Bonds, Sixty-second Series, Due 2023, Consolidated Bonds, Sixty-third Series, Due 2023, Consolidated Bonds, Sixty-fourth Series, Due 2023, and Consolidated Bonds, Sixty-fifth Series, Due 2023, sold by the Committee shall not exceed One Billion Dollars ($1,000,000,000).

SECTION 2. The Committee shall have power, in connection with the bonds of this Series, to fix the time or times of sale on or before December 31, 1988, to determine the terms and conditions upon which sales shall be made and to accept or reject offers in connection with such sales, and to do so in the name of and on behalf of the Authority.

SECTION 3. The Committee shall have power in the name of and on behalf of the Authority, in connection with the bonds of this Series, to enter into any appropriate contracts or agreements concerning any sales or exchanges; to fix the time or times and determine the terms and conditions of delivery of the bonds of this Series; to appoint and to enter into appropriate contracts or agreements with one or more Paying Agents and a Registrar and a Trustee, and to designate the office or offices of any such Paying Agent or Paying Agents at which payments shall be made and the office or offices of any such Registrar at which the books for registration shall be kept; to enter into any appropriate contracts or agreements providing insurance in connection with the bonds of this Series; to enter into appropriate contracts or agreements in connection with the issuance of the bonds of this Series as book-entry only securities; to make any selection, designation, determination or estimate and to take or withhold any action and to formulate and express any opinions and to exercise any discretion or judgment which may be or is required to be made, taken, withheld, formulated, expressed or exercised by the Authority as a condition precedent to the issuance of the bonds of this Series or for the purpose of determining whether all conditions precedent to their issuance exist, the Authority hereby adopting all such selections, designations, determinations, actions, withholdings of action, estimates and exercises of judgment and discretion, whether pursuant to Section 3 of the Consolidated Bond Resolution of October 9, 1952, or otherwise, as its own; and to authorize any of the foregoing and generally to take such other action as in the opinion of the Committee will best serve the public interest.

SECTION 4. The Committee shall have power to authorize one or more official statements in the name of and on behalf of the Authority (describing the Authority, its financial condition and the bonds offered for sale, and making representations on behalf of the Authority). The Authority hereby authorizes the underwriter or underwriters purchasing the bonds in offering the bonds of this Series for resale to use such official statement or statements and representations as those of the Authority.

SECTION 5. No part of the proceeds of the bonds of any installment of the bonds of this Series shall be invested directly or indirectly in such a manner as to cause the interest on such bonds of this Series to be subject to Federal income taxes under Section 148 of the Internal Revenue Code of 1986, as amended, or successor provisions of law, and the applicable regulations related thereto.

SECTION 6. The Committee; Chairman of the Authority; Vice Chairman of the Authority; Chairman of the Committee; Executive Director; Assistant Executive Director; Chief Financial Officer; Deputy Chief Financial

Officer; or Treasurer of the Authority is hereby authorized, in connection with the bonds of this Series, to take any action which may be necessary or desirable to assure that the bonds of this Series are in conformity with the provisions of Section 103 of the Internal Revenue Code of 1986, as amended, or successor provisions of law, and the applicable regulations related thereto, and that the interest on such bonds of this Series is not includible for Federal income tax purposes in the gross income of the recipients thereof under Section 103(a) of the Code, or successor provisions of law, or regulations with respect thereto, and any such actions taken in connection therewith are hereby ratified. The Chairman of the Authority; Vice Chairman of the Authority; Chairman of the Committee; Executive Director; Assistant Executive Director; Chief Financial Officer; Deputy Chief Financial Officer; Comptroller; Assistant Comptroller; Treasurer; or Assistant Treasurer of the Authority is hereby authorized to certify on behalf of the Authority as to the need for the issuance of bonds of this Series for the purposes for which such bonds of this Series are issued, as to the status of the projects for which the proceeds of the bonds of this Series would be used, as to the Authority's intentions with respect to the application and investment of said proceeds, and as to such other related matters as may be authorized by the Committee and any such actions taken in connection therewith are hereby ratified.

Consolidated Bonds, Sixty-first Series—Establishment

Pursuant to the foregoing report, the following resolution was unanimously adopted:

WHEREAS, heretofore and on the 9th day of October, 1952, The Port Authority of New York and New Jersey (formerly known as The Port of New York Authority and hereinafter called the "Authority") adopted a resolution (hereinafter called the "Consolidated Bond Resolution") providing for the issuance of certain direct and general obligations of the Authority (hereinafter called "Consolidated Bonds"), from time to time, in conformity with said Consolidated Bond Resolution for the purposes therein set forth, and which Consolidated Bond Resolution constitutes a contract with the holders of the Consolidated Bonds so issued; and

WHEREAS, said Consolidated Bond Resolution provides that such Consolidated Bonds shall be issued in such series as the Authority may determine, and that the characteristics of the bonds of such series shall be determined by the Authority by and in the resolution establishing such series, and that the resolution establishing any series may contain other terms and provisions not inconsistent with the Consolidated Bond Resolution; and

WHEREAS, the Authority has heretofore established various series of said Consolidated Bonds and has now determined that it is necessary, advisable and in the public interest to establish another series of said Consolidated Bonds, without prejudice to its right hereafter to establish other and additional series of such Consolidated Bonds;

NOW, THEREFORE, be it resolved by The Port Authority of New York and New Jersey:

SECTION 1. As used in this resolution, any words or phrases specially defined in the aforesaid Consolidated Bond Resolution shall be read and construed in accordance with such special definitions.

SECTION 2. There is hereby established a series of said Consolidated Bonds to be known as "Consolidated Bonds, Sixty-first Series, Due 2022," to be issued in conformity with said Consolidated Bond Resolution and for any one or more of the purposes specified therein as may be provided in the resolution authorizing the issuance of such series. This resolution shall constitute a contract with the holders of said bonds of Consolidated Bonds, Sixty-first Series, Due 2022, which said bonds are hereinafter called "bonds of this Series," and with each such holder.

SECTION 3. Bonds of this Series shall be issued in one or more installments or lots as the Authority may hereafter determine.

The bonds of this Series shall be dated as of December 1, 1987, shall mature on December 1, 2022, and shall bear a stated rate or rates of interest, including fixed, variable or incremental rates for the term of the bonds or any portion thereof, or a combination thereof, from the semi-annual interest payment date next preceding their date of issuance, or if such date of issuance shall be an interest payment date, from such date of issuance, not exceeding twelve per centum (12%) per annum as may be determined by the Committee on Finance of the Authority. The Committee on Finance is hereby authorized to fix and determine any other date as that upon which interest shall commence and said interest rate or rates, or to determine that said bonds of this Series shall not bear a stated rate of interest. If the bonds of this Series shall bear a stated rate or rates of interest, interest shall be payable semi-annually commencing on June 1, 1988, and thereafter on each succeeding December 1 and June 1 until maturity or prior redemption.

Both principal of and interest on the bonds of this Series shall be payable in lawful money of the United States of America. Principal of the bonds of this Series shall be payable upon presentation and surrender thereof by the registered holders, or in the case of coupon bonds of this Series, if any, upon presentation and surrender thereof, at the office or offices, designated by the Authority, of the Paying Agent or Paying Agents appointed for the purpose by the Authority, in a county which is in whole or in part in the Port of New York District. Interest on the registered bonds of this Series shall be payable when due to the registered holder thereof by check or draft drawn on the Paying Agent or Paying Agents appointed for the purpose by the Authority and mailed to said registered holder and interest on the coupon bonds of this Series, if any, shall be payable upon presentation and surrender of the coupons appertaining thereto at such office or offices of such Paying Agent or Paying Agents. If on original issuance the bonds of this Series are to be issued as book-entry only securities, subject to a book-entry

system for determining interests therein, the Committee on Finance is hereby authorized to fix and determine an alternate method for the payment of both or either of the principal of and interest on the bonds of this Series to the registered holder thereof; *provided, however,* in the event that such book-entry system or any successor book-entry system is discontinued without replacement with a similar system, then the foregoing payment provisions of this paragraph shall apply to the bonds of this Series.

Bonds of this Series shall be issued only in registered form without coupons, registered as to both principal and interest and not as to either alone; *provided, however,* if at any time prior to issuance of the first installment of the bonds of this Series, there shall be in effect a provision of the Internal Revenue Code of 1986, as amended (hereinafter called the "Code"), or successor provisions of law, or the regulations with respect thereto, which does not provide that, for the interest on the bonds of this Series to be considered not includible for Federal income tax purposes in the gross income of the recipients thereof under Section 103(a) of the Code, or successor provisions of law, such bonds of this Series must be issued in registered form, then the bonds of this Series may also be issued in the form of coupon bonds payable to bearer, in which event the Committee on Finance is hereby authorized to adopt an appropriate form of coupon bond issuable only in the denomination of $5,000. If on original issuance the bonds of this Series are to be issued as book-entry only securities subject to a book-entry system for determining interests therein, the Committee on Finance is hereby authorized to fix and determine an appropriate form of bond or other evidence of indebtedness; *provided, however,* in the event that such book-entry system or any successor book-entry system is discontinued without replacement with a similar system then the provisions of Section 9 of this resolution shall apply to the bonds of this Series.

Registered bonds of this Series shall be issued in the denominations of $5,000 or integral multiples of $5,000.

SECTION 4. The Authority will keep or cause to be kept at the offices, designated by the Authority, of its Registrar appointed for that purpose, in a county which is in whole or in part in the Port of New York District, proper and sufficient books for the registration of bonds of this Series. Each registered bond of this Series shall be transferable only upon such books by the registered holder thereof in person or by such registered holder's attorney duly authorized in accordance with the provisions of this resolution.

In the event that the bonds of this Series may be issued in coupon form, a coupon bond or bonds of this Series (if any), upon the written request of the bearer or bearers thereof and upon the surrender thereof with all unmatured coupons thereto attached, may be exchanged for a registered bond or bonds, registered as designated in such request, of the same aggregate principal amount and series as the surrendered bond or bonds, of any of the authorized denominations. A registered bond or bonds of this Series, upon the written request of the registered holder or holders thereof and upon surrender thereof, may be exchanged for a registered bond or bonds, registered as designated in such request, of any other authorized denominations, or in the event that the bonds of this Series may be issued in coupon form, a coupon bond or bonds with appropriate coupons attached, or a combination of such coupon and registered bonds, in each case of the same aggregate principal amount as the surrendered bond or bonds.

All requests for the registration, transfer, exchange and delivery of bonds as above provided shall be filed with the Registrar of the Authority; all bonds to be surrendered pursuant to such request shall be surrendered to the Registrar; and all bonds delivered in exchange as aforesaid shall be delivered by the Registrar. All bonds of this Series surrendered to the Registrar in exchange for other bonds or for transfer as above provided shall be cancelled by the Registrar upon such surrender.

The Authority shall bear the cost incurred by the Authority in connection with the registration, authentication (if any), transfer, cancellation, exchange and delivery of bonds of this Series, including such fees as may be imposed by the Registrar for such services performed by the Registrar as provided in this resolution.

Nothing contained in this resolution shall be deemed to authorize the execution and delivery of bonds of this Series except in the denomination of $5,000 in the case of coupon bonds (if any) or in the denominations of $5,000 or integral multiples of $5,000 in the case of registered bonds or to authorize the issuance of coupon bonds of this Series if at any time there shall be in effect a provision of the Code or the applicable regulations related thereto which provides that for the interest on the bonds of this Series to be considered not includible for Federal income tax purposes in the gross income of the recipients thereof under Section 103(a) of the Code, or successor provisions of law, such bonds of this Series must be issued in registered form.

SECTION 5. Except as provided in Section 6 of this resolution, bonds of this Series shall be redeemable at the option of the Authority, in whole or in part, on interest payment dates, at or subsequent to December 1, 1994, and prior to maturity, as follows:

At one hundred two per centum (102%) of their face value, plus accrued interest to the date fixed for redemption, at December 1, 1994, and thereafter and at or prior to December 1, 1996; at one hundred one per centum (101%) of their face value, plus accrued interest to the date fixed for redemption, thereafter and at or prior to December 1, 1999; and at one hundred per centum (100%) of their face value, plus accrued interest to the date fixed for redemption, thereafter and at or prior to June 1, 2022.

If less than all the bonds of this Series then outstanding are to be called for redemption, the bonds so to be called shall be determined by lot by the Authority or the Registrar as the Authority may elect or by such other system or method as the Committee on Finance may determine (which said Committee is hereby authorized to fix and determine such other system or method).

Notice of intention to redeem any bonds of this Series shall be given by the Authority by publication in a daily newspaper of general circulation in the Port of New York District. Such notice shall be published at least twice prior to the date fixed for redemption, the first publication to be not less than thirty (30) nor more than forty-five (45) days before the date fixed for redemption and the second publication to be not less than ten (10) nor more than twenty (20) days before the date fixed for redemption. A copy of such notice shall also be mailed by the Authority or the Registrar, as the Authority may elect, not less than thirty (30) nor more than forty-five (45) days prior to the date fixed for redemption, to the registered holders of the bonds of this Series to be called for redemption, at their last known addresses as appearing upon the Registry Books of the Authority; *provided, however*, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any action with respect to the redemption of said bonds. If on original issuance the bonds of this Series are to be issued only in registered form or are to be issued as book-entry only securities subject to a book-entry system for determining interests therein, the Committee on Finance is hereby authorized to fix and determine an alternate method by which the Authority shall give notice of intention to redeem any bonds of this Series.

Before the date fixed for redemption specified in the Authority's notice of intention to redeem, the Authority will pay or cause to be paid to the Paying Agent (or Paying Agents) an amount in cash in the aggregate sufficient to redeem all of the outstanding bonds which are to be redeemed, at the respective redemption prices thereof, which, in each case, shall include the accrued interest to the date fixed for redemption and the premium (if any), such principal amount and premium (if any), to be held by the Paying Agent (or Paying Agents) in trust for the account of the holders of the bonds so called for redemption and to be paid to them respectively upon presentation and surrender of the said bonds with accrued interest included in such redemption price to be paid to the registered holders in accordance with the provisions of this resolution and in the case of coupon bonds (if any), such accrued interest to be paid to the holders only upon presentation and surrender of all unmatured coupons (if any) pertaining to such bonds. On and after the date fixed for redemption, the notice of intention to redeem having been completed as above provided or as provided by the Committee on Finance, the bonds so called shall become due and payable at the office of the Paying Agent (or Paying Agents) designated by the Authority, and if funds sufficient for payment of the redemption price shall have been deposited with the Paying Agent (or Paying Agents) in trust as aforesaid and if such funds shall be available for redemption of such bonds on the date fixed for redemption, then and in any such event, interest shall cease to accrue on the bonds so called from and after the date fixed for their redemption, and such bonds and the unmatured coupons (if any) pertaining thereto shall not be entitled to the benefit or security of this resolution or the Consolidated Bond Resolution, but shall rely solely upon the funds so deposited.

In the case of registered bonds of denominations greater than $5,000, if less than all of the bonds of this Series then outstanding are to be called for redemption, then for all purposes in connection with redemption, each $5,000 unit of face value shall be treated as though it were a separate bond of the denomination of $5,000, and the word "bond" as used in the foregoing provisions of this Section 5 shall be deemed to refer to such $5,000 unit of face value. If it is determined as above provided that one or more but not all of the $5,000 units of face value represented by any bond are to be called for redemption, then upon notice of intention to redeem said $5,000 unit or units, the holder of said bond shall forthwith present said bond to the Registrar who shall issue a new bond or bonds of smaller authorized denominations but of the same aggregate principal amount in exchange therefor, pursuant to Section 4 of this resolution, including a new bond or bonds with the aggregate principal amount of the $5,000

unit or units of face value called for redemption; and such new bond or bonds shall be deemed to be duly called for redemption without further notice to the holder thereof. If the holder of such bond of a denomination greater than $5,000 shall fail to present such bond to the Registrar for the issuance of new bonds of smaller denominations in exchange therefor, as aforesaid, such bond shall nevertheless become due and payable on the date fixed for redemption to the extent of the $5,000 unit or units of face value called for redemption (and to that extent only); and (funds sufficient for the payment of the redemption price having been deposited with the Paying Agent or Paying Agents, as aforesaid, and being available as aforesaid on the date fixed for redemption) interest shall cease to accrue on the portion of the principal amount of such bond represented by such $5,000 unit or units of face value on and after the date fixed for redemption, and such bond shall not be entitled to the benefit or security of this resolution or the Consolidated Bond Resolution to the extent of the portion of its principal amount (and accrued interest thereon to the date fixed for redemption and premium, if any) represented by such $5,000 unit or units of face value, but to that extent shall rely solely upon the funds so deposited.

SECTION 6. The Authority shall establish and maintain a separate sinking fund for the retirement of bonds of this Series which shall be known as the "Consolidated Bonds, Sixty-first Series, Due 2022, Sinking Fund." The amount required to be paid into said Sinking Fund for each year shall be the difference at October 15 of such year between the schedule amount of principal for such year and the schedule amount of principal for the next preceding year as set forth in this Section 6, determined in the manner provided in the next succeeding paragraph. Except as provided in the third paragraph of this Section 6, payments into said Sinking Fund shall be made in bonds of this Series purchased or redeemed by the Authority at or prior to October 15 of the year on account of which the payment is made. Such payments may be made at any time or times during such year at or prior to October 15 or at any time or times during any prior year. Bonds of this Series so purchased may be purchased at such prices as the Authority may deem reasonable and proper and, in the discretion of the Authority, at public or private sale, with or without advertisement and with or without notice to any person other than the seller, and bonds theretofore issued and negotiated and then held by the Authority may be purchased for such purpose as well as bonds held by others. To be eligible for payment into said Sinking Fund each such bond shall have theretofore actually been issued and negotiated by the Authority and shall either be in registered form or in coupon form (if any) with all interest coupons attached maturing on and subsequent to December 1 of the year on account of which it is paid into said Sinking Fund. Bonds paid into said Sinking Fund shall be received therein at a value equal to the principal amount of such bonds. Upon payment into said Sinking Fund of said bonds of this Series so purchased or redeemed, said bonds shall be forthwith cancelled. All bonds of this Series which shall have been redeemed at prices established by Section 5 hereof shall be deemed to have been paid into said Sinking Fund and cancelled within the requirements of the preceding sentence whether or not said bonds shall have been presented for payment upon such redemption.

The schedule amount of bonds of this Series for each year shall be determined by multiplying the aggregate principal amount of all bonds of this Series theretofore issued (whether or not any of such bonds shall have theretofore been retired) by the cumulative percentage of total principal amount specified opposite such year in the schedule of mandatory periodic retirement hereafter set forth in this Section 6; if the amount so determined shall not be a multiple of $5,000, then the schedule amount for such year shall be the next higher multiple of $5,000.

If at the close of October 15 of any year (except the year of maturity) set forth in said schedule of mandatory periodic retirement, the Authority shall not have made payment into said Sinking Fund on account of such year of an amount at least equal to the payment required to be made therein on account of such year, then the Authority shall, on October 16 of such year, pay into said Sinking Fund an amount in cash equal to the deficiency, and such amounts shall be applied to the redemption of bonds of this Series at December 1, 2002, and at December 1 of each year thereafter, in the manner and upon the notice set forth in Section 5 of this resolution, but, notwithstanding the redemption price set forth in Section 5, at the price of one hundred per centum (100%) of their face value, plus accrued interest to the date fixed for redemption, at December 1, 2002, and thereafter and at or prior to December 1, 2021.

The following schedule of mandatory periodic retirement is provided for bonds of this Series:

Year	Cumulative Percentage of Total Principal Amount	Year	Cumulative Percentage of Total Principal Amount
2002	2.1	2013	38.9
2003	4.4	2014	43.9
2004	6.8	2015	49.3
2005	9.4	2016	55.1
2006	12.2	2017	61.4
2007	15.2	2018	68.1
2008	18.5	2019	75.3
2009	22.0	2020	83.1
2010	25.8	2021	91.4
2011	29.8	2022	100.0
2012	34.2		

Nothing herein contained shall be construed in any way to prevent the Authority from retiring bonds of this Series more rapidly than is shown in the foregoing schedule of mandatory periodic retirement.

SECTION 7. The Authority shall not apply any moneys in the Consolidated Bond Reserve Fund or in any special reserve fund established for the benefit of the bonds of any prior issue of bonds except for the payment of bonds secured by a pledge of the General Reserve Fund in whole or in part, the payment of debt service upon bonds so secured, the purchase for retirement of bonds so secured or the redemption of bonds so secured, or for the payment of expenses incurred for the establishment, acquisition, construction or effectuation, or for the operation, maintenance, repair or administration of any facility financed or refinanced in whole or in part by bonds secured by a pledge of the General Reserve Fund in whole or in part, or otherwise for the fulfillment of any undertakings which the Authority has assumed or may or shall hereafter assume to or for the benefit of the holders of bonds secured by a pledge of the General Reserve Fund in whole or in part; *provided, however,* that nothing herein contained shall be construed to permit the application by the Authority of moneys in the Consolidated Bond Reserve Fund or in any special reserve fund established for the benefit of the bonds of any prior issue of bonds except for purposes and upon conditions which in the case of the Consolidated Bond Reserve Fund are authorized by the Consolidated Bond Resolution or in the case of said special reserve funds are authorized by the respective resolutions establishing such prior issues of bonds.

Consolidated Bonds proposed to be issued for purposes in connection with an additional facility or a group of additional facilities in connection with which the Authority has not theretofore issued bonds which have been secured by a pledge of the General Reserve Fund in whole or in part, may be issued, and bonds other than Consolidated Bonds proposed to be issued for purposes in connection with such an additional facility or group of additional facilities may be secured by a pledge of the General Reserve Fund in whole or in part, in each case if and only if the Authority shall certify at the time of issuance (as defined in Section 3 of the Consolidated Bond Resolution) its opinion that the issuance of such Consolidated Bonds or that such pledge of the General Reserve Fund as security for such bonds other than Consolidated Bonds will not, during the ensuing ten (10) years or during the longest term of any of such bonds proposed to be issued (whether or not Consolidated Bonds), whichever shall be longer, in the light of its estimated expenditures in connection with such additional facility or such group of additional facilities, materially impair the sound credit standing of the Authority or the investment status of Consolidated Bonds or the ability of the Authority to fulfill its commitments, whether statutory or contractual or reasonably incidental thereto, including its undertakings to the holders of Consolidated Bonds; and the Authority may apply moneys in the General Reserve Fund for purposes in connection with those of its bonds and only those of its bonds which it has theretofore secured by a pledge of the General Reserve Fund in whole or in part. Expenditures in connection with an additional facility or group of additional facilities shall mean the amount of the excess, if any, of the sum of all items of expense to be considered in determining the net revenues of the additional facility or group of additional facilities plus the debt service upon the bonds proposed to be issued and upon any additional bonds which in the Authority's opinion would be required to be issued to place and maintain such facility or group of facilities upon a sound operating basis, over and above the sum of all items of revenue and income to be considered in determining such net revenues.

SECTION 8. The Authority shall appoint a bank or trust company as Trustee for and in connection with the bonds of this Series. The Trustee is hereby authorized to (i) institute any action or proceeding on behalf of the holders of the bonds of this Series against the Authority or others, or (ii) intervene in any pending action or proceeding, or (iii) take any other action which it shall in its sole discretion determine to be necessary or advisable in order to protect the rights of the holders of bonds of this Series. The rights of the Trustee in this respect and in all other respects shall be in addition to and not in substitution of any and all rights which would otherwise inure to the holder or holders of bonds of this Series. It is understood that the Trustee in its sole discretion may, but shall be under no obligation to, review the activities or operations of the Authority or any of the contracts or agreements of the Authority or exercise any of the rights or powers vested in it by this Section 8 whether on the Trustee's initiative or at the request or direction of any of the holders of bonds of this Series.

The Trustee (which shall include any successor Trustee) appointed under the provisions of this Section shall be a bank or trust company organized under the laws of the State of New York or the State of New Jersey or a national banking association doing business and having its principal office in the Port of New York District and having a total capital (including capital stock, surplus, undivided profits and capital notes, if any) aggregating at least $25,000,000, which is willing and able to accept the office on reasonable and customary terms and is authorized by law to perform all the duties imposed upon it by this resolution.

The Trustee shall not be liable for any action taken or suffered upon any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document believed by it to be genuine, and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may or may not be counsel to the Authority, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this resolution in good faith and in accordance therewith. The Trustee shall not be liable in connection with the performance or nonperformance of its duties except for its own willful misconduct, negligence or bad faith.

If the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this resolution, such matter (unless other evidence in respect thereof be specifically prescribed) may be deemed to be conclusively proved and established by a certificate of an authorized officer of the Authority (who shall be any officer authorized pursuant to Section 9 hereof to execute bonds of this Series), and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this resolution upon the faith thereof; but in its discretion the Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable.

The Authority shall annually, within one hundred twenty (120) days after the close of each calendar year, file with the Trustee a statement of an authorized officer showing for the preceding calendar year (i) net revenues, (ii) the aggregate interest paid on bonds of the Authority, and (iii) the payments of principal on bonds of the Authority.

The Authority shall annually, within one hundred twenty (120) days after the close of each calendar year, file with the Trustee a copy of its annual report for such year, and its financial statement for such year accompanied by an opinion signed by an independent public accountant or firm of public accountants of recognized standing selected by the Authority and satisfactory to the Trustee.

The Authority shall file with the Trustee a copy of any Official Statement hereafter issued by the Authority in connection with the issuance of bonds by the Authority.

The Authority shall file with the Trustee a copy of the minutes of every meeting of the Authority and of the Port Authority Trans-Hudson Corporation at the time said minutes are transmitted to the Governor of New York and the Governor of New Jersey.

The Authority shall not be required to file with the Trustee (except when requested to do so by the Trustee) and the Trustee shall not be required to review any document, instrument, report or paper other than those which the Authority is expressly required hereunder to file with the Trustee. The Trustee shall not be bound to make any investigation into the facts or matters stated in any document, instrument, report or paper supplied to it, but the Trustee in its sole discretion may make such further inquiry or investigation into such facts or matters as the Trustee may deem advisable, and, if the Trustee shall determine to make such further inquiry or investigation, the Trustee is authorized to examine such books and records of and properties owned or operated by the Authority as the Trustee may deem advisable, personally or by agent or attorney.

The Authority hereby agrees (i) to pay to the Trustee from time to time reasonable compensation for all services rendered by it hereunder, (ii) to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in connection with the exercise or performance of any of its powers or duties hereunder (including the reasonable compensation and the expenses and disbursements of its agents and counsel), and (iii) to indemnify the Trustee for, and hold it harmless against, any loss, liability or expense incurred without willful misconduct, negligence or bad faith on its part, arising out of or in connection with the exercise or performance of the Trustee's powers and duties hereunder, including the costs and expenses of defending itself against any claim or liability in connection with such exercise or performance.

The Trustee may become the owner or holder of any bonds of the Authority with the same rights as it would have were it not a Trustee. To the extent permitted by law, the Trustee may act as depositary for the Authority, act as Paying Agent and Registrar of bonds of the Authority, act itself and permit any of its officers or directors to act in any other capacity with respect to the Authority, the bonds of the Authority and the holders of bonds of the Authority as it or its officers or directors would be able to act were it not a Trustee.

The Trustee may at any time resign and be discharged of the duties and obligations created by this resolution by giving not less than sixty (60) days' written notice to the Authority and publishing notice thereof, specifying the date when such resignation shall take effect, once in each week for two (2) successive calendar weeks in a newspaper of general circulation in the City of New York, State of New York, and such resignation shall take effect upon the date specified in such notice unless previously a successor shall have been appointed by the Authority in which event such resignation shall take effect immediately on the appointment of such successor.

The Trustee may be removed at any time by an instrument or concurrent instruments in writing, filed with the Trustee, and signed and acknowledged by the holders of a majority in principal amount of the bonds of this Series then outstanding or by their attorneys duly authorized, excluding any bonds held by or for the account of the Authority.

In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, a successor may be appointed by the holders of a majority in principal amount of the bonds of this Series then outstanding, excluding any bonds held by or for the account of the Authority, by an instrument or concurrent instruments in writing signed and acknowledged by such bondholders or by their attorneys duly authorized and delivered to such successor Trustee, notification thereof being given to the Authority and the predecessor Trustee; *provided*, nevertheless, the Authority shall forthwith appoint a Trustee to fill such vacancy until a successor Trustee shall be appointed by the holders of bonds of this Series as authorized in this Section. The Authority shall publish notice of any such appointment made by it once in each week for two (2) consecutive calendar weeks, in a newspaper of general circulation in the City of New York, State of New York, the first publication to be made within twenty (20) days after such appointment. Any successor Trustee appointed by the Authority shall, immediately and without further act, be superseded by a Trustee appointed by the holders of bonds of this Series.

Any company into which any Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which any Trustee may sell or transfer all or substantially all of its corporate trust business; *provided*, such company shall be a bank or trust company located in the Port of New York District and shall be authorized by law to perform all the duties imposed upon it by this resolution, shall be the successor to such Trustee without the execution or filing of any paper or the performance of any further act.

The failure of the Authority to take any action required by this Section shall not invalidate any bond or bonds issued pursuant to this resolution or hereafter issued by the Authority, or affect any other actions of the Authority. The Authority shall in no way be restricted by this Section from entering any defense to an action or proceeding instituted by the Trustee or by the holder or holders of bonds of this Series.

SECTION 9. Each bond of this Series shall have the official seal of the Authority, or a facsimile thereof, affixed thereto or printed or impressed thereon, and shall be signed by any one of the following persons, to wit:—The person holding the office or exercising the duties of Chairman; Vice Chairman; Chairman of the

Committee on Finance; Executive Director; Assistant Executive Director; Secretary; Assistant Secretary; Chief Financial Officer; Deputy Chief Financial Officer; Comptroller; Assistant Comptroller; Treasurer; or Assistant Treasurer of the Authority at the time of its execution; *provided*, that each bond of this Series may be executed by the facsimile signature of any of the foregoing persons and, in such event, such bond shall have endorsed thereon a certificate of authentication substantially in the form hereinafter set forth, manually executed by the Registrar of the Authority. No bond of this Series bearing a facsimile signature of any of the foregoing persons shall be entitled to any benefit under this resolution or the Consolidated Bond Resolution or be valid or obligatory for any purpose unless and until such certificate of authentication shall have been manually executed by the Registrar of the Authority, as aforesaid, and such manually executed certificate upon such bond shall be conclusive evidence that such bond has been authenticated and delivered hereunder. Such certificate of authentication on any such bond shall be deemed to have been executed by the Registrar of the Authority, as aforesaid, if signed by an authorized officer thereof, but it shall not be necessary that the same officer sign the certificate of authentication on all of such bonds issued hereunder. Bonds of this Series in coupon form (if any) shall have coupons for interest attached, bearing facsimile signatures of the Chairman and Secretary of the Authority.

The registered bonds of this Series shall be in substantially the following form, the blank spaces being appropriately filled in, and, as applicable, taking account of the changes and adjustments authorized in this resolution:

(FORM OF REGISTERED BOND)

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

CONSOLIDATED BOND

SIXTY-FIRST SERIES, DUE 2022

No. C(61)-. . . .
Maturity Date: December 1, 2022 Interest Rate: . . .% Per Annum Dated: December 1, 1987 CUSIP . . .

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (formerly known as The Port of New York Authority and hereinafter called the Authority), a body corporate and politic, created by the Compact of April 30, 1921, between the State of New York and the State of New Jersey, to which the consent of the Congress of the United States was given by Public Resolution No. 17, 67th Congress, First Session, acknowledges itself indebted and for value received hereby promises to pay to the registered holder hereof, on the first day of December, 2022, upon presentation and surrender of this bond, the principal amount shown below:

together with interest thereon at the rate of per centum (%) per annum from , payable semi-annually commencing on June 1, 1988, and thereafter on each succeeding December 1 and June 1 until maturity or prior redemption. The principal of this bond shall be payable in lawful money of the United States of America, at maturity or prior redemption upon presentation and surrender by the registered holder hereof at the office of , Paying Agent of the Authority, or the office or offices designated by the Authority of such other Paying Agent or Paying Agents appointed for the purpose by the Authority in a county which is in whole or in part in the Port of New York District. Semi-annual interest on this bond shall be payable when due, in lawful money of the United States of America, to said registered holder by check or draft drawn on the Paying Agent or Paying Agents appointed for the purpose by the Authority and mailed to said registered holder.

This bond is issued pursuant to and in full conformity with the Compact between the States of New York and New Jersey creating the Authority and the various statutes of said two States amendatory thereof and supplemental thereto, for purposes provided in said Compact and statutes, and is a direct and general obligation of the Authority for the prompt payment of the principal of and interest on which the full faith and credit of the Authority are irrevocably pledged. The provisions of the resolution of October 9, 1952, establishing an issue of Consolidated Bonds, and of the resolutions of April 9, 1987, establishing the Series of which this bond forms a part and authorizing the issuance of this bond, constitute a contract between the Authority and the registered holder of this bond, which is subject to modification as therein provided.

The Authority has appointed a Trustee for and in connection with the bonds of this Series as provided by the resolution establishing the Series of which this bond forms a part.

This bond is registered as to principal and interest (but not as to either alone) and is transferable only upon the books kept by the Registrar of the Authority by the registered holder of this bond or attorney duly authorized, all in accordance with the provisions of the resolution establishing the Series of which this bond forms a part. The bonds of this Series are issuable only in the form of registered bonds without coupons in the denominations of $5,000 or integral multiples of $5,000. The registered holder of this bond or attorney duly authorized may upon application to the Registrar of the Authority exchange the same in accordance with the provisions of the resolution establishing the Series of which this bond forms a part for an equal aggregate principal amount of registered bonds of any other authorized denominations. The Authority shall bear the cost incurred by the Authority in connection with the registration, authentication (if any), transfer, cancellation, exchange and delivery of bonds of this Series including such fees as may be imposed by the Registrar for such services performed by the Registrar.

This bond may be redeemed at December 1 of any year prior to maturity beginning with 2002 to satisfy the requirements of the schedule of mandatory periodic retirement provided for bonds of this Series in and pursuant to said resolutions of the Authority at one hundred per centum (100%) of its face value, plus accrued interest to the date fixed for redemption at December 1, 2002, and thereafter and at or prior to December 1, 2021.

This bond may at the option of the Authority be redeemed for any other purpose at any interest payment date at or subsequent to December 1, 1994, as follows:

At one hundred two per centum (102%) of its face value, plus accrued interest to the date fixed for redemption, at December 1, 1994, and thereafter and at or prior to December 1, 1996; at one hundred one per centum (101%) of its face value, plus accrued interest to the date fixed for redemption, thereafter and at or prior to December 1, 1999; and at one hundred per centum (100%) of its face value, plus accrued interest to the date fixed for redemption, thereafter and at or prior to June 1, 2022.

If less than all the bonds of this Series then outstanding are to be called for redemption, the bonds so to be called shall be determined by lot by the Authority or the Registrar as the Authority may elect or by such other system or method as the Committee on Finance of the Authority shall fix and determine.

If this bond shall be called for redemption, notice shall be given by the Authority by publication in a daily newspaper of general circulation in the Port of New York District. Such notice shall be published at least twice prior to the date fixed for redemption—the first publication to be not less than thirty (30) nor more than forty-five (45) days before the date fixed for redemption; and the second publication to be not less than ten (10) nor more than twenty (20) days before the date fixed for redemption. A copy of such notice shall also be mailed, not less than thirty (30) nor more than forty-five (45) days before the date fixed for redemption, to the registered holder of this bond at his last known address as appearing on the Registry Books of the Authority; *provided, however,* that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any action with respect to the redemption of said bonds. If this bond shall be called for redemption, and if funds sufficient for the redemption price shall be deposited with the Paying Agent or Paying Agents of the Authority in trust for the account of the registered holder of this bond, and if such funds shall be available for its redemption on the date fixed for redemption, interest shall cease to accrue on this bond from and after the date fixed for redemption and this bond shall not be entitled to the benefit or security of the foregoing resolutions but shall rely solely upon the funds so deposited.

If this bond is of a denomination greater than $5,000, and if less than all of the bonds of the Series of which this bond forms a part are to be called for redemption, then for all purposes in connection with redemption, each $5,000 of face value of this bond shall be treated as though it were a separate bond of the denomination of $5,000, and the word "bond" as used in the foregoing redemption provisions shall be deemed to refer to each such $5,000 unit of face value.

If it is determined as above provided that one or more but not all of the $5,000 units of face value represented by this bond are to be called for redemption, then upon notice of intention to redeem such $5,000 unit or units the registered holder of this bond shall forthwith present this bond to the Registrar who will issue new bonds of smaller denominations but of the same aggregate principal amount in exchange or substitution therefor, as provided in the resolution establishing the Series of which this bond forms a part, including a new bond or bonds

with the aggregate principal amount of the $5,000 unit or units called for redemption; and such new bond or bonds shall be deemed to be duly called for redemption without further notice to the registered holder. If the registered holder shall fail to present this bond to the Registrar for the issuance of new bonds of smaller denominations in exchange or substitution therefor as aforesaid, this bond shall nevertheless become due and payable on the date fixed for redemption to the extent of the $5,000 unit or units of face value called for redemption (and to that extent only); and (funds sufficient for the payment of the redemption price having been deposited with the Paying Agent or Paying Agents as aforesaid, and being available as aforesaid on the date fixed for redemption) interest shall cease to accrue on the portion of the principal amount of this bond represented by such $5,000 unit or units of face value on and after the date fixed for redemption and this bond shall not be entitled to the benefit or security of the aforesaid resolutions to the extent of the portion of its principal amount (and accrued interest thereon to the date fixed for redemption and premium, if any) represented by such $5,000 unit or units, but to that extent shall rely solely upon the funds so deposited.

This bond is entitled to the benefit of the sinking fund established for this Series by the resolutions of the Authority hereinabove referred to.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen or be performed, precedent to and in the issuance of this bond, exist, have happened and have been performed in due time, form and manner as required by the Constitutions and statutes of the States of New York and New Jersey, the Compact creating the Authority and the aforesaid resolutions of the Authority, and that the amount of this bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by said Constitutions, statutes, Compact or the Consolidated Bond Resolution.

IN WITNESS WHEREOF, The Port Authority of New York and New Jersey has caused its name to be signed hereto by its duly authorized officer, by manual or facsimile signature, and its official seal, or facsimile thereof, to be hereto affixed or printed or impressed hereon, and this bond to be dated as of the first day of December, 1987.

THE PORT AUTHORITY
OF NEW YORK AND NEW JERSEY

.....
Authorized Officer

(END OF FORM OF REGISTERED BOND)

The certificate of authentication attached to each of the bonds of this Series which are executed by a facsimile signature on behalf of the Authority shall be in substantially the following form, the blank spaces being appropriately filled in:

(FORM OF CERTIFICATE OF AUTHENTICATION)

This bond is one of the bonds issued under the provisions of the within-named resolution and the Consolidated Bond Resolution.

Date of Authentication: .....

REGISTRAR
as Registrar of the Authority

By .....
Authorized Officer

(END OF FORM OF CERTIFICATE OF AUTHENTICATION)

Each registered bond of this Series shall have provisions for assignment endorsed thereon, in substantially the following form:

(FORM OF PROVISIONS FOR ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

[ ]

. . . . . .
(Please Print or Type Name and Address of Assignee)

. . . . . .

. . . . . .
the within bond and all rights thereunder and does hereby irrevocably constitute and appoint

. . . . . Attorney
to transfer such bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated:

. . . . . .
(Signature of Registered Holder)

In the presence of: . . . . . .
(Witness)

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within bond in every particular, with such signature appropriately guaranteed.

(END OF FORM OF PROVISIONS FOR ASSIGNMENT)

In case any official of the Authority who shall have signed or whose facsimile signature shall appear on any of the bonds of this Series shall cease to be such official before such bonds shall have been actually issued, such bonds may nevertheless be issued as though the person who signed such bonds had not ceased to be such official of the Authority; and the Authority may, by issuing bonds bearing coupons (if any) so executed, adopt and use the facsimile signature of any person appearing on the coupons (if any), notwithstanding the fact that such person may have ceased, at the time when the bonds and coupons (if any) shall have been issued, to hold the office appearing after such person's facsimile signature on such coupons (if any).

SECTION 10. The Committee on Finance of the Authority is hereby authorized (i) prior to the issuance of the first installment of the bonds of this Series, to change the date as of which the bonds of this Series shall be dated to any date on or before December 31, 1988, and, if the date as of which the bonds of this Series shall be dated is so changed and the bonds bear a stated rate or rates of interest, the Committee shall change by the same number of days the respective dates on which interest on the bonds of this Series shall be payable; (ii) prior to the issuance of any installment of the bonds of this Series, to change the date at which any of the bonds of that installment shall mature; *provided*, that said date or dates shall not be more than thirty-five (35) years from the date as of which the bonds of this Series are dated; (iii) prior to the issuance of any installment of the bonds of this Series, to adjust or change the respective dates in connection with the redemption, retirement, call and sinking fund provisions as to such installment; (iv) prior to the issuance of any installment of the bonds of this Series, to adjust or change the respective dates and cumulative percentages of total principal amount provided in the schedule of mandatory sinking fund redemption for the bonds of this Series to retire such entire installment at or prior to maturity or to rescind in its entirety the establishment of the mandatory sinking fund redemption schedule and provisions as to such installment; (v) prior to the issuance of any installment of the bonds of this Series, to reduce the percentages of face value relating to the optional call provisions for such installment; (vi) prior to the issuance of the first installment of the bonds of this Series, to provide for the bonds of this Series to be issued on original issuance as book-entry only securities taking account of the changes and adjustments authorized in this resolution with respect to the issuance of the bonds of this Series as book-entry only securities; (vii) prior to the issuance of the first installment of the bonds of this Series, to provide for the bonds of this Series to be separately registrable

as to principal and interest (including any authorized incremental interest) to any one or more holders of the bonds or certificates (if any) with respect to the payment of interest thereon; (viii) prior to the issuance of the first installment of the bonds of this Series if it is desirable in connection with the use of the proceeds of the bonds of this Series for the refunding of a series of the Authority's obligations to renumber this Series for purposes of identification, to renumber this Series; (ix) prior to the issuance of the first installment of the bonds of this Series, if a prior series of Consolidated Bonds has been renumbered or the resolutions in connection therewith have been rescinded and cancelled, and if it is desirable to accomplish the capital program of the Authority utilizing a continuous numbered sequence of Consolidated Bonds, to renumber this Series; and (x) to take such other action as in the opinion of the Committee will best serve the public interest.

SECTION 11. In case any bond or coupon (if any) pertaining to such a bond shall at any time become mutilated or be lost or destroyed, the Authority, in its discretion, may execute and deliver a new bond or coupon of like tenor and amount in exchange or substitution for and upon cancellation of said mutilated bond or coupon or in lieu of or in substitution for such destroyed or lost bond or coupon; or if such bond or coupon shall have matured, instead of issuing a substitute bond or coupon the Authority may pay the same without surrender thereof. In case of destruction or loss, the applicant for a substitute bond or coupon shall furnish to the Authority evidence satisfactory to the Authority of the destruction or loss of such bond or coupon and of the ownership thereof and also such security and indemnity as may be required by the Authority. The Authority may execute and deliver any such substitute bond or coupon or make any such payment; or any Paying Agent may make any such payment upon the written request or authorization of the Authority. Upon the issuance of any substitute bond or coupon, the Authority, at its option, may require the payment of a sum sufficient to reimburse it for any stamp tax or other governmental charge or other reasonable expense connected therewith and also a further sum not exceeding the cost of preparation of each new bond or coupon so issued in substitution. Any bond or coupon (if any) issued under the provisions of this section in lieu of any bond or coupon alleged to have been destroyed or lost shall constitute an original contractual obligation on the part of the Authority, whether or not the bond or coupon so alleged to have been destroyed or lost be at any time enforceable by anyone, and shall be equally and proportionately entitled to the security of this resolution and of the Consolidated Bond Resolution with all other bonds, notes and coupons (if any) issued hereunder or thereunder.

Consolidated Bonds, Sixty-first Series—Authorization of Issuance

Pursuant to the foregoing report, the following resolution was unanimously adopted:

WHEREAS, on the 9th day of October, 1952, The Port Authority of New York and New Jersey (formerly known as The Port of New York Authority and hereinafter called the "Authority"), adopted a resolution providing for the issuance of certain direct and general obligations of the Authority (hereinafter called "Consolidated Bonds"), from time to time in conformity with said resolution for the purposes therein set forth, which said resolution (hereinafter called the "Consolidated Bond Resolution") constitutes a contract with the holders of the bonds so issued; and

WHEREAS, on the 9th day of April, 1987, the Authority adopted a resolution establishing a series of said Consolidated Bonds to be known as "Sixty-first Series, Due 2022" (hereinafter called "bonds of this Series"), which said resolution by its terms constitutes a contract with the holders of the bonds of this Series; and

WHEREAS, the Authority has now determined that it is necessary, advisable and in the public interest to authorize the issuance of Two Hundred Million Dollars ($200,000,000) in principal amount of bonds of this Series for the purposes hereinafter set forth;

NOW, THEREFORE, be it resolved by The Port Authority of New York and New Jersey:

SECTION 1. As used in this resolution, any words or phrases specially defined in the aforesaid Consolidated Bond Resolution shall be read and construed in accordance with such special definitions; *provided, however,* that the term "facility" herein shall not include any railroad car owned, leased or operated pursuant to Chapter 638 of the Laws of New York of 1959 and Chapter 25 of the Laws of New Jersey of 1959 or any acts amendatory or supplementary thereto.

SECTION 2. The issuance of up to Two Hundred Million Dollars ($200,000,000) in principal amount of bonds of this Series is hereby authorized. Said bonds shall be issued in one or more installments or lots pursuant to and shall conform in all respects to the aforesaid Consolidated Bond Resolution and the aforesaid resolution establishing the bonds of this Series.

SECTION 3. Unless otherwise determined by the Committee on Finance in connection with the issuance of the bonds of this Series as book-entry only securities (which said Committee is hereby authorized to fix and determine such other system or method), the bonds of this Series shall be numbered upward from C(61)-1, or they may bear such other numbers as the Chairman of the Authority; Vice Chairman of the Authority; Chairman of the Committee on Finance; Executive Director; Assistant Executive Director; Chief Financial Officer; Deputy Chief Financial Officer; Comptroller; Assistant Comptroller; Treasurer; or Assistant Treasurer of the Authority may deem appropriate.

SECTION 4. The proceeds of the bonds of this Series shall be used (a) for purposes of capital expenditures in connection with any one or more of the facilities of the Authority and for purposes incidental thereto; *provided, however,* that subject to agreements with the holders of obligations of the Authority and consistent with applicable provisions of Section 103 of the Internal Revenue Code of 1986, as amended, or successor provisions of law, and the applicable regulations related thereto, the Committee on Finance may authorize all or any portion of the unspent proceeds of the bonds of this Series to be used for any purpose for which at the time of issuance thereof the Authority was authorized by law to issue its obligations, including capital expenditures in connection with facilities of the Authority certified or to be certified after issuance of the bonds of this Series; (b) for the purpose of refunding, directly, by offers to exchange, or otherwise, at or before maturity, all or any part of any issue of Consolidated Bonds or Consolidated Notes issued and outstanding at the time of the sale of any installment of the bonds of this Series; and (c) for the purpose of refunding in accordance with applicable law, regulations and contractual provisions, any of the special obligations under the Port Authority Commercial Paper Program.

SECTION 5. In the event the Committee on Finance determines that the needs of the Authority for capital funds or the public interest require allocation of the proceeds of any of the bonds of this Series to purposes in connection with some but not all of the purposes authorized in Section 4 hereof, the Committee is hereby authorized, prior to the sale of bonds of any installment of this Series from time to time, to make such allocation by resolution. The adoption by said Committee of such a resolution prior to any such sale shall be sufficient to restrict the application of the proceeds of any bonds of such installment of this Series included in said sale to the purposes specified by the Committee in said resolution.

SECTION 6. The provisions of this resolution shall constitute a contract with the holders of the bonds issued pursuant to this resolution, and with each such holder.

Consolidated Bonds, Sixty-first Series—Authorization of Sale

Pursuant to the foregoing report, the following resolution was unanimously adopted:

SECTION 1. The Committee on Finance of the Authority (hereinafter called the "Committee") is hereby authorized to sell all or any part of Two Hundred Million Dollars ($200,000,000) in principal amount of Consolidated Bonds, Sixty-first Series, Due 2022 (hereinafter called the "bonds of this Series"), at a price which will result in a true interest cost to the Authority not in excess of twelve per centum (12%) per annum to maturity, and to do so in the name of and on behalf of the Authority, at public or private sale, with or without advertisement, in one or more installments or in one or more lots, at one or more times on or before December 31, 1988, and to apply the proceeds of such sale or sales as provided in the resolution authorizing the issuance of said bonds of this Series; *provided, however,* that the total aggregate principal amount of Consolidated Bonds, Fifty-eighth Series, Due 2022, Consolidated Bonds, Fifty-ninth Series, Due 2022, Consolidated Bonds, Sixtieth Series, Due 2022, Consolidated Bonds, Sixty-first Series, Due 2022, Consolidated Bonds, Sixty-second Series, Due 2023, Consolidated Bonds, Sixty-third Series, Due 2023, Consolidated Bonds, Sixty-fourth Series, Due 2023, and Consolidated Bonds, Sixty-fifth Series, Due 2023, sold by the Committee shall not exceed One Billion Dollars ($1,000,000,000).

SECTION 2. The Committee shall have power, in connection with the bonds of this Series, to fix the time or times of sale on or before December 31, 1988, to determine the terms and conditions upon which sales shall be made and to accept or reject offers in connection with such sales, and to do so in the name of and on behalf of the Authority.

SECTION 3. The Committee shall have power in the name of and on behalf of the Authority, in connection with the bonds of this Series, to enter into any appropriate contracts or agreements concerning any sales or exchanges; to fix the time or times and determine the terms and conditions of delivery of the bonds of this Series; to appoint and to enter into appropriate contracts or agreements with one or more Paying Agents and a Registrar and a Trustee, and to designate the office or offices of any such Paying Agent or Paying Agents at which payments shall be made and the office or offices of any such Registrar at which the books for registration shall be kept; to enter into any appropriate contracts or agreements providing insurance in connection with the bonds of this Series; to enter into appropriate contracts or agreements in connection with the issuance of the bonds of this Series as book-entry only securities; to make any selection, designation, determination or estimate and to take or withhold any action and to formulate and express any opinions and to exercise any discretion or judgment which may be or is required to be made, taken, withheld, formulated, expressed or exercised by the Authority as a condition precedent to the issuance of the bonds of this Series or for the purpose of determining whether all conditions precedent to their issuance exist, the Authority hereby adopting all such selections, designations, determinations, actions, withholdings of action, estimates and exercises of judgment and discretion, whether pursuant to Section 3 of the Consolidated Bond Resolution of October 9, 1952, or otherwise, as its own; and to authorize any of the foregoing and generally to take such other action as in the opinion of the Committee will best serve the public interest.

SECTION 4. The Committee shall have power to authorize one or more official statements in the name of and on behalf of the Authority (describing the Authority, its financial condition and the bonds offered for sale, and making representations on behalf of the Authority). The Authority hereby authorizes the underwriter or underwriters purchasing the bonds in offering the bonds of this Series for resale to use such official statement or statements and representations as those of the Authority.

SECTION 5. No part of the proceeds of the bonds of any installment of the bonds of this Series shall be invested directly or indirectly in such a manner as to cause the interest on such bonds of this Series to be subject to Federal income taxes under Section 148 of the Internal Revenue Code of 1986, as amended, or successor provisions of law, and the applicable regulations related thereto.

SECTION 6. The Committee; Chairman of the Authority; Vice Chairman of the Authority; Chairman of the Committee; Executive Director; Assistant Executive Director; Chief Financial Officer; Deputy Chief Financial

Officer; or Treasurer of the Authority is hereby authorized, in connection with the bonds of this Series, to take any action which may be necessary or desirable to assure that the bonds of this Series are in conformity with the provisions of Section 103 of the Internal Revenue Code of 1986, as amended, or successor provisions of law, and the applicable regulations related thereto, and that the interest on such bonds of this Series is not includible for Federal income tax purposes in the gross income of the recipients thereof under Section 103(a) of the Code, or successor provisions of law, or regulations with respect thereto, and any such actions taken in connection therewith are hereby ratified. The Chairman of the Authority; Vice Chairman of the Authority; Chairman of the Committee; Executive Director; Assistant Executive Director; Chief Financial Officer; Deputy Chief Financial Officer; Comptroller; Assistant Comptroller; Treasurer; or Assistant Treasurer of the Authority is hereby authorized to certify on behalf of the Authority as to the need for the issuance of bonds of this Series for the purposes for which such bonds of this Series are issued, as to the status of the projects for which the proceeds of the bonds of this Series would be used, as to the Authority's intentions with respect to the application and investment of said proceeds, and as to such other related matters as may be authorized by the Committee and any such actions taken in connection therewith are hereby ratified.

Consolidated Bonds, Sixty-second Series—Establishment

Pursuant to the foregoing report, the following resolution was unanimously adopted:

WHEREAS, heretofore and on the 9th day of October, 1952, The Port Authority of New York and New Jersey (formerly known as The Port of New York Authority and hereinafter called the "Authority") adopted a resolution (hereinafter called the "Consolidated Bond Resolution") providing for the issuance of certain direct and general obligations of the Authority (hereinafter called "Consolidated Bonds"), from time to time, in conformity with said Consolidated Bond Resolution for the purposes therein set forth, and which Consolidated Bond Resolution constitutes a contract with the holders of the Consolidated Bonds so issued; and

WHEREAS, said Consolidated Bond Resolution provides that such Consolidated Bonds shall be issued in such series as the Authority may determine, and that the characteristics of the bonds of such series shall be determined by the Authority by and in the resolution establishing such series, and that the resolution establishing any series may contain other terms and provisions not inconsistent with the Consolidated Bond Resolution; and

WHEREAS, the Authority has heretofore established various series of said Consolidated Bonds and has now determined that it is necessary, advisable and in the public interest to establish another series of said Consolidated Bonds, without prejudice to its right hereafter to establish other and additional series of such Consolidated Bonds;

NOW, THEREFORE, be it resolved by The Port Authority of New York and New Jersey:

SECTION 1. As used in this resolution, any words or phrases specially defined in the aforesaid Consolidated Bond Resolution shall be read and construed in accordance with such special definitions.

SECTION 2. There is hereby established a series of said Consolidated Bonds to be known as "Consolidated Bonds, Sixty-second Series, Due 2023," to be issued in conformity with said Consolidated Bond Resolution and for any one or more of the purposes specified therein as may be provided in the resolution authorizing the issuance of such series. This resolution shall constitute a contract with the holders of said bonds of Consolidated Bonds, Sixty-second Series, Due 2023, which said bonds are hereinafter called "bonds of this Series," and with each such holder.

SECTION 3. Bonds of this Series shall be issued in one or more installments or lots as the Authority may hereafter determine.

The bonds of this Series shall be dated as of March 1, 1988, shall mature on March 1, 2023, and shall bear a stated rate or rates of interest, including fixed, variable or incremental rates for the term of the bonds or any portion thereof, or a combination thereof, from the semi-annual interest payment date next preceding their date of issuance, or if such date of issuance shall be an interest payment date, from such date of issuance, not exceeding twelve per centum (12%) per annum as may be determined by the Committee on Finance of the Authority. The Committee on Finance is hereby authorized to fix and determine any other date as that upon which interest shall commence and said interest rate or rates, or to determine that said bonds of this Series shall not bear a stated rate of interest. If the bonds of this Series shall bear a stated rate or rates of interest, interest shall be payable semi-annually commencing on September 1, 1988, and thereafter on each succeeding March 1 and September 1 until maturity or prior redemption.

Both principal of and interest on the bonds of this Series shall be payable in lawful money of the United States of America. Principal of the bonds of this Series shall be payable upon presentation and surrender thereof by the registered holders, or in the case of coupon bonds of this Series, if any, upon presentation and surrender thereof, at the office or offices, designated by the Authority, of the Paying Agent or Paying Agents appointed for the purpose by the Authority, in a county which is in whole or in part in the Port of New York District. Interest on the registered bonds of this Series shall be payable when due to the registered holder thereof by check or draft drawn on the Paying Agent or Paying Agents appointed for the purpose by the Authority and mailed to said registered holder and interest on the coupon bonds of this Series, if any, shall be payable upon presentation and surrender of the coupons appertaining thereto at such office or offices of such Paying Agent or Paying Agents. If on original issuance the bonds of this Series are to be issued as book-entry only securities, subject to a book-entry

system for determining interests therein, the Committee on Finance is hereby authorized to fix and determine an alternate method for the payment of both or either of the principal of and interest on the bonds of this Series to the registered holder thereof; *provided, however,* in the event that such book-entry system or any successor book-entry system is discontinued without replacement with a similar system, then the foregoing payment provisions of this paragraph shall apply to the bonds of this Series.

Bonds of this Series shall be issued only in registered form without coupons, registered as to both principal and interest and not as to either alone; *provided, however,* if at any time prior to issuance of the first installment of the bonds of this Series, there shall be in effect a provision of the Internal Revenue Code of 1986, as amended (hereinafter called the "Code"), or successor provisions of law, or the regulations with respect thereto, which does not provide that, for the interest on the bonds of this Series to be considered not includible for Federal income tax purposes in the gross income of the recipients thereof under Section 103(a) of the Code, or successor provisions of law, such bonds of this Series must be issued in registered form, then the bonds of this Series may also be issued in the form of coupon bonds payable to bearer, in which event the Committee on Finance is hereby authorized to adopt an appropriate form of coupon bond issuable only in the denomination of $5,000. If on original issuance the bonds of this Series are to be issued as book-entry only securities subject to a book-entry system for determining interests therein, the Committee on Finance is hereby authorized to fix and determine an appropriate form of bond or other evidence of indebtedness; *provided, however,* in the event that such book-entry system or any successor book-entry system is discontinued without replacement with a similar system then the provisions of Section 9 of this resolution shall apply to the bonds of this Series.

Registered bonds of this Series shall be issued in the denominations of $5,000 or integral multiples of $5,000.

SECTION 4. The Authority will keep or cause to be kept at the offices, designated by the Authority, of its Registrar appointed for that purpose, in a county which is in whole or in part in the Port of New York District, proper and sufficient books for the registration of bonds of this Series. Each registered bond of this Series shall be transferable only upon such books by the registered holder thereof in person or by such registered holder's attorney duly authorized in accordance with the provisions of this resolution.

In the event that the bonds of this Series may be issued in coupon form, a coupon bond or bonds of this Series (if any), upon the written request of the bearer or bearers thereof and upon the surrender thereof with all unmatured coupons thereto attached, may be exchanged for a registered bond or bonds, registered as designated in such request, of the same aggregate principal amount and series as the surrendered bond or bonds, of any of the authorized denominations. A registered bond or bonds of this Series, upon the written request of the registered holder or holders thereof and upon surrender thereof, may be exchanged for a registered bond or bonds, registered as designated in such request, of any other authorized denominations, or in the event that the bonds of this Series may be issued in coupon form, a coupon bond or bonds with appropriate coupons attached, or a combination of such coupon and registered bonds, in each case of the same aggregate principal amount as the surrendered bond or bonds.

All requests for the registration, transfer, exchange and delivery of bonds as above provided shall be filed with the Registrar of the Authority; all bonds to be surrendered pursuant to such request shall be surrendered to the Registrar; and all bonds delivered in exchange as aforesaid shall be delivered by the Registrar. All bonds of this Series surrendered to the Registrar in exchange for other bonds or for transfer as above provided shall be cancelled by the Registrar upon such surrender.

The Authority shall bear the cost incurred by the Authority in connection with the registration, authentication (if any), transfer, cancellation, exchange and delivery of bonds of this Series, including such fees as may be imposed by the Registrar for such services performed by the Registrar as provided in this resolution.

Nothing contained in this resolution shall be deemed to authorize the execution and delivery of bonds of this Series except in the denomination of $5,000 in the case of coupon bonds (if any) or in the denominations of $5,000 or integral multiples of $5,000 in the case of registered bonds or to authorize the issuance of coupon bonds of this Series if at any time there shall be in effect a provision of the Code or the applicable regulations related thereto which provides that for the interest on the bonds of this Series to be considered not includible for Federal income tax purposes in the gross income of the recipients thereof under Section 103(a) of the Code, or successor provisions of law, such bonds of this Series must be issued in registered form.

SECTION 5. Except as provided in Section 6 of this resolution, bonds of this Series shall be redeemable at the option of the Authority, in whole or in part, on interest payment dates, at or subsequent to March 1, 1995, and prior to maturity, as follows:

At one hundred two per centum (102%) of their face value, plus accrued interest to the date fixed for redemption, at March 1, 1995, and thereafter and at or prior to March 1, 1997; at one hundred one per centum (101%) of their face value, plus accrued interest to the date fixed for redemption, thereafter and at or prior to March 1, 2000; and at one hundred per centum (100%) of their face value, plus accrued interest to the date fixed for redemption, thereafter and at or prior to September 1, 2022.

If less than all the bonds of this Series then outstanding are to be called for redemption, the bonds so to be called shall be determined by lot by the Authority or the Registrar as the Authority may elect or by such other system or method as the Committee on Finance may determine (which said Committee is hereby authorized to fix and determine such other system or method).

Notice of intention to redeem any bonds of this Series shall be given by the Authority by publication in a daily newspaper of general circulation in the Port of New York District. Such notice shall be published at least twice prior to the date fixed for redemption, the first publication to be not less than thirty (30) nor more than forty-five (45) days before the date fixed for redemption and the second publication to be not less than ten (10) nor more than twenty (20) days before the date fixed for redemption. A copy of such notice shall also be mailed by the Authority or the Registrar, as the Authority may elect, not less than thirty (30) nor more than forty-five (45) days prior to the date fixed for redemption, to the registered holders of the bonds of this Series to be called for redemption, at their last known addresses as appearing upon the Registry Books of the Authority; *provided, however*, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any action with respect to the redemption of said bonds. If on original issuance the bonds of this Series are to be issued only in registered form or are to be issued as book-entry only securities subject to a book-entry system for determining interests therein, the Committee on Finance is hereby authorized to fix and determine an alternate method by which the Authority shall give notice of intention to redeem any bonds of this Series.

Before the date fixed for redemption specified in the Authority's notice of intention to redeem, the Authority will pay or cause to be paid to the Paying Agent (or Paying Agents) an amount in cash in the aggregate sufficient to redeem all of the outstanding bonds which are to be redeemed, at the respective redemption prices thereof, which, in each case, shall include the accrued interest to the date fixed for redemption and the premium (if any), such principal amount and premium (if any), to be held by the Paying Agent (or Paying Agents) in trust for the account of the holders of the bonds so called for redemption and to be paid to them respectively upon presentation and surrender of the said bonds with accrued interest included in such redemption price to be paid to the registered holders in accordance with the provisions of this resolution and in the case of coupon bonds (if any), such accrued interest to be paid to the holders only upon presentation and surrender of all unmatured coupons (if any) pertaining to such bonds. On and after the date fixed for redemption, the notice of intention to redeem having been completed as above provided or as provided by the Committee on Finance, the bonds so called shall become due and payable at the office of the Paying Agent (or Paying Agents) designated by the Authority, and if funds sufficient for payment of the redemption price shall have been deposited with the Paying Agent (or Paying Agents) in trust as aforesaid and if such funds shall be available for redemption of such bonds on the date fixed for redemption, then and in any such event, interest shall cease to accrue on the bonds so called from and after the date fixed for their redemption, and such bonds and the unmatured coupons (if any) pertaining thereto shall not be entitled to the benefit or security of this resolution or the Consolidated Bond Resolution, but shall rely solely upon the funds so deposited.

In the case of registered bonds of denominations greater than $5,000, if less than all of the bonds of this Series then outstanding are to be called for redemption, then for all purposes in connection with redemption, each $5,000 unit of face value shall be treated as though it were a separate bond of the denomination of $5,000, and the word "bond" as used in the foregoing provisions of this Section 5 shall be deemed to refer to such $5,000 unit of face value. If it is determined as above provided that one or more but not all of the $5,000 units of face value represented by any bond are to be called for redemption, then upon notice of intention to redeem said $5,000 unit or units, the holder of said bond shall forthwith present said bond to the Registrar who shall issue a new bond or bonds of smaller authorized denominations but of the same aggregate principal amount in exchange therefor, pursuant to Section 4 of this resolution, including a new bond or bonds with the aggregate principal amount of the $5,000

unit or units of face value called for redemption; and such new bond or bonds shall be deemed to be duly called for redemption without further notice to the holder thereof. If the holder of such bond of a denomination greater than $5,000 shall fail to present such bond to the Registrar for the issuance of new bonds of smaller denominations in exchange therefor, as aforesaid, such bond shall nevertheless become due and payable on the date fixed for redemption to the extent of the $5,000 unit or units of face value called for redemption (and to that extent only); and (funds sufficient for the payment of the redemption price having been deposited with the Paying Agent or Paying Agents, as aforesaid, and being available as aforesaid on the date fixed for redemption) interest shall cease to accrue on the portion of the principal amount of such bond represented by such $5,000 unit or units of face value on and after the date fixed for redemption, and such bond shall not be entitled to the benefit or security of this resolution or the Consolidated Bond Resolution to the extent of the portion of its principal amount (and accrued interest thereon to the date fixed for redemption and premium, if any) represented by such $5,000 unit or units of face value, but to that extent shall rely solely upon the funds so deposited.

SECTION 6. The Authority shall establish and maintain a separate sinking fund for the retirement of bonds of this Series which shall be known as the "Consolidated Bonds, Sixty-second Series, Due 2023, Sinking Fund." The amount required to be paid into said Sinking Fund for each year shall be the difference at July 15 of such year between the schedule amount of principal for such year and the schedule amount of principal for the next preceding year as set forth in this Section 6, determined in the manner provided in the next succeeding paragraph. Except as provided in the third paragraph of this Section 6, payments into said Sinking Fund shall be made in bonds of this Series purchased or redeemed by the Authority at or prior to July 15 of the year on account of which the payment is made. Such payments may be made at any time or times during such year at or prior to July 15 or at any time or times during any prior year. Bonds of this Series so purchased may be purchased at such prices as the Authority may deem reasonable and proper and, in the discretion of the Authority, at public or private sale, with or without advertisement and with or without notice to any person other than the seller, and bonds theretofore issued and negotiated and then held by the Authority may be purchased for such purpose as well as bonds held by others. To be eligible for payment into said Sinking Fund each such bond shall have theretofore actually been issued and negotiated by the Authority and shall either be in registered form or in coupon form (if any) with all interest coupons attached maturing on and subsequent to September 1 of the year on account of which it is paid into said Sinking Fund. Bonds paid into said Sinking Fund shall be received therein at a value equal to the principal amount of such bonds. Upon payment into said Sinking Fund of said bonds of this Series so purchased or redeemed, said bonds shall be forthwith cancelled. All bonds of this Series which shall have been redeemed at prices established by Section 5 hereof shall be deemed to have been paid into said Sinking Fund and cancelled within the requirements of the preceding sentence whether or not said bonds shall have been presented for payment upon such redemption.

The schedule amount of bonds of this Series for each year shall be determined by multiplying the aggregate principal amount of all bonds of this Series theretofore issued (whether or not any of such bonds shall have theretofore been retired) by the cumulative percentage of total principal amount specified opposite such year in the schedule of mandatory periodic retirement hereafter set forth in this Section 6; if the amount so determined shall not be a multiple of $5,000, then the schedule amount for such year shall be the next higher multiple of $5,000.

If at the close of July 15 of any year (except the year of maturity) set forth in said schedule of mandatory periodic retirement, the Authority shall not have made payment into said Sinking Fund on account of such year of an amount at least equal to the payment required to be made therein on account of such year, then the Authority shall, on July 16 of such year, pay into said Sinking Fund an amount in cash equal to the deficiency, and such amounts shall be applied to the redemption of bonds of this Series at September 1, 2003, and at September 1 of each year thereafter, in the manner and upon the notice set forth in Section 5 of this resolution, but, notwithstanding the redemption price set forth in Section 5, at the price of one hundred per centum (100%) of their face value, plus accrued interest to the date fixed for redemption, at September 1, 2003, and thereafter and at or prior to September 1, 2022.

The following schedule of mandatory periodic retirement is provided for bonds of this Series:

Year	Cumulative Percentage of Total Principal Amount	Year	Cumulative Percentage of Total Principal Amount
2003	2.1	2014	38.9
2004	4.4	2015	43.9
2005	6.8	2016	49.3
2006	9.4	2017	55.1
2007	12.2	2018	61.4
2008	15.2	2019	68.1
2009	18.5	2020	75.3
2010	22.0	2021	83.1
2011	25.8	2022	91.4
2012	29.8	2023	100.0
2013	34.2		

Nothing herein contained shall be construed in any way to prevent the Authority from retiring bonds of this Series more rapidly than is shown in the foregoing schedule of mandatory periodic retirement.

SECTION 7. The Authority shall not apply any moneys in the Consolidated Bond Reserve Fund or in any special reserve fund established for the benefit of the bonds of any prior issue of bonds except for the payment of bonds secured by a pledge of the General Reserve Fund in whole or in part, the payment of debt service upon bonds so secured, the purchase for retirement of bonds so secured or the redemption of bonds so secured, or for the payment of expenses incurred for the establishment, acquisition, construction or effectuation, or for the operation, maintenance, repair or administration of any facility financed or refinanced in whole or in part by bonds secured by a pledge of the General Reserve Fund in whole or in part, or otherwise for the fulfillment of any undertakings which the Authority has assumed or may or shall hereafter assume to or for the benefit of the holders of bonds secured by a pledge of the General Reserve Fund in whole or in part; *provided, however*, that nothing herein contained shall be construed to permit the application by the Authority of moneys in the Consolidated Bond Reserve Fund or in any special reserve fund established for the benefit of the bonds of any prior issue of bonds except for purposes and upon conditions which in the case of the Consolidated Bond Reserve Fund are authorized by the Consolidated Bond Resolution or in the case of said special reserve funds are authorized by the respective resolutions establishing such prior issues of bonds.

Consolidated Bonds proposed to be issued for purposes in connection with an additional facility or a group of additional facilities in connection with which the Authority has not theretofore issued bonds which have been secured by a pledge of the General Reserve Fund in whole or in part, may be issued, and bonds other than Consolidated Bonds proposed to be issued for purposes in connection with such an additional facility or group of additional facilities may be secured by a pledge of the General Reserve Fund in whole or in part, in each case if and only if the Authority shall certify at the time of issuance (as defined in Section 3 of the Consolidated Bond Resolution) its opinion that the issuance of such Consolidated Bonds or that such pledge of the General Reserve Fund as security for such bonds other than Consolidated Bonds will not, during the ensuing ten (10) years or during the longest term of any of such bonds proposed to be issued (whether or not Consolidated Bonds), whichever shall be longer, in the light of its estimated expenditures in connection with such additional facility or such group of additional facilities, materially impair the sound credit standing of the Authority or the investment status of Consolidated Bonds or the ability of the Authority to fulfill its commitments, whether statutory or contractual or reasonably incidental thereto, including its undertakings to the holders of Consolidated Bonds; and the Authority may apply moneys in the General Reserve Fund for purposes in connection with those of its bonds and only those of its bonds which it has theretofore secured by a pledge of the General Reserve Fund in whole or in part. Expenditures in connection with an additional facility or group of additional facilities shall mean the amount of the excess, if any, of the sum of all items of expense to be considered in determining the net revenues of the additional facility or group of additional facilities plus the debt service upon the bonds proposed to be issued and upon any additional bonds which in the Authority's opinion would be required to be issued to place and maintain such facility or group of facilities upon a sound operating basis, over and above the sum of all items of revenue and income to be considered in determining such net revenues.

SECTION 8. The Authority shall appoint a bank or trust company as Trustee for and in connection with the bonds of this Series. The Trustee is hereby authorized to (i) institute any action or proceeding on behalf of the holders of the bonds of this Series against the Authority or others, or (ii) intervene in any pending action or proceeding, or (iii) take any other action which it shall in its sole discretion determine to be necessary or advisable in order to protect the rights of the holders of bonds of this Series. The rights of the Trustee in this respect and in all other respects shall be in addition to and not in substitution of any and all rights which would otherwise inure to the holder or holders of bonds of this Series. It is understood that the Trustee in its sole discretion may, but shall be under no obligation to, review the activities or operations of the Authority or any of the contracts or agreements of the Authority or exercise any of the rights or powers vested in it by this Section 8 whether on the Trustee's initiative or at the request or direction of any of the holders of bonds of this Series.

The Trustee (which shall include any successor Trustee) appointed under the provisions of this Section shall be a bank or trust company organized under the laws of the State of New York or the State of New Jersey or a national banking association doing business and having its principal office in the Port of New York District and having a total capital (including capital stock, surplus, undivided profits and capital notes, if any) aggregating at least $25,000,000, which is willing and able to accept the office on reasonable and customary terms and is authorized by law to perform all the duties imposed upon it by this resolution.

The Trustee shall not be liable for any action taken or suffered upon any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document believed by it to be genuine, and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may or may not be counsel to the Authority, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this resolution in good faith and in accordance therewith. The Trustee shall not be liable in connection with the performance or nonperformance of its duties except for its own willful misconduct, negligence or bad faith.

If the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this resolution, such matter (unless other evidence in respect thereof be specifically prescribed) may be deemed to be conclusively proved and established by a certificate of an authorized officer of the Authority (who shall be any officer authorized pursuant to Section 9 hereof to execute bonds of this Series), and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this resolution upon the faith thereof; but in its discretion the Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable.

The Authority shall annually, within one hundred twenty (120) days after the close of each calendar year, file with the Trustee a statement of an authorized officer showing for the preceding calendar year (i) net revenues, (ii) the aggregate interest paid on bonds of the Authority, and (iii) the payments of principal on bonds of the Authority.

The Authority shall annually, within one hundred twenty (120) days after the close of each calendar year, file with the Trustee a copy of its annual report for such year, and its financial statement for such year accompanied by an opinion signed by an independent public accountant or firm of public accountants of recognized standing selected by the Authority and satisfactory to the Trustee.

The Authority shall file with the Trustee a copy of any Official Statement hereafter issued by the Authority in connection with the issuance of bonds by the Authority.

The Authority shall file with the Trustee a copy of the minutes of every meeting of the Authority and of the Port Authority Trans-Hudson Corporation at the time said minutes are transmitted to the Governor of New York and the Governor of New Jersey.

The Authority shall not be required to file with the Trustee (except when requested to do so by the Trustee) and the Trustee shall not be required to review any document, instrument, report or paper other than those which the Authority is expressly required hereunder to file with the Trustee. The Trustee shall not be bound to make any investigation into the facts or matters stated in any document, instrument, report or paper supplied to it, but the Trustee in its sole discretion may make such further inquiry or investigation into such facts or matters as the Trustee may deem advisable, and, if the Trustee shall determine to make such further inquiry or investigation, the Trustee is authorized to examine such books and records of and properties owned or operated by the Authority as the Trustee may deem advisable, personally or by agent or attorney.

The Authority hereby agrees (i) to pay to the Trustee from time to time reasonable compensation for all services rendered by it hereunder, (ii) to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in connection with the exercise or performance of any of its powers or duties hereunder (including the reasonable compensation and the expenses and disbursements of its agents and counsel), and (iii) to indemnify the Trustee for, and hold it harmless against, any loss, liability or expense incurred without willful misconduct, negligence or bad faith on its part, arising out of or in connection with the exercise or performance of the Trustee's powers and duties hereunder, including the costs and expenses of defending itself against any claim or liability in connection with such exercise or performance.

The Trustee may become the owner or holder of any bonds of the Authority with the same rights as it would have were it not a Trustee. To the extent permitted by law, the Trustee may act as depositary for the Authority, act as Paying Agent and Registrar of bonds of the Authority, act itself and permit any of its officers or directors to act in any other capacity with respect to the Authority, the bonds of the Authority and the holders of bonds of the Authority as it or its officers or directors would be able to act were it not a Trustee.

The Trustee may at any time resign and be discharged of the duties and obligations created by this resolution by giving not less than sixty (60) days' written notice to the Authority and publishing notice thereof, specifying the date when such resignation shall take effect, once in each week for two (2) successive calendar weeks in a newspaper of general circulation in the City of New York, State of New York, and such resignation shall take effect upon the date specified in such notice unless previously a successor shall have been appointed by the Authority in which event such resignation shall take effect immediately on the appointment of such successor.

The Trustee may be removed at any time by an instrument or concurrent instruments in writing, filed with the Trustee, and signed and acknowledged by the holders of a majority in principal amount of the bonds of this Series then outstanding or by their attorneys duly authorized, excluding any bonds held by or for the account of the Authority.

In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, a successor may be appointed by the holders of a majority in principal amount of the bonds of this Series then outstanding, excluding any bonds held by or for the account of the Authority, by an instrument or concurrent instruments in writing signed and acknowledged by such bondholders or by their attorneys duly authorized and delivered to such successor Trustee, notification thereof being given to the Authority and the predecessor Trustee; *provided*, nevertheless, the Authority shall forthwith appoint a Trustee to fill such vacancy until a successor Trustee shall be appointed by the holders of bonds of this Series as authorized in this Section. The Authority shall publish notice of any such appointment made by it once in each week for two (2) consecutive calendar weeks, in a newspaper of general circulation in the City of New York, State of New York, the first publication to be made within twenty (20) days after such appointment. Any successor Trustee appointed by the Authority shall, immediately and without further act, be superseded by a Trustee appointed by the holders of bonds of this Series.

Any company into which any Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which any Trustee may sell or transfer all or substantially all of its corporate trust business; *provided*, such company shall be a bank or trust company located in the Port of New York District and shall be authorized by law to perform all the duties imposed upon it by this resolution, shall be the successor to such Trustee without the execution or filing of any paper or the performance of any further act.

The failure of the Authority to take any action required by this Section shall not invalidate any bond or bonds issued pursuant to this resolution or hereafter issued by the Authority, or affect any other actions of the Authority. The Authority shall in no way be restricted by this Section from entering any defense to an action or proceeding instituted by the Trustee or by the holder or holders of bonds of this Series.

SECTION 9. Each bond of this Series shall have the official seal of the Authority, or a facsimile thereof, affixed thereto or printed or impressed thereon, and shall be signed by any one of the following persons, to wit:—The person holding the office or exercising the duties of Chairman; Vice Chairman; Chairman of the

Committee on Finance; Executive Director; Assistant Executive Director; Secretary; Assistant Secretary; Chief Financial Officer; Deputy Chief Financial Officer; Comptroller; Assistant Comptroller; Treasurer; or Assistant Treasurer of the Authority at the time of its execution; *provided*, that each bond of this Series may be executed by the facsimile signature of any of the foregoing persons and, in such event, such bond shall have endorsed thereon a certificate of authentication substantially in the form hereinafter set forth, manually executed by the Registrar of the Authority. No bond of this Series bearing a facsimile signature of any of the foregoing persons shall be entitled to any benefit under this resolution or the Consolidated Bond Resolution or be valid or obligatory for any purpose unless and until such certificate of authentication shall have been manually executed by the Registrar of the Authority, as aforesaid, and such manually executed certificate upon such bond shall be conclusive evidence that such bond has been authenticated and delivered hereunder. Such certificate of authentication on any such bond shall be deemed to have been executed by the Registrar of the Authority, as aforesaid, if signed by an authorized officer thereof, but it shall not be necessary that the same officer sign the certificate of authentication on all of such bonds issued hereunder. Bonds of this Series in coupon form (if any) shall have coupons for interest attached, bearing facsimile signatures of the Chairman and Secretary of the Authority.

The registered bonds of this Series shall be in substantially the following form, the blank spaces being appropriately filled in, and, as applicable, taking account of the changes and adjustments authorized in this resolution:

(FORM OF REGISTERED BOND)

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

CONSOLIDATED BOND

SIXTY-SECOND SERIES, DUE 2023

No. C(62)-. . . .
Maturity Date: March 1, 2023 Interest Rate: . . . .% Per Annum Dated: March 1, 1988 CUSIP . . . .

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (formerly known as The Port of New York Authority and hereinafter called the Authority), a body corporate and politic, created by the Compact of April 30, 1921, between the State of New York and the State of New Jersey, to which the consent of the Congress of the United States was given by Public Resolution No. 17, 67th Congress, First Session, acknowledges itself indebted and for value received hereby promises to pay to the registered holder hereof, on the first day of March, 2023, upon presentation and surrender of this bond, the principal amount shown below:

together with interest thereon at the rate of per centum (%) per annum from , payable semi-annually commencing on September 1, 1988, and thereafter on each succeeding March 1 and September 1 until maturity or prior redemption. The principal of this bond shall be payable in lawful money of the United States of America, at maturity or prior redemption upon presentation and surrender by the registered holder hereof at the office of , Paying Agent of the Authority, or the office or offices designated by the Authority of such other Paying Agent or Paying Agents appointed for the purpose by the Authority in a county which is in whole or in part in the Port of New York District. Semi-annual interest on this bond shall be payable when due, in lawful money of the United States of America, to said registered holder by check or draft drawn on the Paying Agent or Paying Agents appointed for the purpose by the Authority and mailed to said registered holder.

This bond is issued pursuant to and in full conformity with the Compact between the States of New York and New Jersey creating the Authority and the various statutes of said two States amendatory thereof and supplemental thereto, for purposes provided in said Compact and statutes, and is a direct and general obligation of the Authority for the prompt payment of the principal of and interest on which the full faith and credit of the Authority are irrevocably pledged. The provisions of the resolution of October 9, 1952, establishing an issue of Consolidated Bonds, and of the resolutions of April 9, 1987, establishing the Series of which this bond forms a part and authorizing the issuance of this bond, constitute a contract between the Authority and the registered holder of this bond, which is subject to modification as therein provided.

The Authority has appointed a Trustee for and in connection with the bonds of this Series as provided by the resolution establishing the Series of which this bond forms a part.

This bond is registered as to principal and interest (but not as to either alone) and is transferable only upon the books kept by the Registrar of the Authority by the registered holder of this bond or attorney duly authorized, all in accordance with the provisions of the resolution establishing the Series of which this bond forms a part. The bonds of this Series are issuable only in the form of registered bonds without coupons in the denominations of $5,000 or integral multiples of $5,000. The registered holder of this bond or attorney duly authorized may upon application to the Registrar of the Authority exchange the same in accordance with the provisions of the resolution establishing the Series of which this bond forms a part for an equal aggregate principal amount of registered bonds of any other authorized denominations. The Authority shall bear the cost incurred by the Authority in connection with the registration, authentication (if any), transfer, cancellation, exchange and delivery of bonds of this Series including such fees as may be imposed by the Registrar for such services performed by the Registrar.

This bond may be redeemed at September 1 of any year prior to maturity beginning with 2003 to satisfy the requirements of the schedule of mandatory periodic retirement provided for bonds of this Series in and pursuant to said resolutions of the Authority at one hundred per centum (100%) of its face value, plus accrued interest to the date fixed for redemption at September 1, 2003, and thereafter and at or prior to September 1, 2022.

This bond may at the option of the Authority be redeemed for any other purpose at any interest payment date at or subsequent to March 1, 1995, as follows:

At one hundred two per centum (102%) of its face value, plus accrued interest to the date fixed for redemption, at March 1, 1995, and thereafter and at or prior to March 1, 1997; at one hundred one per centum (101%) of its face value, plus accrued interest to the date fixed for redemption, thereafter and at or prior to March 1, 2000; and at one hundred per centum (100%) of its face value, plus accrued interest to the date fixed for redemption, thereafter and at or prior to September 1, 2022.

If less than all the bonds of this Series then outstanding are to be called for redemption, the bonds so to be called shall be determined by lot by the Authority or the Registrar as the Authority may elect or by such other system or method as the Committee on Finance of the Authority shall fix and determine.

If this bond shall be called for redemption, notice shall be given by the Authority by publication in a daily newspaper of general circulation in the Port of New York District. Such notice shall be published at least twice prior to the date fixed for redemption—the first publication to be not less than thirty (30) nor more than forty-five (45) days before the date fixed for redemption; and the second publication to be not less than ten (10) nor more than twenty (20) days before the date fixed for redemption. A copy of such notice shall also be mailed, not less than thirty (30) nor more than forty-five (45) days before the date fixed for redemption, to the registered holder of this bond at his last known address as appearing on the Registry Books of the Authority; *provided, however,* that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any action with respect to the redemption of said bonds. If this bond shall be called for redemption, and if funds sufficient for the redemption price shall be deposited with the Paying Agent or Paying Agents of the Authority in trust for the account of the registered holder of this bond, and if such funds shall be available for its redemption on the date fixed for redemption, interest shall cease to accrue on this bond from and after the date fixed for redemption and this bond shall not be entitled to the benefit or security of the foregoing resolutions but shall rely solely upon the funds so deposited.

If this bond is of a denomination greater than $5,000, and if less than all of the bonds of the Series of which this bond forms a part are to be called for redemption, then for all purposes in connection with redemption, each $5,000 of face value of this bond shall be treated as though it were a separate bond of the denomination of $5,000, and the word "bond" as used in the foregoing redemption provisions shall be deemed to refer to each such $5,000 unit of face value.

If it is determined as above provided that one or more but not all of the $5,000 units of face value represented by this bond are to be called for redemption, then upon notice of intention to redeem such $5,000 unit or units the registered holder of this bond shall forthwith present this bond to the Registrar who will issue new bonds of smaller denominations but of the same aggregate principal amount in exchange or substitution therefor, as provided in the resolution establishing the Series of which this bond forms a part, including a new bond or bonds

with the aggregate principal amount of the $5,000 unit or units called for redemption; and such new bond or bonds shall be deemed to be duly called for redemption without further notice to the registered holder. If the registered holder shall fail to present this bond to the Registrar for the issuance of new bonds of smaller denominations in exchange or substitution therefor as aforesaid, this bond shall nevertheless become due and payable on the date fixed for redemption to the extent of the $5,000 unit or units of face value called for redemption (and to that extent only); and (funds sufficient for the payment of the redemption price having been deposited with the Paying Agent or Paying Agents as aforesaid, and being available as aforesaid on the date fixed for redemption) interest shall cease to accrue on the portion of the principal amount of this bond represented by such $5,000 unit or units of face value on and after the date fixed for redemption and this bond shall not be entitled to the benefit or security of the aforesaid resolutions to the extent of the portion of its principal amount (and accrued interest thereon to the date fixed for redemption and premium, if any) represented by such $5,000 unit or units, but to that extent shall rely solely upon the funds so deposited.

This bond is entitled to the benefit of the sinking fund established for this Series by the resolutions of the Authority hereinabove referred to.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen or be performed, precedent to and in the issuance of this bond, exist, have happened and have been performed in due time, form and manner as required by the Constitutions and statutes of the States of New York and New Jersey, the Compact creating the Authority and the aforesaid resolutions of the Authority, and that the amount of this bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by said Constitutions, statutes, Compact or the Consolidated Bond Resolution.

IN WITNESS WHEREOF, The Port Authority of New York and New Jersey has caused its name to be signed hereto by its duly authorized officer, by manual or facsimile signature, and its official seal, or facsimile thereof, to be hereto affixed or printed or impressed hereon, and this bond to be dated as of the first day of March, 1988.

THE PORT AUTHORITY
OF NEW YORK AND NEW JERSEY

. . . . . .
Authorized Officer

(END OF FORM OF REGISTERED BOND)

The certificate of authentication attached to each of the bonds of this Series which are executed by a facsimile signature on behalf of the Authority shall be in substantially the following form, the blank spaces being appropriately filled in:

(FORM OF CERTIFICATE OF AUTHENTICATION)

This bond is one of the bonds issued under the provisions of the within-named resolution and the Consolidated Bond Resolution.

Date of Authentication: . . . . . .

REGISTRAR
as Registrar of the Authority

By . . . . . .
Authorized Officer

(END OF FORM OF CERTIFICATE OF AUTHENTICATION)

Each registered bond of this Series shall have provisions for assignment endorsed thereon, in substantially the following form:

(FORM OF PROVISIONS FOR ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

[ ]

. . . . . .
(Please Print or Type Name and Address of Assignee)

. . . . . .

. . . . . .
the within bond and all rights thereunder and does hereby irrevocably constitute and appoint

. . . . . Attorney
to transfer such bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated:

. . . . . .
(Signature of Registered Holder)

In the presence of: . . . . . .
(Witness)

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within bond in every particular, with such signature appropriately guaranteed.

(END OF FORM OF PROVISIONS FOR ASSIGNMENT)

In case any official of the Authority who shall have signed or whose facsimile signature shall appear on any of the bonds of this Series shall cease to be such official before such bonds shall have been actually issued, such bonds may nevertheless be issued as though the person who signed such bonds had not ceased to be such official of the Authority; and the Authority may, by issuing bonds bearing coupons (if any) so executed, adopt and use the facsimile signature of any person appearing on the coupons (if any), notwithstanding the fact that such person may have ceased, at the time when the bonds and coupons (if any) shall have been issued, to hold the office appearing after such person's facsimile signature on such coupons (if any).

SECTION 10. The Committee on Finance of the Authority is hereby authorized (i) prior to the issuance of the first installment of the bonds of this Series, to change the date as of which the bonds of this Series shall be dated to any date on or before December 31, 1988, and, if the date as of which the bonds of this Series shall be dated is so changed and the bonds bear a stated rate or rates of interest, the Committee shall change by the same number of days the respective dates on which interest on the bonds of this Series shall be payable; (ii) prior to the issuance of any installment of the bonds of this Series, to change the date at which any of the bonds of that installment shall mature; *provided*, that said date or dates shall not be more than thirty-five (35) years from the date as of which the bonds of this Series are dated; (iii) prior to the issuance of any installment of the bonds of this Series, to adjust or change the respective dates in connection with the redemption, retirement, call and sinking fund provisions as to such installment; (iv) prior to the issuance of any installment of the bonds of this Series, to adjust or change the respective dates and cumulative percentages of total principal amount provided in the schedule of mandatory sinking fund redemption for the bonds of this Series to retire such entire installment at or prior to maturity or to rescind in its entirety the establishment of the mandatory sinking fund redemption schedule and provisions as to such installment; (v) prior to the issuance of any installment of the bonds of this Series, to reduce the percentages of face value relating to the optional call provisions for such installment; (vi) prior to the issuance of the first installment of the bonds of this Series, to provide for the bonds of this Series to be issued on original issuance as book-entry only securities taking account of the changes and adjustments authorized in this resolution with respect to the issuance of the bonds of this Series as book-entry only securities; (vii) prior to the issuance of the first installment of the bonds of this Series, to provide for the bonds of this Series to be separately registrable

as to principal and interest (including any authorized incremental interest) to any one or more holders of the bonds or certificates (if any) with respect to the payment of interest thereon; (viii) prior to the issuance of the first installment of the bonds of this Series if it is desirable in connection with the use of the proceeds of the bonds of this Series for the refunding of a series of the Authority's obligations to renumber this Series for purposes of identification, to renumber this Series; (ix) prior to the issuance of the first installment of the bonds of this Series, if a prior series of Consolidated Bonds has been renumbered or the resolutions in connection therewith have been rescinded and cancelled, and if it is desirable to accomplish the capital program of the Authority utilizing a continuous numbered sequence of Consolidated Bonds, to renumber this Series; and (x) to take such other action as in the opinion of the Committee will best serve the public interest.

SECTION 11. In case any bond or coupon (if any) pertaining to such a bond shall at any time become mutilated or be lost or destroyed, the Authority, in its discretion, may execute and deliver a new bond or coupon of like tenor and amount in exchange or substitution for and upon cancellation of said mutilated bond or coupon or in lieu of or in substitution for such destroyed or lost bond or coupon; or if such bond or coupon shall have matured, instead of issuing a substitute bond or coupon the Authority may pay the same without surrender thereof. In case of destruction or loss, the applicant for a substitute bond or coupon shall furnish to the Authority evidence satisfactory to the Authority of the destruction or loss of such bond or coupon and of the ownership thereof and also such security and indemnity as may be required by the Authority. The Authority may execute and deliver any such substitute bond or coupon or make any such payment; or any Paying Agent may make any such payment upon the written request or authorization of the Authority. Upon the issuance of any substitute bond or coupon, the Authority, at its option, may require the payment of a sum sufficient to reimburse it for any stamp tax or other governmental charge or other reasonable expense connected therewith and also a further sum not exceeding the cost of preparation of each new bond or coupon so issued in substitution. Any bond or coupon (if any) issued under the provisions of this section in lieu of any bond or coupon alleged to have been destroyed or lost shall constitute an original contractual obligation on the part of the Authority, whether or not the bond or coupon so alleged to have been destroyed or lost be at any time enforceable by anyone, and shall be equally and proportionately entitled to the security of this resolution and of the Consolidated Bond Resolution with all other bonds, notes and coupons (if any) issued hereunder or thereunder.

Consolidated Bonds, Sixty-second Series—Authorization of Issuance

Pursuant to the foregoing report, the following resolution was unanimously adopted:

WHEREAS, on the 9th day of October, 1952, The Port Authority of New York and New Jersey (formerly known as The Port of New York Authority and hereinafter called the "Authority"), adopted a resolution providing for the issuance of certain direct and general obligations of the Authority (hereinafter called "Consolidated Bonds"), from time to time in conformity with said resolution for the purposes therein set forth, which said resolution (hereinafter called the "Consolidated Bond Resolution") constitutes a contract with the holders of the bonds so issued; and

WHEREAS, on the 9th day of April, 1987, the Authority adopted a resolution establishing a series of said Consolidated Bonds to be known as "Sixty-second Series, Due 2023" (hereinafter called "bonds of this Series"), which said resolution by its terms constitutes a contract with the holders of the bonds of this Series; and

WHEREAS, the Authority has now determined that it is necessary, advisable and in the public interest to authorize the issuance of Two Hundred Million Dollars ($200,000,000) in principal amount of bonds of this Series for the purposes hereinafter set forth:

NOW, THEREFORE, be it resolved by The Port Authority of New York and New Jersey:

SECTION 1. As used in this resolution, any words or phrases specially defined in the aforesaid Consolidated Bond Resolution shall be read and construed in accordance with such special definitions; *provided, however*, that the term "facility" herein shall not include any railroad car owned, leased or operated pursuant to Chapter 638 of the Laws of New York of 1959 and Chapter 25 of the Laws of New Jersey of 1959 or any acts amendatory or supplementary thereto.

SECTION 2. The issuance of up to Two Hundred Million Dollars ($200,000,000) in principal amount of bonds of this Series is hereby authorized. Said bonds shall be issued in one or more installments or lots pursuant to and shall conform in all respects to the aforesaid Consolidated Bond Resolution and the aforesaid resolution establishing the bonds of this Series.

SECTION 3. Unless otherwise determined by the Committee on Finance in connection with the issuance of the bonds of this Series as book-entry only securities (which said Committee is hereby authorized to fix and determine such other system or method), the bonds of this Series shall be numbered upward from C(62)-1, or they may bear such other numbers as the Chairman of the Authority; Vice Chairman of the Authority; Chairman of the Committee on Finance; Executive Director; Assistant Executive Director; Chief Financial Officer; Deputy Chief Financial Officer; Comptroller; Assistant Comptroller; Treasurer; or Assistant Treasurer of the Authority may deem appropriate.

SECTION 4. The proceeds of the bonds of this Series shall be used (a) for purposes of capital expenditures in connection with any one or more of the facilities of the Authority and for purposes incidental thereto; *provided, however*, that subject to agreements with the holders of obligations of the Authority and consistent with applicable provisions of Section 103 of the Internal Revenue Code of 1986, as amended, or successor provisions of law, and the applicable regulations related thereto, the Committee on Finance may authorize all or any portion of the unspent proceeds of the bonds of this Series to be used for any purpose for which at the time of issuance thereof the Authority was authorized by law to issue its obligations, including capital expenditures in connection with facilities of the Authority certified or to be certified after issuance of the bonds of this Series; (b) for the purpose of refunding, directly, by offers to exchange, or otherwise, at or before maturity, all or any part of any issue of Consolidated Bonds or Consolidated Notes issued and outstanding at the time of the sale of any installment of the bonds of this Series; and (c) for the purpose of refunding in accordance with applicable law, regulations and contractual provisions, any of the special obligations under the Port Authority Commercial Paper Program.

SECTION 5. In the event the Committee on Finance determines that the needs of the Authority for capital funds or the public interest require allocation of the proceeds of any of the bonds of this Series to purposes in connection with some but not all of the purposes authorized in Section 4 hereof, the Committee is hereby authorized, prior to the sale of bonds of any installment of this Series from time to time, to make such allocation by resolution. The adoption by said Committee of such a resolution prior to any such sale shall be sufficient to restrict the application of the proceeds of any bonds of such installment of this Series included in said sale to the purposes specified by the Committee in said resolution.

SECTION 6. The provisions of this resolution shall constitute a contract with the holders of the bonds issued pursuant to this resolution, and with each such holder.

Consolidated Bonds, Sixty-second Series—Authorization of Sale

Pursuant to the foregoing report, the following resolution was unanimously adopted:

SECTION 1. The Committee on Finance of the Authority (hereinafter called the "Committee") is hereby authorized to sell all or any part of Two Hundred Million Dollars ($200,000,000) in principal amount of Consolidated Bonds, Sixty-second Series, Due 2023 (hereinafter called the "bonds of this Series"), at a price which will result in a true interest cost to the Authority not in excess of twelve per centum (12%) per annum to maturity, and to do so in the name of and on behalf of the Authority, at public or private sale, with or without advertisement, in one or more installments or in one or more lots, at one or more times on or before December 31, 1988, and to apply the proceeds of such sale or sales as provided in the resolution authorizing the issuance of said bonds of this Series; *provided, however,* that the total aggregate principal amount of Consolidated Bonds, Fifty-eighth Series, Due 2022, Consolidated Bonds, Fifty-ninth Series, Due 2022, Consolidated Bonds, Sixtieth Series, Due 2022, Consolidated Bonds, Sixty-first Series, Due 2022, Consolidated Bonds, Sixty-second Series, Due 2023, Consolidated Bonds, Sixty-third Series, Due 2023, Consolidated Bonds, Sixty-fourth Series, Due 2023, and Consolidated Bonds, Sixty-fifth Series, Due 2023, sold by the Committee shall not exceed One Billion Dollars ($1,000,000,000).

SECTION 2. The Committee shall have power, in connection with the bonds of this Series, to fix the time or times of sale on or before December 31, 1988, to determine the terms and conditions upon which sales shall be made and to accept or reject offers in connection with such sales, and to do so in the name of and on behalf of the Authority.

SECTION 3. The Committee shall have power in the name of and on behalf of the Authority, in connection with the bonds of this Series, to enter into any appropriate contracts or agreements concerning any sales or exchanges; to fix the time or times and determine the terms and conditions of delivery of the bonds of this Series; to appoint and to enter into appropriate contracts or agreements with one or more Paying Agents and a Registrar and a Trustee, and to designate the office or offices of any such Paying Agent or Paying Agents at which payments shall be made and the office or offices of any such Registrar at which the books for registration shall be kept; to enter into any appropriate contracts or agreements providing insurance in connection with the bonds of this Series; to enter into appropriate contracts or agreements in connection with the issuance of the bonds of this Series as book-entry only securities; to make any selection, designation, determination or estimate and to take or withhold any action and to formulate and express any opinions and to exercise any discretion or judgment which may be or is required to be made, taken, withheld, formulated, expressed or exercised by the Authority as a condition precedent to the issuance of the bonds of this Series or for the purpose of determining whether all conditions precedent to their issuance exist, the Authority hereby adopting all such selections, designations, determinations, actions, withholdings of action, estimates and exercises of judgment and discretion, whether pursuant to Section 3 of the Consolidated Bond Resolution of October 9, 1952, or otherwise, as its own; and to authorize any of the foregoing and generally to take such other action as in the opinion of the Committee will best serve the public interest.

SECTION 4. The Committee shall have power to authorize one or more official statements in the name of and on behalf of the Authority (describing the Authority, its financial condition and the bonds offered for sale, and making representations on behalf of the Authority). The Authority hereby authorizes the underwriter or underwriters purchasing the bonds in offering the bonds of this Series for resale to use such official statement or statements and representations as those of the Authority.

SECTION 5. No part of the proceeds of the bonds of any installment of the bonds of this Series shall be invested directly or indirectly in such a manner as to cause the interest on such bonds of this Series to be subject to Federal income taxes under Section 148 of the Internal Revenue Code of 1986, as amended, or successor provisions of law, and the applicable regulations related thereto.

SECTION 6. The Committee; Chairman of the Authority; Vice Chairman of the Authority; Chairman of the Committee; Executive Director; Assistant Executive Director; Chief Financial Officer; Deputy Chief Financial

Officer; or Treasurer of the Authority is hereby authorized, in connection with the bonds of this Series, to take any action which may be necessary or desirable to assure that the bonds of this Series are in conformity with the provisions of Section 103 of the Internal Revenue Code of 1986, as amended, or successor provisions of law, and the applicable regulations related thereto, and that the interest on such bonds of this Series is not includible for Federal income tax purposes in the gross income of the recipients thereof under Section 103(a) of the Code, or successor provisions of law, or regulations with respect thereto, and any such actions taken in connection therewith are hereby ratified. The Chairman of the Authority; Vice Chairman of the Authority; Chairman of the Committee; Executive Director; Assistant Executive Director; Chief Financial Officer; Deputy Chief Financial Officer; Comptroller; Assistant Comptroller; Treasurer; or Assistant Treasurer of the Authority is hereby authorized to certify on behalf of the Authority as to the need for the issuance of bonds of this Series for the purposes for which such bonds of this Series are issued, as to the status of the projects for which the proceeds of the bonds of this Series would be used, as to the Authority's intentions with respect to the application and investment of said proceeds, and as to such other related matters as may be authorized by the Committee and any such actions taken in connection therewith are hereby ratified.

Consolidated Bonds, Sixty-third Series—Establishment

Pursuant to the foregoing report, the following resolution was unanimously adopted:

WHEREAS, heretofore and on the 9th day of October, 1952, The Port Authority of New York and New Jersey (formerly known as The Port of New York Authority and hereinafter called the "Authority") adopted a resolution (hereinafter called the "Consolidated Bond Resolution") providing for the issuance of certain direct and general obligations of the Authority (hereinafter called "Consolidated Bonds"), from time to time, in conformity with said Consolidated Bond Resolution for the purposes therein set forth, and which Consolidated Bond Resolution constitutes a contract with the holders of the Consolidated Bonds so issued; and

WHEREAS, said Consolidated Bond Resolution provides that such Consolidated Bonds shall be issued in such series as the Authority may determine, and that the characteristics of the bonds of such series shall be determined by the Authority by and in the resolution establishing such series, and that the resolution establishing any series may contain other terms and provisions not inconsistent with the Consolidated Bond Resolution; and

WHEREAS, the Authority has heretofore established various series of said Consolidated Bonds and has now determined that it is necessary, advisable and in the public interest to establish another series of said Consolidated Bonds, without prejudice to its right hereafter to establish other and additional series of such Consolidated Bonds;

NOW, THEREFORE, be it resolved by The Port Authority of New York and New Jersey:

SECTION 1. As used in this resolution, any words or phrases specially defined in the aforesaid Consolidated Bond Resolution shall be read and construed in accordance with such special definitions.

SECTION 2. There is hereby established a series of said Consolidated Bonds to be known as "Consolidated Bonds, Sixty-third Series, Due 2023," to be issued in conformity with said Consolidated Bond Resolution and for any one or more of the purposes specified therein as may be provided in the resolution authorizing the issuance of such series. This resolution shall constitute a contract with the holders of said bonds of Consolidated Bonds, Sixty-third Series, Due 2023, which said bonds are hereinafter called "bonds of this Series," and with each such holder.

SECTION 3. Bonds of this Series shall be issued in one or more installments or lots as the Authority may hereafter determine.

The bonds of this Series shall be dated as of June 1, 1988, shall mature on June 1, 2023, and shall bear a stated rate or rates of interest, including fixed, variable or incremental rates for the term of the bonds or any portion thereof, or a combination thereof, from the semi-annual interest payment date next preceding their date of issuance, or if such date of issuance shall be an interest payment date, from such date of issuance, not exceeding twelve per centum (12%) per annum as may be determined by the Committee on Finance of the Authority. The Committee on Finance is hereby authorized to fix and determine any other date as that upon which interest shall commence and said interest rate or rates, or to determine that said bonds of this Series shall not bear a stated rate of interest. If the bonds of this Series shall bear a stated rate or rates of interest, interest shall be payable semi-annually commencing on December 1, 1988, and thereafter on each succeeding June 1 and December 1 until maturity or prior redemption.

Both principal of and interest on the bonds of this Series shall be payable in lawful money of the United States of America. Principal of the bonds of this Series shall be payable upon presentation and surrender thereof by the registered holders, or in the case of coupon bonds of this Series, if any, upon presentation and surrender thereof, at the office or offices, designated by the Authority, of the Paying Agent or Paying Agents appointed for the purpose by the Authority, in a county which is in whole or in part in the Port of New York District. Interest on the registered bonds of this Series shall be payable when due to the registered holder thereof by check or draft drawn on the Paying Agent or Paying Agents appointed for the purpose by the Authority and mailed to said registered holder and interest on the coupon bonds of this Series, if any, shall be payable upon presentation and surrender of the coupons appertaining thereto at such office or offices of such Paying Agent or Paying Agents. If on original issuance the bonds of this Series are to be issued as book-entry only securities, subject to a book-entry

system for determining interests therein, the Committee on Finance is hereby authorized to fix and determine an alternate method for the payment of both or either of the principal of and interest on the bonds of this Series to the registered holder thereof: *provided, however,* in the event that such book-entry system or any successor book-entry system is discontinued without replacement with a similar system, then the foregoing payment provisions of this paragraph shall apply to the bonds of this Series.

Bonds of this Series shall be issued only in registered form without coupons, registered as to both principal and interest and not as to either alone; *provided, however,* if at any time prior to issuance of the first installment of the bonds of this Series, there shall be in effect a provision of the Internal Revenue Code of 1986, as amended (hereinafter called the "Code"), or successor provisions of law, or the regulations with respect thereto, which does not provide that, for the interest on the bonds of this Series to be considered not includible for Federal income tax purposes in the gross income of the recipients thereof under Section 103(a) of the Code, or successor provisions of law, such bonds of this Series must be issued in registered form, then the bonds of this Series may also be issued in the form of coupon bonds payable to bearer, in which event the Committee on Finance is hereby authorized to adopt an appropriate form of coupon bond issuable only in the denomination of $5,000. If on original issuance the bonds of this Series are to be issued as book-entry only securities subject to a book-entry system for determining interests therein, the Committee on Finance is hereby authorized to fix and determine an appropriate form of bond or other evidence of indebtedness; *provided, however,* in the event that such book-entry system or any successor book-entry system is discontinued without replacement with a similar system then the provisions of Section 9 of this resolution shall apply to the bonds of this Series.

Registered bonds of this Series shall be issued in the denominations of $5,000 or integral multiples of $5,000.

SECTION 4. The Authority will keep or cause to be kept at the offices, designated by the Authority, of its Registrar appointed for that purpose, in a county which is in whole or in part in the Port of New York District, proper and sufficient books for the registration of bonds of this Series. Each registered bond of this Series shall be transferable only upon such books by the registered holder thereof in person or by such registered holder's attorney duly authorized in accordance with the provisions of this resolution.

In the event that the bonds of this Series may be issued in coupon form, a coupon bond or bonds of this Series (if any), upon the written request of the bearer or bearers thereof and upon the surrender thereof with all unmatured coupons thereto attached, may be exchanged for a registered bond or bonds, registered as designated in such request, of the same aggregate principal amount and series as the surrendered bond or bonds, of any of the authorized denominations. A registered bond or bonds of this Series, upon the written request of the registered holder or holders thereof and upon surrender thereof, may be exchanged for a registered bond or bonds, registered as designated in such request, of any other authorized denominations, or in the event that the bonds of this Series may be issued in coupon form, a coupon bond or bonds with appropriate coupons attached, or a combination of such coupon and registered bonds, in each case of the same aggregate principal amount as the surrendered bond or bonds.

All requests for the registration, transfer, exchange and delivery of bonds as above provided shall be filed with the Registrar of the Authority; all bonds to be surrendered pursuant to such request shall be surrendered to the Registrar; and all bonds delivered in exchange as aforesaid shall be delivered by the Registrar. All bonds of this Series surrendered to the Registrar in exchange for other bonds or for transfer as above provided shall be cancelled by the Registrar upon such surrender.

The Authority shall bear the cost incurred by the Authority in connection with the registration, authentication (if any), transfer, cancellation, exchange and delivery of bonds of this Series, including such fees as may be imposed by the Registrar for such services performed by the Registrar as provided in this resolution.

Nothing contained in this resolution shall be deemed to authorize the execution and delivery of bonds of this Series except in the denomination of $5,000 in the case of coupon bonds (if any) or in the denominations of $5,000 or integral multiples of $5,000 in the case of registered bonds or to authorize the issuance of coupon bonds of this Series if at any time there shall be in effect a provision of the Code or the applicable regulations related thereto which provides that for the interest on the bonds of this Series to be considered not includible for Federal income tax purposes in the gross income of the recipients thereof under Section 103(a) of the Code, or successor provisions of law, such bonds of this Series must be issued in registered form.

SECTION 5. Except as provided in Section 6 of this resolution, bonds of this Series shall be redeemable at the option of the Authority, in whole or in part, on interest payment dates, at or subsequent to June 1, 1995, and prior to maturity, as follows:

At one hundred two per centum (102%) of their face value, plus accrued interest to the date fixed for redemption, at June 1, 1995, and thereafter and at or prior to June 1, 1997; at one hundred one per centum (101%) of their face value, plus accrued interest to the date fixed for redemption, thereafter and at or prior to June 1, 2000; and at one hundred per centum (100%) of their face value, plus accrued interest to the date fixed for redemption, thereafter and at or prior to December 1, 2022.

If less than all the bonds of this Series then outstanding are to be called for redemption, the bonds so to be called shall be determined by lot by the Authority or the Registrar as the Authority may elect or by such other system or method as the Committee on Finance may determine (which said Committee is hereby authorized to fix and determine such other system or method).

Notice of intention to redeem any bonds of this Series shall be given by the Authority by publication in a daily newspaper of general circulation in the Port of New York District. Such notice shall be published at least twice prior to the date fixed for redemption, the first publication to be not less than thirty (30) nor more than forty-five (45) days before the date fixed for redemption and the second publication to be not less than ten (10) nor more than twenty (20) days before the date fixed for redemption. A copy of such notice shall also be mailed by the Authority or the Registrar, as the Authority may elect, not less than thirty (30) nor more than forty-five (45) days prior to the date fixed for redemption, to the registered holders of the bonds of this Series to be called for redemption, at their last known addresses as appearing upon the Registry Books of the Authority; *provided, however*, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any action with respect to the redemption of said bonds. If on original issuance the bonds of this Series are to be issued only in registered form or are to be issued as book-entry only securities subject to a book-entry system for determining interests therein, the Committee on Finance is hereby authorized to fix and determine an alternate method by which the Authority shall give notice of intention to redeem any bonds of this Series.

Before the date fixed for redemption specified in the Authority's notice of intention to redeem, the Authority will pay or cause to be paid to the Paying Agent (or Paying Agents) an amount in cash in the aggregate sufficient to redeem all of the outstanding bonds which are to be redeemed, at the respective redemption prices thereof, which, in each case, shall include the accrued interest to the date fixed for redemption and the premium (if any), such principal amount and premium (if any), to be held by the Paying Agent (or Paying Agents) in trust for the account of the holders of the bonds so called for redemption and to be paid to them respectively upon presentation and surrender of the said bonds with accrued interest included in such redemption price to be paid to the registered holders in accordance with the provisions of this resolution and in the case of coupon bonds (if any), such accrued interest to be paid to the holders only upon presentation and surrender of all unmatured coupons (if any) pertaining to such bonds. On and after the date fixed for redemption, the notice of intention to redeem having been completed as above provided or as provided by the Committee on Finance, the bonds so called shall become due and payable at the office of the Paying Agent (or Paying Agents) designated by the Authority, and if funds sufficient for payment of the redemption price shall have been deposited with the Paying Agent (or Paying Agents) in trust as aforesaid and if such funds shall be available for redemption of such bonds on the date fixed for redemption, then and in any such event, interest shall cease to accrue on the bonds so called from and after the date fixed for their redemption, and such bonds and the unmatured coupons (if any) pertaining thereto shall not be entitled to the benefit or security of this resolution or the Consolidated Bond Resolution, but shall rely solely upon the funds so deposited.

In the case of registered bonds of denominations greater than $5,000, if less than all of the bonds of this Series then outstanding are to be called for redemption, then for all purposes in connection with redemption, each $5,000 unit of face value shall be treated as though it were a separate bond of the denomination of $5,000, and the word "bond" as used in the foregoing provisions of this Section 5 shall be deemed to refer to such $5,000 unit of face value. If it is determined as above provided that one or more but not all of the $5,000 units of face value represented by any bond are to be called for redemption, then upon notice of intention to redeem said $5,000 unit or units, the holder of said bond shall forthwith present said bond to the Registrar who shall issue a new bond or bonds of smaller authorized denominations but of the same aggregate principal amount in exchange therefor, pursuant to Section 4 of this resolution, including a new bond or bonds with the aggregate principal amount of the $5,000

unit or units of face value called for redemption; and such new bond or bonds shall be deemed to be duly called for redemption without further notice to the holder thereof. If the holder of such bond of a denomination greater than $5,000 shall fail to present such bond to the Registrar for the issuance of new bonds of smaller denominations in exchange therefor, as aforesaid, such bond shall nevertheless become due and payable on the date fixed for redemption to the extent of the $5,000 unit or units of face value called for redemption (and to that extent only); and (funds sufficient for the payment of the redemption price having been deposited with the Paying Agent or Paying Agents, as aforesaid, and being available as aforesaid on the date fixed for redemption) interest shall cease to accrue on the portion of the principal amount of such bond represented by such $5,000 unit or units of face value on and after the date fixed for redemption, and such bond shall not be entitled to the benefit or security of this resolution or the Consolidated Bond Resolution to the extent of the portion of its principal amount (and accrued interest thereon to the date fixed for redemption and premium, if any) represented by such $5,000 unit or units of face value, but to that extent shall rely solely upon the funds so deposited.

SECTION 6. The Authority shall establish and maintain a separate sinking fund for the retirement of bonds of this Series which shall be known as the "Consolidated Bonds, Sixty-third Series, Due 2023, Sinking Fund." The amount required to be paid into said Sinking Fund for each year shall be the difference at October 15 of such year between the schedule amount of principal for such year and the schedule amount of principal for the next preceding year as set forth in this Section 6, determined in the manner provided in the next succeeding paragraph. Except as provided in the third paragraph of this Section 6, payments into said Sinking Fund shall be made in bonds of this Series purchased or redeemed by the Authority at or prior to October 15 of the year on account of which the payment is made. Such payments may be made at any time or times during such year at or prior to October 15 or at any time or times during any prior year. Bonds of this Series so purchased may be purchased at such prices as the Authority may deem reasonable and proper and, in the discretion of the Authority, at public or private sale, with or without advertisement and with or without notice to any person other than the seller, and bonds theretofore issued and negotiated and then held by the Authority may be purchased for such purpose as well as bonds held by others. To be eligible for payment into said Sinking Fund each such bond shall have theretofore actually been issued and negotiated by the Authority and shall either be in registered form or in coupon form (if any) with all interest coupons attached maturing on and subsequent to December 1 of the year on account of which it is paid into said Sinking Fund. Bonds paid into said Sinking Fund shall be received therein at a value equal to the principal amount of such bonds. Upon payment into said Sinking Fund of said bonds of this Series so purchased or redeemed, said bonds shall be forthwith cancelled. All bonds of this Series which shall have been redeemed at prices established by Section 5 hereof shall be deemed to have been paid into said Sinking Fund and cancelled within the requirements of the preceding sentence whether or not said bonds shall have been presented for payment upon such redemption.

The schedule amount of bonds of this Series for each year shall be determined by multiplying the aggregate principal amount of all bonds of this Series theretofore issued (whether or not any of such bonds shall have theretofore been retired) by the cumulative percentage of total principal amount specified opposite such year in the schedule of mandatory periodic retirement hereafter set forth in this Section 6; if the amount so determined shall not be a multiple of $5,000, then the schedule amount for such year shall be the next higher multiple of $5,000.

If at the close of October 15 of any year (except the year of maturity) set forth in said schedule of mandatory periodic retirement, the Authority shall not have made payment into said Sinking Fund on account of such year of an amount at least equal to the payment required to be made therein on account of such year, then the Authority shall, on October 16 of such year, pay into said Sinking Fund an amount in cash equal to the deficiency, and such amounts shall be applied to the redemption of bonds of this Series at December 1, 2003, and at December 1 of each year thereafter, in the manner and upon the notice set forth in Section 5 of this resolution, but, notwithstanding the redemption price set forth in Section 5, at the price of one hundred per centum (100%) of their face value, plus accrued interest to the date fixed for redemption, at December 1, 2003, and thereafter and at or prior to December 1, 2022.

The following schedule of mandatory periodic retirement is provided for bonds of this Series:

Year	Cumulative Percentage of Total Principal Amount	Year	Cumulative Percentage of Total Principal Amount
2003	2.1	2014	38.9
2004	4.4	2015	43.9
2005	6.8	2016	49.3
2006	9.4	2017	55.1
2007	12.2	2018	61.4
2008	15.2	2019	68.1
2009	18.5	2020	75.3
2010	22.0	2021	83.1
2011	25.8	2022	91.4
2012	29.8	2023	100.0
2013	34.2		

Nothing herein contained shall be construed in any way to prevent the Authority from retiring bonds of this Series more rapidly than is shown in the foregoing schedule of mandatory periodic retirement.

SECTION 7. The Authority shall not apply any moneys in the Consolidated Bond Reserve Fund or in any special reserve fund established for the benefit of the bonds of any prior issue of bonds except for the payment of bonds secured by a pledge of the General Reserve Fund in whole or in part, the payment of debt service upon bonds so secured, the purchase for retirement of bonds so secured or the redemption of bonds so secured, or for the payment of expenses incurred for the establishment, acquisition, construction or effectuation, or for the operation, maintenance, repair or administration of any facility financed or refinanced in whole or in part by bonds secured by a pledge of the General Reserve Fund in whole or in part, or otherwise for the fulfillment of any undertakings which the Authority has assumed or may or shall hereafter assume to or for the benefit of the holders of bonds secured by a pledge of the General Reserve Fund in whole or in part; *provided, however*, that nothing herein contained shall be construed to permit the application by the Authority of moneys in the Consolidated Bond Reserve Fund or in any special reserve fund established for the benefit of the bonds of any prior issue of bonds except for purposes and upon conditions which in the case of the Consolidated Bond Reserve Fund are authorized by the Consolidated Bond Resolution or in the case of said special reserve funds are authorized by the respective resolutions establishing such prior issues of bonds.

Consolidated Bonds proposed to be issued for purposes in connection with an additional facility or a group of additional facilities in connection with which the Authority has not theretofore issued bonds which have been secured by a pledge of the General Reserve Fund in whole or in part, may be issued, and bonds other than Consolidated Bonds proposed to be issued for purposes in connection with such an additional facility or group of additional facilities may be secured by a pledge of the General Reserve Fund in whole or in part, in each case if and only if the Authority shall certify at the time of issuance (as defined in Section 3 of the Consolidated Bond Resolution) its opinion that the issuance of such Consolidated Bonds or that such pledge of the General Reserve Fund as security for such bonds other than Consolidated Bonds will not, during the ensuing ten (10) years or during the longest term of any of such bonds proposed to be issued (whether or not Consolidated Bonds), whichever shall be longer, in the light of its estimated expenditures in connection with such additional facility or such group of additional facilities, materially impair the sound credit standing of the Authority or the investment status of Consolidated Bonds or the ability of the Authority to fulfill its commitments, whether statutory or contractual or reasonably incidental thereto, including its undertakings to the holders of Consolidated Bonds; and the Authority may apply moneys in the General Reserve Fund for purposes in connection with those of its bonds and only those of its bonds which it has theretofore secured by a pledge of the General Reserve Fund in whole or in part. Expenditures in connection with an additional facility or group of additional facilities shall mean the amount of the excess, if any, of the sum of all items of expense to be considered in determining the net revenues of the additional facility or group of additional facilities plus the debt service upon the bonds proposed to be issued and upon any additional bonds which in the Authority's opinion would be required to be issued to place and maintain such facility or group of facilities upon a sound operating basis, over and above the sum of all items of revenue and income to be considered in determining such net revenues.

SECTION 8. The Authority shall appoint a bank or trust company as Trustee for and in connection with the bonds of this Series. The Trustee is hereby authorized to (i) institute any action or proceeding on behalf of the holders of the bonds of this Series against the Authority or others, or (ii) intervene in any pending action or proceeding, or (iii) take any other action which it shall in its sole discretion determine to be necessary or advisable in order to protect the rights of the holders of bonds of this Series. The rights of the Trustee in this respect and in all other respects shall be in addition to and not in substitution of any and all rights which would otherwise inure to the holder or holders of bonds of this Series. It is understood that the Trustee in its sole discretion may, but shall be under no obligation to, review the activities or operations of the Authority or any of the contracts or agreements of the Authority or exercise any of the rights or powers vested in it by this Section 8 whether on the Trustee's initiative or at the request or direction of any of the holders of bonds of this Series.

The Trustee (which shall include any successor Trustee) appointed under the provisions of this Section shall be a bank or trust company organized under the laws of the State of New York or the State of New Jersey or a national banking association doing business and having its principal office in the Port of New York District and having a total capital (including capital stock, surplus, undivided profits and capital notes, if any) aggregating at least $25,000,000, which is willing and able to accept the office on reasonable and customary terms and is authorized by law to perform all the duties imposed upon it by this resolution.

The Trustee shall not be liable for any action taken or suffered upon any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document believed by it to be genuine, and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may or may not be counsel to the Authority, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this resolution in good faith and in accordance therewith. The Trustee shall not be liable in connection with the performance or nonperformance of its duties except for its own willful misconduct, negligence or bad faith.

If the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this resolution, such matter (unless other evidence in respect thereof be specifically prescribed) may be deemed to be conclusively proved and established by a certificate of an authorized officer of the Authority (who shall be any officer authorized pursuant to Section 9 hereof to execute bonds of this Series), and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this resolution upon the faith thereof; but in its discretion the Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable.

The Authority shall annually, within one hundred twenty (120) days after the close of each calendar year, file with the Trustee a statement of an authorized officer showing for the preceding calendar year (i) net revenues, (ii) the aggregate interest paid on bonds of the Authority, and (iii) the payments of principal on bonds of the Authority.

The Authority shall annually, within one hundred twenty (120) days after the close of each calendar year, file with the Trustee a copy of its annual report for such year, and its financial statement for such year accompanied by an opinion signed by an independent public accountant or firm of public accountants of recognized standing selected by the Authority and satisfactory to the Trustee.

The Authority shall file with the Trustee a copy of any Official Statement hereafter issued by the Authority in connection with the issuance of bonds by the Authority.

The Authority shall file with the Trustee a copy of the minutes of every meeting of the Authority and of the Port Authority Trans-Hudson Corporation at the time said minutes are transmitted to the Governor of New York and the Governor of New Jersey.

The Authority shall not be required to file with the Trustee (except when requested to do so by the Trustee) and the Trustee shall not be required to review any document, instrument, report or paper other than those which the Authority is expressly required hereunder to file with the Trustee. The Trustee shall not be bound to make any investigation into the facts or matters stated in any document, instrument, report or paper supplied to it, but the Trustee in its sole discretion may make such further inquiry or investigation into such facts or matters as the Trustee may deem advisable, and, if the Trustee shall determine to make such further inquiry or investigation, the Trustee is authorized to examine such books and records of and properties owned or operated by the Authority as the Trustee may deem advisable, personally or by agent or attorney.

The Authority hereby agrees (i) to pay to the Trustee from time to time reasonable compensation for all services rendered by it hereunder, (ii) to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in connection with the exercise or performance of any of its powers or duties hereunder (including the reasonable compensation and the expenses and disbursements of its agents and counsel), and (iii) to indemnify the Trustee for, and hold it harmless against, any loss, liability or expense incurred without willful misconduct, negligence or bad faith on its part, arising out of or in connection with the exercise or performance of the Trustee's powers and duties hereunder, including the costs and expenses of defending itself against any claim or liability in connection with such exercise or performance.

The Trustee may become the owner or holder of any bonds of the Authority with the same rights as it would have were it not a Trustee. To the extent permitted by law, the Trustee may act as depositary for the Authority, act as Paying Agent and Registrar of bonds of the Authority, act itself and permit any of its officers or directors to act in any other capacity with respect to the Authority, the bonds of the Authority and the holders of bonds of the Authority as it or its officers or directors would be able to act were it not a Trustee.

The Trustee may at any time resign and be discharged of the duties and obligations created by this resolution by giving not less than sixty (60) days' written notice to the Authority and publishing notice thereof, specifying the date when such resignation shall take effect, once in each week for two (2) successive calendar weeks in a newspaper of general circulation in the City of New York, State of New York, and such resignation shall take effect upon the date specified in such notice unless previously a successor shall have been appointed by the Authority in which event such resignation shall take effect immediately on the appointment of such successor.

The Trustee may be removed at any time by an instrument or concurrent instruments in writing, filed with the Trustee, and signed and acknowledged by the holders of a majority in principal amount of the bonds of this Series then outstanding or by their attorneys duly authorized, excluding any bonds held by or for the account of the Authority.

In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, a successor may be appointed by the holders of a majority in principal amount of the bonds of this Series then outstanding, excluding any bonds held by or for the account of the Authority, by an instrument or concurrent instruments in writing signed and acknowledged by such bondholders or by their attorneys duly authorized and delivered to such successor Trustee, notification thereof being given to the Authority and the predecessor Trustee; *provided*, nevertheless, the Authority shall forthwith appoint a Trustee to fill such vacancy until a successor Trustee shall be appointed by the holders of bonds of this Series as authorized in this Section. The Authority shall publish notice of any such appointment made by it once in each week for two (2) consecutive calendar weeks, in a newspaper of general circulation in the City of New York, State of New York, the first publication to be made within twenty (20) days after such appointment. Any successor Trustee appointed by the Authority shall, immediately and without further act, be superseded by a Trustee appointed by the holders of bonds of this Series.

Any company into which any Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which any Trustee may sell or transfer all or substantially all of its corporate trust business; *provided*, such company shall be a bank or trust company located in the Port of New York District and shall be authorized by law to perform all the duties imposed upon it by this resolution, shall be the successor to such Trustee without the execution or filing of any paper or the performance of any further act.

The failure of the Authority to take any action required by this Section shall not invalidate any bond or bonds issued pursuant to this resolution or hereafter issued by the Authority, or affect any other actions of the Authority. The Authority shall in no way be restricted by this Section from entering any defense to an action or proceeding instituted by the Trustee or by the holder or holders of bonds of this Series.

SECTION 9. Each bond of this Series shall have the official seal of the Authority, or a facsimile thereof, affixed thereto or printed or impressed thereon, and shall be signed by any one of the following persons, to wit:—The person holding the office or exercising the duties of Chairman; Vice Chairman; Chairman of the

Committee on Finance; Executive Director; Assistant Executive Director; Secretary; Assistant Secretary; Chief Financial Officer; Deputy Chief Financial Officer; Comptroller; Assistant Comptroller; Treasurer; or Assistant Treasurer of the Authority at the time of its execution; *provided*, that each bond of this Series may be executed by the facsimile signature of any of the foregoing persons and, in such event, such bond shall have endorsed thereon a certificate of authentication substantially in the form hereinafter set forth, manually executed by the Registrar of the Authority. No bond of this Series bearing a facsimile signature of any of the foregoing persons shall be entitled to any benefit under this resolution or the Consolidated Bond Resolution or be valid or obligatory for any purpose unless and until such certificate of authentication shall have been manually executed by the Registrar of the Authority, as aforesaid, and such manually executed certificate upon such bond shall be conclusive evidence that such bond has been authenticated and delivered hereunder. Such certificate of authentication on any such bond shall be deemed to have been executed by the Registrar of the Authority, as aforesaid, if signed by an authorized officer thereof, but it shall not be necessary that the same officer sign the certificate of authentication on all of such bonds issued hereunder. Bonds of this Series in coupon form (if any) shall have coupons for interest attached, bearing facsimile signatures of the Chairman and Secretary of the Authority.

The registered bonds of this Series shall be in substantially the following form, the blank spaces being appropriately filled in, and, as applicable, taking account of the changes and adjustments authorized in this resolution:

(FORM OF REGISTERED BOND)

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

CONSOLIDATED BOND

SIXTY-THIRD SERIES, DUE 2023

No. C(63)-. . . .
Maturity Date: June 1, 2023 Interest Rate: . . . .% Per Annum Dated: June 1, 1988 CUSIP . . . .

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (formerly known as The Port of New York Authority and hereinafter called the Authority), a body corporate and politic, created by the Compact of April 30, 1921, between the State of New York and the State of New Jersey, to which the consent of the Congress of the United States was given by Public Resolution No. 17, 67th Congress, First Session, acknowledges itself indebted and for value received hereby promises to pay to the registered holder hereof, on the first day of June, 2023, upon presentation and surrender of this bond, the principal amount shown below:

together with interest thereon at the rate of per centum (%) per annum from , payable semi-annually commencing on December 1, 1988, and thereafter on each succeeding June 1 and December 1 until maturity or prior redemption. The principal of this bond shall be payable in lawful money of the United States of America, at maturity or prior redemption upon presentation and surrender by the registered holder hereof at the office of , Paying Agent of the Authority, or the office or offices designated by the Authority of such other Paying Agent or Paying Agents appointed for the purpose by the Authority in a county which is in whole or in part in the Port of New York District. Semi-annual interest on this bond shall be payable when due, in lawful money of the United States of America, to said registered holder by check or draft drawn on the Paying Agent or Paying Agents appointed for the purpose by the Authority and mailed to said registered holder.

This bond is issued pursuant to and in full conformity with the Compact between the States of New York and New Jersey creating the Authority and the various statutes of said two States amendatory thereof and supplemental thereto, for purposes provided in said Compact and statutes, and is a direct and general obligation of the Authority for the prompt payment of the principal of and interest on which the full faith and credit of the Authority are irrevocably pledged. The provisions of the resolution of October 9, 1952, establishing an issue of Consolidated Bonds, and of the resolutions of April 9, 1987, establishing the Series of which this bond forms a part and authorizing the issuance of this bond, constitute a contract between the Authority and the registered holder of this bond, which is subject to modification as therein provided.

The Authority has appointed a Trustee for and in connection with the bonds of this Series as provided by the resolution establishing the Series of which this bond forms a part.

This bond is registered as to principal and interest (but not as to either alone) and is transferable only upon the books kept by the Registrar of the Authority by the registered holder of this bond or attorney duly authorized, all in accordance with the provisions of the resolution establishing the Series of which this bond forms a part. The bonds of this Series are issuable only in the form of registered bonds without coupons in the denominations of $5,000 or integral multiples of $5,000. The registered holder of this bond or attorney duly authorized may upon application to the Registrar of the Authority exchange the same in accordance with the provisions of the resolution establishing the Series of which this bond forms a part for an equal aggregate principal amount of registered bonds of any other authorized denominations. The Authority shall bear the cost incurred by the Authority in connection with the registration, authentication (if any), transfer, cancellation, exchange and delivery of bonds of this Series including such fees as may be imposed by the Registrar for such services performed by the Registrar.

This bond may be redeemed at December 1 of any year prior to maturity beginning with 2003 to satisfy the requirements of the schedule of mandatory periodic retirement provided for bonds of this Series in and pursuant to said resolutions of the Authority at one hundred per centum (100%) of its face value, plus accrued interest to the date fixed for redemption at December 1, 2003, and thereafter and at or prior to December 1, 2022.

This bond may at the option of the Authority be redeemed for any other purpose at any interest payment date at or subsequent to June 1, 1995, as follows:

At one hundred two per centum (102%) of its face value, plus accrued interest to the date fixed for redemption, at June 1, 1995, and thereafter and at or prior to June 1, 1997; at one hundred one per centum (101%) of its face value, plus accrued interest to the date fixed for redemption, thereafter and at or prior to June 1, 2000; and at one hundred per centum (100%) of its face value, plus accrued interest to the date fixed for redemption, thereafter and at or prior to December 1, 2022.

If less than all the bonds of this Series then outstanding are to be called for redemption, the bonds so to be called shall be determined by lot by the Authority or the Registrar as the Authority may elect or by such other system or method as the Committee on Finance of the Authority shall fix and determine.

If this bond shall be called for redemption, notice shall be given by the Authority by publication in a daily newspaper of general circulation in the Port of New York District. Such notice shall be published at least twice prior to the date fixed for redemption—the first publication to be not less than thirty (30) nor more than forty-five (45) days before the date fixed for redemption; and the second publication to be not less than ten (10) nor more than twenty (20) days before the date fixed for redemption. A copy of such notice shall also be mailed, not less than thirty (30) nor more than forty-five (45) days before the date fixed for redemption, to the registered holder of this bond at his last known address as appearing on the Registry Books of the Authority; *provided, however,* that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any action with respect to the redemption of said bonds. If this bond shall be called for redemption, and if funds sufficient for the redemption price shall be deposited with the Paying Agent or Paying Agents of the Authority in trust for the account of the registered holder of this bond, and if such funds shall be available for its redemption on the date fixed for redemption, interest shall cease to accrue on this bond from and after the date fixed for redemption and this bond shall not be entitled to the benefit or security of the foregoing resolutions but shall rely solely upon the funds so deposited.

If this bond is of a denomination greater than $5,000, and if less than all of the bonds of the Series of which this bond forms a part are to be called for redemption, then for all purposes in connection with redemption, each $5,000 of face value of this bond shall be treated as though it were a separate bond of the denomination of $5,000, and the word "bond" as used in the foregoing redemption provisions shall be deemed to refer to each such $5,000 unit of face value.

If it is determined as above provided that one or more but not all of the $5,000 units of face value represented by this bond are to be called for redemption, then upon notice of intention to redeem such $5,000 unit or units the registered holder of this bond shall forthwith present this bond to the Registrar who will issue new bonds of smaller denominations but of the same aggregate principal amount in exchange or substitution therefor, as provided in the resolution establishing the Series of which this bond forms a part, including a new bond or bonds

with the aggregate principal amount of the $5,000 unit or units called for redemption; and such new bond or bonds shall be deemed to be duly called for redemption without further notice to the registered holder. If the registered holder shall fail to present this bond to the Registrar for the issuance of new bonds of smaller denominations in exchange or substitution therefor as aforesaid, this bond shall nevertheless become due and payable on the date fixed for redemption to the extent of the $5,000 unit or units of face value called for redemption (and to that extent only); and (funds sufficient for the payment of the redemption price having been deposited with the Paying Agent or Paying Agents as aforesaid, and being available as aforesaid on the date fixed for redemption) interest shall cease to accrue on the portion of the principal amount of this bond represented by such $5,000 unit or units of face value on and after the date fixed for redemption and this bond shall not be entitled to the benefit or security of the aforesaid resolutions to the extent of the portion of its principal amount (and accrued interest thereon to the date fixed for redemption and premium, if any) represented by such $5,000 unit or units, but to that extent shall rely solely upon the funds so deposited.

This bond is entitled to the benefit of the sinking fund established for this Series by the resolutions of the Authority hereinabove referred to.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen or be performed, precedent to and in the issuance of this bond, exist, have happened and have been performed in due time, form and manner as required by the Constitutions and statutes of the States of New York and New Jersey, the Compact creating the Authority and the aforesaid resolutions of the Authority, and that the amount of this bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by said Constitutions, statutes, Compact or the Consolidated Bond Resolution.

IN WITNESS WHEREOF, The Port Authority of New York and New Jersey has caused its name to be signed hereto by its duly authorized officer, by manual or facsimile signature, and its official seal, or facsimile thereof, to be hereto affixed or printed or impressed hereon, and this bond to be dated as of the first day of June, 1988.

THE PORT AUTHORITY
OF NEW YORK AND NEW JERSEY

.....
Authorized Officer

(END OF FORM OF REGISTERED BOND)

The certificate of authentication attached to each of the bonds of this Series which are executed by a facsimile signature on behalf of the Authority shall be in substantially the following form, the blank spaces being appropriately filled in:

(FORM OF CERTIFICATE OF AUTHENTICATION)

This bond is one of the bonds issued under the provisions of the within-named resolution and the Consolidated Bond Resolution.

Date of Authentication: .....

REGISTRAR
as Registrar of the Authority

By .....
Authorized Officer

(END OF FORM OF CERTIFICATE OF AUTHENTICATION)

Each registered bond of this Series shall have provisions for assignment endorsed thereon, in substantially the following form:

(FORM OF PROVISIONS FOR ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

[ ]

. . . . . .
(Please Print or Type Name and Address of Assignee)

. . . . . .

. . . . . .
the within bond and all rights thereunder and does hereby irrevocably constitute and appoint

. . . . . Attorney
to transfer such bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated:

. . . . . .
(Signature of Registered Holder)

In the presence of: . . . . . .
(Witness)

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within bond in every particular, with such signature appropriately guaranteed.

(END OF FORM OF PROVISIONS FOR ASSIGNMENT)

In case any official of the Authority who shall have signed or whose facsimile signature shall appear on any of the bonds of this Series shall cease to be such official before such bonds shall have been actually issued, such bonds may nevertheless be issued as though the person who signed such bonds had not ceased to be such official of the Authority; and the Authority may, by issuing bonds bearing coupons (if any) so executed, adopt and use the facsimile signature of any person appearing on the coupons (if any), notwithstanding the fact that such person may have ceased, at the time when the bonds and coupons (if any) shall have been issued, to hold the office appearing after such person's facsimile signature on such coupons (if any).

SECTION 10. The Committee on Finance of the Authority is hereby authorized (i) prior to the issuance of the first installment of the bonds of this Series, to change the date as of which the bonds of this Series shall be dated to any date on or before December 31, 1988, and, if the date as of which the bonds of this Series shall be dated is so changed and the bonds bear a stated rate or rates of interest, the Committee shall change by the same number of days the respective dates on which interest on the bonds of this Series shall be payable; (ii) prior to the issuance of any installment of the bonds of this Series, to change the date at which any of the bonds of that installment shall mature; *provided*, that said date or dates shall not be more than thirty-five (35) years from the date as of which the bonds of this Series are dated; (iii) prior to the issuance of any installment of the bonds of this Series, to adjust or change the respective dates in connection with the redemption, retirement, call and sinking fund provisions as to such installment; (iv) prior to the issuance of any installment of the bonds of this Series, to adjust or change the respective dates and cumulative percentages of total principal amount provided in the schedule of mandatory sinking fund redemption for the bonds of this Series to retire such entire installment at or prior to maturity or to rescind in its entirety the establishment of the mandatory sinking fund redemption schedule and provisions as to such installment; (v) prior to the issuance of any installment of the bonds of this Series, to reduce the percentages of face value relating to the optional call provisions for such installment; (vi) prior to the issuance of the first installment of the bonds of this Series, to provide for the bonds of this Series to be issued on original issuance as book-entry only securities taking account of the changes and adjustments authorized in this resolution with respect to the issuance of the bonds of this Series as book-entry only securities; (vii) prior to the issuance of the first installment of the bonds of this Series, to provide for the bonds of this Series to be separately registrable

as to principal and interest (including any authorized incremental interest) to any one or more holders of the bonds or certificates (if any) with respect to the payment of interest thereon; (viii) prior to the issuance of the first installment of the bonds of this Series if it is desirable in connection with the use of the proceeds of the bonds of this Series for the refunding of a series of the Authority's obligations to renumber this Series for purposes of identification, to renumber this Series; (ix) prior to the issuance of the first installment of the bonds of this Series, if a prior series of Consolidated Bonds has been renumbered or the resolutions in connection therewith have been rescinded and cancelled, and if it is desirable to accomplish the capital program of the Authority utilizing a continuous numbered sequence of Consolidated Bonds, to renumber this Series; and (x) to take such other action as in the opinion of the Committee will best serve the public interest.

SECTION 11. In case any bond or coupon (if any) pertaining to such a bond shall at any time become mutilated or be lost or destroyed, the Authority, in its discretion, may execute and deliver a new bond or coupon of like tenor and amount in exchange or substitution for and upon cancellation of said mutilated bond or coupon or in lieu of or in substitution for such destroyed or lost bond or coupon; or if such bond or coupon shall have matured, instead of issuing a substitute bond or coupon the Authority may pay the same without surrender thereof. In case of destruction or loss, the applicant for a substitute bond or coupon shall furnish to the Authority evidence satisfactory to the Authority of the destruction or loss of such bond or coupon and of the ownership thereof and also such security and indemnity as may be required by the Authority. The Authority may execute and deliver any such substitute bond or coupon or make any such payment; or any Paying Agent may make any such payment upon the written request or authorization of the Authority. Upon the issuance of any substitute bond or coupon, the Authority, at its option, may require the payment of a sum sufficient to reimburse it for any stamp tax or other governmental charge or other reasonable expense connected therewith and also a further sum not exceeding the cost of preparation of each new bond or coupon so issued in substitution. Any bond or coupon (if any) issued under the provisions of this section in lieu of any bond or coupon alleged to have been destroyed or lost shall constitute an original contractual obligation on the part of the Authority, whether or not the bond or coupon so alleged to have been destroyed or lost be at any time enforceable by anyone, and shall be equally and proportionately entitled to the security of this resolution and of the Consolidated Bond Resolution with all other bonds, notes and coupons (if any) issued hereunder or thereunder.

Consolidated Bonds, Sixty-third Series—Authorization of Issuance

Pursuant to the foregoing report, the following resolution was unanimously adopted:

WHEREAS, on the 9th day of October, 1952, The Port Authority of New York and New Jersey (formerly known as The Port of New York Authority and hereinafter called the "Authority"), adopted a resolution providing for the issuance of certain direct and general obligations of the Authority (hereinafter called "Consolidated Bonds"), from time to time in conformity with said resolution for the purposes therein set forth, which said resolution (hereinafter called the "Consolidated Bond Resolution") constitutes a contract with the holders of the bonds so issued; and

WHEREAS, on the 9th day of April, 1987, the Authority adopted a resolution establishing a series of said Consolidated Bonds to be known as "Sixty-third Series, Due 2023" (hereinafter called "bonds of this Series"), which said resolution by its terms constitutes a contract with the holders of the bonds of this Series; and

WHEREAS, the Authority has now determined that it is necessary, advisable and in the public interest to authorize the issuance of Two Hundred Million Dollars ($200,000,000) in principal amount of bonds of this Series for the purposes hereinafter set forth;

NOW, THEREFORE, be it resolved by The Port Authority of New York and New Jersey:

SECTION 1. As used in this resolution, any words or phrases specially defined in the aforesaid Consolidated Bond Resolution shall be read and construed in accordance with such special definitions; *provided, however*, that the term "facility" herein shall not include any railroad car owned, leased or operated pursuant to Chapter 638 of the Laws of New York of 1959 and Chapter 25 of the Laws of New Jersey of 1959 or any acts amendatory or supplementary thereto.

SECTION 2. The issuance of up to Two Hundred Million Dollars ($200,000,000) in principal amount of bonds of this Series is hereby authorized. Said bonds shall be issued in one or more installments or lots pursuant to and shall conform in all respects to the aforesaid Consolidated Bond Resolution and the aforesaid resolution establishing the bonds of this Series.

SECTION 3. Unless otherwise determined by the Committee on Finance in connection with the issuance of the bonds of this Series as book-entry only securities (which said Committee is hereby authorized to fix and determine such other system or method), the bonds of this Series shall be numbered upward from C(63)-1, or they may bear such other numbers as the Chairman of the Authority; Vice Chairman of the Authority; Chairman of the Committee on Finance; Executive Director; Assistant Executive Director; Chief Financial Officer; Deputy Chief Financial Officer; Comptroller; Assistant Comptroller; Treasurer; or Assistant Treasurer of the Authority may deem appropriate.

SECTION 4. The proceeds of the bonds of this Series shall be used (a) for purposes of capital expenditures in connection with any one or more of the facilities of the Authority and for purposes incidental thereto; *provided, however*, that subject to agreements with the holders of obligations of the Authority and consistent with applicable provisions of Section 103 of the Internal Revenue Code of 1986, as amended, or successor provisions of law, and the applicable regulations related thereto, the Committee on Finance may authorize all or any portion of the unspent proceeds of the bonds of this Series to be used for any purpose for which at the time of issuance thereof the Authority was authorized by law to issue its obligations, including capital expenditures in connection with facilities of the Authority certified or to be certified after issuance of the bonds of this Series; (b) for the purpose of refunding, directly, by offers to exchange, or otherwise, at or before maturity, all or any part of any issue of Consolidated Bonds or Consolidated Notes issued and outstanding at the time of the sale of any installment of the bonds of this Series; and (c) for the purpose of refunding in accordance with applicable law, regulations and contractual provisions, any of the special obligations under the Port Authority Commercial Paper Program.

SECTION 5. In the event the Committee on Finance determines that the needs of the Authority for capital funds or the public interest require allocation of the proceeds of any of the bonds of this Series to purposes in connection with some but not all of the purposes authorized in Section 4 hereof, the Committee is hereby authorized, prior to the sale of bonds of any installment of this Series from time to time, to make such allocation by resolution. The adoption by said Committee of such a resolution prior to any such sale shall be sufficient to restrict the application of the proceeds of any bonds of such installment of this Series included in said sale to the purposes specified by the Committee in said resolution.

SECTION 6. The provisions of this resolution shall constitute a contract with the holders of the bonds issued pursuant to this resolution, and with each such holder.

Consolidated Bonds, Sixty-third Series—Authorization of Sale

Pursuant to the foregoing report, the following resolution was unanimously adopted:

SECTION 1. The Committee on Finance of the Authority (hereinafter called the "Committee") is hereby authorized to sell all or any part of Two Hundred Million Dollars ($200,000,000) in principal amount of Consolidated Bonds, Sixty-third Series, Due 2023 (hereinafter called the "bonds of this Series"), at a price which will result in a true interest cost to the Authority not in excess of twelve per centum (12%) per annum to maturity, and to do so in the name of and on behalf of the Authority, at public or private sale, with or without advertisement, in one or more installments or in one or more lots, at one or more times on or before December 31, 1988, and to apply the proceeds of such sale or sales as provided in the resolution authorizing the issuance of said bonds of this Series; *provided, however,* that the total aggregate principal amount of Consolidated Bonds, Fifty-eighth Series, Due 2022, Consolidated Bonds, Fifty-ninth Series, Due 2022, Consolidated Bonds, Sixtieth Series, Due 2022, Consolidated Bonds, Sixty-first Series, Due 2022, Consolidated Bonds, Sixty-second Series, Due 2023, Consolidated Bonds, Sixty-third Series, Due 2023, Consolidated Bonds, Sixty-fourth Series, Due 2023, and Consolidated Bonds, Sixty-fifth Series, Due 2023, sold by the Committee shall not exceed One Billion Dollars ($1,000,000,000).

SECTION 2. The Committee shall have power, in connection with the bonds of this Series, to fix the time or times of sale on or before December 31, 1988, to determine the terms and conditions upon which sales shall be made and to accept or reject offers in connection with such sales, and to do so in the name of and on behalf of the Authority.

SECTION 3. The Committee shall have power in the name of and on behalf of the Authority, in connection with the bonds of this Series, to enter into any appropriate contracts or agreements concerning any sales or exchanges; to fix the time or times and determine the terms and conditions of delivery of the bonds of this Series; to appoint and to enter into appropriate contracts or agreements with one or more Paying Agents and a Registrar and a Trustee, and to designate the office or offices of any such Paying Agent or Paying Agents at which payments shall be made and the office or offices of any such Registrar at which the books for registration shall be kept; to enter into any appropriate contracts or agreements providing insurance in connection with the bonds of this Series; to enter into appropriate contracts or agreements in connection with the issuance of the bonds of this Series as book-entry only securities; to make any selection, designation, determination or estimate and to take or withhold any action and to formulate and express any opinions and to exercise any discretion or judgment which may be or is required to be made, taken, withheld, formulated, expressed or exercised by the Authority as a condition precedent to the issuance of the bonds of this Series or for the purpose of determining whether all conditions precedent to their issuance exist, the Authority hereby adopting all such selections, designations, determinations, actions, withholdings of action, estimates and exercises of judgment and discretion, whether pursuant to Section 3 of the Consolidated Bond Resolution of October 9, 1952, or otherwise, as its own; and to authorize any of the foregoing and generally to take such other action as in the opinion of the Committee will best serve the public interest.

SECTION 4. The Committee shall have power to authorize one or more official statements in the name of and on behalf of the Authority (describing the Authority, its financial condition and the bonds offered for sale, and making representations on behalf of the Authority). The Authority hereby authorizes the underwriter or underwriters purchasing the bonds in offering the bonds of this Series for resale to use such official statement or statements and representations as those of the Authority.

SECTION 5. No part of the proceeds of the bonds of any installment of the bonds of this Series shall be invested directly or indirectly in such a manner as to cause the interest on such bonds of this Series to be subject to Federal income taxes under Section 148 of the Internal Revenue Code of 1986, as amended, or successor provisions of law, and the applicable regulations related thereto.

SECTION 6. The Committee; Chairman of the Authority; Vice Chairman of the Authority; Chairman of the Committee; Executive Director; Assistant Executive Director; Chief Financial Officer; Deputy Chief Financial

Officer; or Treasurer of the Authority is hereby authorized, in connection with the bonds of this Series, to take any action which may be necessary or desirable to assure that the bonds of this Series are in conformity with the provisions of Section 103 of the Internal Revenue Code of 1986, as amended, or successor provisions of law, and the applicable regulations related thereto, and that the interest on such bonds of this Series is not includible for Federal income tax purposes in the gross income of the recipients thereof under Section 103(a) of the Code, or successor provisions of law, or regulations with respect thereto, and any such actions taken in connection therewith are hereby ratified. The Chairman of the Authority; Vice Chairman of the Authority; Chairman of the Committee; Executive Director; Assistant Executive Director; Chief Financial Officer; Deputy Chief Financial Officer; Comptroller; Assistant Comptroller; Treasurer; or Assistant Treasurer of the Authority is hereby authorized to certify on behalf of the Authority as to the need for the issuance of bonds of this Series for the purposes for which such bonds of this Series are issued, as to the status of the projects for which the proceeds of the bonds of this Series would be used, as to the Authority's intentions with respect to the application and investment of said proceeds, and as to such other related matters as may be authorized by the Committee and any such actions taken in connection therewith are hereby ratified.

Consolidated Bonds, Sixty-fourth Series—Establishment

Pursuant to the foregoing report, the following resolution was unanimously adopted:

WHEREAS, heretofore and on the 9th day of October, 1952, The Port Authority of New York and New Jersey (formerly known as The Port of New York Authority and hereinafter called the "Authority") adopted a resolution (hereinafter called the "Consolidated Bond Resolution") providing for the issuance of certain direct and general obligations of the Authority (hereinafter called "Consolidated Bonds"), from time to time, in conformity with said Consolidated Bond Resolution for the purposes therein set forth, and which Consolidated Bond Resolution constitutes a contract with the holders of the Consolidated Bonds so issued; and

WHEREAS, said Consolidated Bond Resolution provides that such Consolidated Bonds shall be issued in such series as the Authority may determine, and that the characteristics of the bonds of such series shall be determined by the Authority by and in the resolution establishing such series, and that the resolution establishing any series may contain other terms and provisions not inconsistent with the Consolidated Bond Resolution; and

WHEREAS, the Authority has heretofore established various series of said Consolidated Bonds and has now determined that it is necessary, advisable and in the public interest to establish another series of said Consolidated Bonds, without prejudice to its right hereafter to establish other and additional series of such Consolidated Bonds;

NOW, THEREFORE, be it resolved by The Port Authority of New York and New Jersey:

SECTION 1. As used in this resolution, any words or phrases specially defined in the aforesaid Consolidated Bond Resolution shall be read and construed in accordance with such special definitions.

SECTION 2. There is hereby established a series of said Consolidated Bonds to be known as "Consolidated Bonds, Sixty-fourth Series, Due 2023," to be issued in conformity with said Consolidated Bond Resolution and for any one or more of the purposes specified therein as may be provided in the resolution authorizing the issuance of such series. This resolution shall constitute a contract with the holders of said bonds of Consolidated Bonds, Sixty-fourth Series, Due 2023, which said bonds are hereinafter called "bonds of this Series," and with each such holder.

SECTION 3. Bonds of this Series shall be issued in one or more installments or lots as the Authority may hereafter determine.

The bonds of this Series shall be dated as of September 1, 1988, shall mature on September 1, 2023, and shall bear a stated rate or rates of interest, including fixed, variable or incremental rates for the term of the bonds or any portion thereof, or a combination thereof, from the semi-annual interest payment date next preceding their date of issuance, or if such date of issuance shall be an interest payment date, from such date of issuance, not exceeding twelve per centum (12%) per annum as may be determined by the Committee on Finance of the Authority. The Committee on Finance is hereby authorized to fix and determine any other date as that upon which interest shall commence and said interest rate or rates, or to determine that said bonds of this Series shall not bear a stated rate of interest. If the bonds of this Series shall bear a stated rate or rates of interest, interest shall be payable semi-annually commencing on March 1, 1989, and thereafter on each succeeding September 1 and March 1 until maturity or prior redemption.

Both principal of and interest on the bonds of this Series shall be payable in lawful money of the United States of America. Principal of the bonds of this Series shall be payable upon presentation and surrender thereof by the registered holders, or in the case of coupon bonds of this Series, if any, upon presentation and surrender thereof, at the office or offices, designated by the Authority, of the Paying Agent or Paying Agents appointed for the purpose by the Authority, in a county which is in whole or in part in the Port of New York District. Interest on the registered bonds of this Series shall be payable when due to the registered holder thereof by check or draft drawn on the Paying Agent or Paying Agents appointed for the purpose by the Authority and mailed to said registered holder and interest on the coupon bonds of this Series, if any, shall be payable upon presentation and surrender of the coupons appertaining thereto at such office or offices of such Paying Agent or Paying Agents. If on original issuance the bonds of this Series are to be issued as book-entry only securities, subject to a book-entry system for determining interests therein, the Committee on Finance is hereby authorized to fix and determine an alternate method for the payment of both or either of the principal of and interest on the bonds of this Series to

the registered holder thereof; *provided, however,* in the event that such book-entry system or any successor book-entry system is discontinued without replacement with a similar system, then the foregoing payment provisions of this paragraph shall apply to the bonds of this Series.

Bonds of this Series shall be issued only in registered form without coupons, registered as to both principal and interest and not as to either alone; *provided, however,* if at any time prior to issuance of the first installment of the bonds of this Series, there shall be in effect a provision of the Internal Revenue Code of 1986, as amended (hereinafter called the "Code"), or successor provisions of law, or the regulations with respect thereto, which does not provide that, for the interest on the bonds of this Series to be considered not includible for Federal income tax purposes in the gross income of the recipients thereof under Section 103(a) of the Code, or successor provisions of law, such bonds of this Series must be issued in registered form, then the bonds of this Series may also be issued in the form of coupon bonds payable to bearer, in which event the Committee on Finance is hereby authorized to adopt an appropriate form of coupon bond issuable only in the denomination of $5,000. If on original issuance the bonds of this Series are to be issued as book-entry only securities subject to a book-entry system for determining interests therein, the Committee on Finance is hereby authorized to fix and determine an appropriate form of bond or other evidence of indebtedness; *provided, however,* in the event that such book-entry system or any successor book-entry system is discontinued without replacement with a similar system then the provisions of Section 9 of this resolution shall apply to the bonds of this Series.

Registered bonds of this Series shall be issued in the denominations of $5,000 or integral multiples of $5,000.

SECTION 4. The Authority will keep or cause to be kept at the offices, designated by the Authority, of its Registrar appointed for that purpose, in a county which is in whole or in part in the Port of New York District, proper and sufficient books for the registration of bonds of this Series. Each registered bond of this Series shall be transferable only upon such books by the registered holder thereof in person or by such registered holder's attorney duly authorized in accordance with the provisions of this resolution.

In the event that the bonds of this Series may be issued in coupon form, a coupon bond or bonds of this Series (if any), upon the written request of the bearer or bearers thereof and upon the surrender thereof with all unmatured coupons thereto attached, may be exchanged for a registered bond or bonds, registered as designated in such request, of the same aggregate principal amount and series as the surrendered bond or bonds, of any of the authorized denominations. A registered bond or bonds of this Series, upon the written request of the registered holder or holders thereof and upon surrender thereof, may be exchanged for a registered bond or bonds, registered as designated in such request, of any other authorized denominations, or in the event that the bonds of this Series may be issued in coupon form, a coupon bond or bonds with appropriate coupons attached, or a combination of such coupon and registered bonds, in each case of the same aggregate principal amount as the surrendered bond or bonds.

All requests for the registration, transfer, exchange and delivery of bonds as above provided shall be filed with the Registrar of the Authority; all bonds to be surrendered pursuant to such request shall be surrendered to the Registrar; and all bonds delivered in exchange as aforesaid shall be delivered by the Registrar. All bonds of this Series surrendered to the Registrar in exchange for other bonds or for transfer as above provided shall be cancelled by the Registrar upon such surrender.

The Authority shall bear the cost incurred by the Authority in connection with the registration, authentication (if any), transfer, cancellation, exchange and delivery of bonds of this Series, including such fees as may be imposed by the Registrar for such services performed by the Registrar as provided in this resolution.

Nothing contained in this resolution shall be deemed to authorize the execution and delivery of bonds of this Series except in the denomination of $5,000 in the case of coupon bonds (if any) or in the denominations of $5,000 or integral multiples of $5,000 in the case of registered bonds or to authorize the issuance of coupon bonds of this Series if at any time there shall be in effect a provision of the Code or the applicable regulations related thereto which provides that for the interest on the bonds of this Series to be considered not includible for Federal income tax purposes in the gross income of the recipients thereof under Section 103(a) of the Code, or successor provisions of law, such bonds of this Series must be issued in registered form.

SECTION 5. Except as provided in Section 6 of this resolution, bonds of this Series shall be redeemable at the option of the Authority, in whole or in part, on interest payment dates, at or subsequent to September 1, 1995, and prior to maturity, as follows:

At one hundred two per centum (102%) of their face value, plus accrued interest to the date fixed for redemption, at September 1, 1995, and thereafter and at or prior to September 1, 1997; at one hundred one per centum (101%) of their face value, plus accrued interest to the date fixed for redemption, thereafter and at or prior to September 1, 2000; and at one hundred per centum (100%) of their face value, plus accrued interest to the date fixed for redemption, thereafter and at or prior to March 1, 2023.

If less than all the bonds of this Series then outstanding are to be called for redemption, the bonds so to be called shall be determined by lot by the Authority or the Registrar as the Authority may elect or by such other system or method as the Committee on Finance may determine (which said Committee is hereby authorized to fix and determine such other system or method).

Notice of intention to redeem any bonds of this Series shall be given by the Authority by publication in a daily newspaper of general circulation in the Port of New York District. Such notice shall be published at least twice prior to the date fixed for redemption, the first publication to be not less than thirty (30) nor more than forty-five (45) days before the date fixed for redemption and the second publication to be not less than ten (10) nor more than twenty (20) days before the date fixed for redemption. A copy of such notice shall also be mailed by the Authority or the Registrar, as the Authority may elect, not less than thirty (30) nor more than forty-five (45) days prior to the date fixed for redemption, to the registered holders of the bonds of this Series to be called for redemption, at their last known addresses as appearing upon the Registry Books of the Authority; *provided, however*, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any action with respect to the redemption of said bonds. If on original issuance the bonds of this Series are to be issued only in registered form or are to be issued as book-entry only securities subject to a book-entry system for determining interests therein, the Committee on Finance is hereby authorized to fix and determine an alternate method by which the Authority shall give notice of intention to redeem any bonds of this Series.

Before the date fixed for redemption specified in the Authority's notice of intention to redeem, the Authority will pay or cause to be paid to the Paying Agent (or Paying Agents) an amount in cash in the aggregate sufficient to redeem all of the outstanding bonds which are to be redeemed, at the respective redemption prices thereof, which, in each case, shall include the accrued interest to the date fixed for redemption and the premium (if any), such principal amount and premium (if any), to be held by the Paying Agent (or Paying Agents) in trust for the account of the holders of the bonds so called for redemption and to be paid to them respectively upon presentation and surrender of the said bonds with accrued interest included in such redemption price to be paid to the registered holders in accordance with the provisions of this resolution and in the case of coupon bonds (if any), such accrued interest to be paid to the holders only upon presentation and surrender of all unmatured coupons (if any) pertaining to such bonds. On and after the date fixed for redemption, the notice of intention to redeem having been completed as above provided or as provided by the Committee on Finance, the bonds so called shall become due and payable at the office of the Paying Agent (or Paying Agents) designated by the Authority, and if funds sufficient for payment of the redemption price shall have been deposited with the Paying Agent (or Paying Agents) in trust as aforesaid and if such funds shall be available for redemption of such bonds on the date fixed for redemption, then and in any such event, interest shall cease to accrue on the bonds so called from and after the date fixed for their redemption, and such bonds and the unmatured coupons (if any) pertaining thereto shall not be entitled to the benefit or security of this resolution or the Consolidated Bond Resolution, but shall rely solely upon the funds so deposited.

In the case of registered bonds of denominations greater than $5,000, if less than all of the bonds of this Series then outstanding are to be called for redemption, then for all purposes in connection with redemption, each $5,000 unit of face value shall be treated as though it were a separate bond of the denomination of $5,000, and the word "bond" as used in the foregoing provisions of this Section 5 shall be deemed to refer to such $5,000 unit of face value. If it is determined as above provided that one or more but not all of the $5,000 units of face value represented by any bond are to be called for redemption, then upon notice of intention to redeem said $5,000 unit or units, the holder of said bond shall forthwith present said bond to the Registrar who shall issue a new bond or bonds of smaller authorized denominations but of the same aggregate principal amount in exchange therefor, pursuant to Section 4 of this resolution, including a new bond or bonds with the aggregate principal amount of the $5,000 unit or units of face value called for redemption; and such new bond or bonds shall be deemed to be duly called for redemption without further notice to the holder thereof. If the holder of such bond of a denomination greater than $5,000 shall fail to present such bond to the Registrar for the issuance of new bonds of smaller denominations

in exchange therefor, as aforesaid, such bond shall nevertheless become due and payable on the date fixed for redemption to the extent of the $5,000 unit or units of face value called for redemption (and to that extent only); and (funds sufficient for the payment of the redemption price having been deposited with the Paying Agent or Paying Agents, as aforesaid, and being available as aforesaid on the date fixed for redemption) interest shall cease to accrue on the portion of the principal amount of such bond represented by such $5,000 unit or units of face value on and after the date fixed for redemption, and such bond shall not be entitled to the benefit or security of this resolution or the Consolidated Bond Resolution to the extent of the portion of its principal amount (and accrued interest thereon to the date fixed for redemption and premium, if any) represented by such $5,000 unit or units of face value, but to that extent shall rely solely upon the funds so deposited.

SECTION 6. The Authority shall establish and maintain a separate sinking fund for the retirement of bonds of this Series which shall be known as the "Consolidated Bonds, Sixty-fourth Series, Due 2023, Sinking Fund." The amount required to be paid into said Sinking Fund for each year shall be the difference at July 15 of such year between the schedule amount of principal for such year and the schedule amount of principal for the next preceding year as set forth in this Section 6, determined in the manner provided in the next succeeding paragraph. Except as provided in the third paragraph of this Section 6, payments into said Sinking Fund shall be made in bonds of this Series purchased or redeemed by the Authority at or prior to July 15 of the year on account of which the payment is made. Such payments may be made at any time or times during such year at or prior to July 15 or at any time or times during any prior year. Bonds of this Series so purchased may be purchased at such prices as the Authority may deem reasonable and proper and, in the discretion of the Authority, at public or private sale, with or without advertisement and with or without notice to any person other than the seller, and bonds theretofore issued and negotiated and then held by the Authority may be purchased for such purpose as well as bonds held by others. To be eligible for payment into said Sinking Fund each such bond shall have theretofore actually been issued and negotiated by the Authority and shall either be in registered form or in coupon form (if any) with all interest coupons attached maturing on and subsequent to September 1 of the year on account of which it is paid into said Sinking Fund. Bonds paid into said Sinking Fund shall be received therein at a value equal to the principal amount of such bonds. Upon payment into said Sinking Fund of said bonds of this Series so purchased or redeemed, said bonds shall be forthwith cancelled. All bonds of this Series which shall have been redeemed at prices established by Section 5 hereof shall be deemed to have been paid into said Sinking Fund and cancelled within the requirements of the preceding sentence whether or not said bonds shall have been presented for payment upon such redemption.

The schedule amount of bonds of this Series for each year shall be determined by multiplying the aggregate principal amount of all bonds of this Series theretofore issued (whether or not any of such bonds shall have theretofore been retired) by the cumulative percentage of total principal amount specified opposite such year in the schedule of mandatory periodic retirement hereafter set forth in this Section 6; if the amount so determined shall not be a multiple of $5,000, then the schedule amount for such year shall be the next higher multiple of $5,000.

If at the close of July 15 of any year (except the year of maturity) set forth in said schedule of mandatory periodic retirement, the Authority shall not have made payment into said Sinking Fund on account of such year of an amount at least equal to the payment required to be made therein on account of such year, then the Authority shall, on July 16 of such year, pay into said Sinking Fund an amount in cash equal to the deficiency, and such amounts shall be applied to the redemption of bonds of this Series at September 1, 2003, and at September 1 of each year thereafter, in the manner and upon the notice set forth in Section 5 of this resolution, but, notwithstanding the redemption price set forth in Section 5, at the price of one hundred per centum (100%) of their face value, plus accrued interest to the date fixed for redemption, at September 1, 2003, and thereafter and at or prior to September 1, 2022.

The following schedule of mandatory periodic retirement is provided for bonds of this Series:

Year	Cumulative Percentage of Total Principal Amount	Year	Cumulative Percentage of Total Principal Amount
2003	2.1	2014	38.9
2004	4.4	2015	43.9
2005	6.8	2016	49.3
2006	9.4	2017	55.1
2007	12.2	2018	61.4
2008	15.2	2019	68.1
2009	18.5	2020	75.3
2010	22.0	2021	83.1
2011	25.8	2022	91.4
2012	29.8	2023	100.0
2013	34.2		

Nothing herein contained shall be construed in any way to prevent the Authority from retiring bonds of this Series more rapidly than is shown in the foregoing schedule of mandatory periodic retirement.

SECTION 7. The Authority shall not apply any moneys in the Consolidated Bond Reserve Fund or in any special reserve fund established for the benefit of the bonds of any prior issue of bonds except for the payment of bonds secured by a pledge of the General Reserve Fund in whole or in part, the payment of debt service upon bonds so secured, the purchase for retirement of bonds so secured or the redemption of bonds so secured, or for the payment of expenses incurred for the establishment, acquisition, construction or effectuation, or for the operation, maintenance, repair or administration of any facility financed or refinanced in whole or in part by bonds secured by a pledge of the General Reserve Fund in whole or in part, or otherwise for the fulfillment of any undertakings which the Authority has assumed or may or shall hereafter assume to or for the benefit of the holders of bonds secured by a pledge of the General Reserve Fund in whole or in part; *provided, however,* that nothing herein contained shall be construed to permit the application by the Authority of moneys in the Consolidated Bond Reserve Fund or in any special reserve fund established for the benefit of the bonds of any prior issue of bonds except for purposes and upon conditions which in the case of the Consolidated Bond Reserve Fund are authorized by the Consolidated Bond Resolution or in the case of said special reserve funds are authorized by the respective resolutions establishing such prior issues of bonds.

Consolidated Bonds proposed to be issued for purposes in connection with an additional facility or a group of additional facilities in connection with which the Authority has not theretofore issued bonds which have been secured by a pledge of the General Reserve Fund in whole or in part, may be issued, and bonds other than Consolidated Bonds proposed to be issued for purposes in connection with such an additional facility or group of additional facilities may be secured by a pledge of the General Reserve Fund in whole or in part, in each case if and only if the Authority shall certify at the time of issuance (as defined in Section 3 of the Consolidated Bond Resolution) its opinion that the issuance of such Consolidated Bonds or that such pledge of the General Reserve Fund as security for such bonds other than Consolidated Bonds will not, during the ensuing ten (10) years or during the longest term of any of such bonds proposed to be issued (whether or not Consolidated Bonds), whichever shall be longer, in the light of its estimated expenditures in connection with such additional facility or such group of additional facilities, materially impair the sound credit standing of the Authority or the investment status of Consolidated Bonds or the ability of the Authority to fulfill its commitments, whether statutory or contractual or reasonably incidental thereto, including its undertakings to the holders of Consolidated Bonds; and the Authority may apply moneys in the General Reserve Fund for purposes in connection with those of its bonds and only those of its bonds which it has theretofore secured by a pledge of the General Reserve Fund in whole or in part. Expenditures in connection with an additional facility or group of additional facilities shall mean the amount of the excess, if any, of the sum of all items of expense to be considered in determining the net revenues of the additional facility or group of additional facilities plus the debt service upon the bonds proposed to be issued and upon any additional bonds which in the Authority's opinion would be required to be issued to place and maintain

such facility or group of facilities upon a sound operating basis, over and above the sum of all items of revenue and income to be considered in determining such net revenues.

SECTION 8. The Authority shall appoint a bank or trust company as Trustee for and in connection with the bonds of this Series. The Trustee is hereby authorized to (i) institute any action or proceeding on behalf of the holders of the bonds of this Series against the Authority or others, or (ii) intervene in any pending action or proceeding, or (iii) take any other action which it shall in its sole discretion determine to be necessary or advisable in order to protect the rights of the holders of bonds of this Series. The rights of the Trustee in this respect and in all other respects shall be in addition to and not in substitution of any and all rights which would otherwise inure to the holder or holders of bonds of this Series. It is understood that the Trustee in its sole discretion may, but shall be under no obligation to, review the activities or operations of the Authority or any of the contracts or agreements of the Authority or exercise any of the rights or powers vested in it by this Section 8 whether on the Trustee's initiative or at the request or direction of any of the holders of bonds of this Series.

The Trustee (which shall include any successor Trustee) appointed under the provisions of this Section shall be a bank or trust company organized under the laws of the State of New York or the State of New Jersey or a national banking association doing business and having its principal office in the Port of New York District and having a total capital (including capital stock, surplus, undivided profits and capital notes, if any) aggregating at least $25,000,000, which is willing and able to accept the office on reasonable and customary terms and is authorized by law to perform all the duties imposed upon it by this resolution.

The Trustee shall not be liable for any action taken or suffered upon any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document believed by it to be genuine, and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may or may not be counsel to the Authority, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this resolution in good faith and in accordance therewith. The Trustee shall not be liable in connection with the performance or nonperformance of its duties except for its own willful misconduct, negligence or bad faith.

If the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this resolution, such matter (unless other evidence in respect thereof be specifically prescribed) may be deemed to be conclusively proved and established by a certificate of an authorized officer of the Authority (who shall be any officer authorized pursuant to Section 9 hereof to execute bonds of this Series), and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this resolution upon the faith thereof; but in its discretion the Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable.

The Authority shall annually, within one hundred twenty (120) days after the close of each calendar year, file with the Trustee a statement of an authorized officer showing for the preceding calendar year (i) net revenues, (ii) the aggregate interest paid on bonds of the Authority, and (iii) the payments of principal on bonds of the Authority.

The Authority shall annually, within one hundred twenty (120) days after the close of each calendar year, file with the Trustee a copy of its annual report for such year, and its financial statement for such year accompanied by an opinion signed by an independent public accountant or firm of public accountants of recognized standing selected by the Authority and satisfactory to the Trustee.

The Authority shall file with the Trustee a copy of any Official Statement hereafter issued by the Authority in connection with the issuance of bonds by the Authority.

The Authority shall file with the Trustee a copy of the minutes of every meeting of the Authority and of the Port Authority Trans-Hudson Corporation at the time said minutes are transmitted to the Governor of New York and the Governor of New Jersey.

The Authority shall not be required to file with the Trustee (except when requested to do so by the Trustee) and the Trustee shall not be required to review any document, instrument, report or paper other than those which the Authority is expressly required hereunder to file with the Trustee. The Trustee shall not be bound to make any investigation into the facts or matters stated in any document, instrument, report or paper supplied to it, but the

Trustee in its sole discretion may make such further inquiry or investigation into such facts or matters as the Trustee may deem advisable, and, if the Trustee shall determine to make such further inquiry or investigation, the Trustee is authorized to examine such books and records of and properties owned or operated by the Authority as the Trustee may deem advisable, personally or by agent or attorney.

The Authority hereby agrees (i) to pay to the Trustee from time to time reasonable compensation for all services rendered by it hereunder, (ii) to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in connection with the exercise or performance of any of its powers or duties hereunder (including the reasonable compensation and the expenses and disbursements of its agents and counsel), and (iii) to indemnify the Trustee for, and hold it harmless against, any loss, liability or expense incurred without willful misconduct, negligence or bad faith on its part, arising out of or in connection with the exercise or performance of the Trustee's powers and duties hereunder, including the costs and expenses of defending itself against any claim or liability in connection with such exercise or performance.

The Trustee may become the owner or holder of any bonds of the Authority with the same rights as it would have were it not a Trustee. To the extent permitted by law, the Trustee may act as depositary for the Authority, act as Paying Agent and Registrar of bonds of the Authority, act itself and permit any of its officers or directors to act in any other capacity with respect to the Authority, the bonds of the Authority and the holders of bonds of the Authority as it or its officers or directors would be able to act were it not a Trustee.

The Trustee may at any time resign and be discharged of the duties and obligations created by this resolution by giving not less than sixty (60) days' written notice to the Authority and publishing notice thereof, specifying the date when such resignation shall take effect, once in each week for two (2) successive calendar weeks in a newspaper of general circulation in the City of New York, State of New York, and such resignation shall take effect upon the date specified in such notice unless previously a successor shall have been appointed by the Authority in which event such resignation shall take effect immediately on the appointment of such successor.

The Trustee may be removed at any time by an instrument or concurrent instruments in writing, filed with the Trustee, and signed and acknowledged by the holders of a majority in principal amount of the bonds of this Series then outstanding or by their attorneys duly authorized, excluding any bonds held by or for the account of the Authority.

In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, a successor may be appointed by the holders of a majority in principal amount of the bonds of this Series then outstanding, excluding any bonds held by or for the account of the Authority, by an instrument or concurrent instruments in writing signed and acknowledged by such bondholders or by their attorneys duly authorized and delivered to such successor Trustee, notification thereof being given to the Authority and the predecessor Trustee; *provided*, nevertheless, the Authority shall forthwith appoint a Trustee to fill such vacancy until a successor Trustee shall be appointed by the holders of bonds of this Series as authorized in this Section. The Authority shall publish notice of any such appointment made by it once in each week for two (2) consecutive calendar weeks, in a newspaper of general circulation in the City of New York, State of New York, the first publication to be made within twenty (20) days after such appointment. Any successor Trustee appointed by the Authority shall, immediately and without further act, be superseded by a Trustee appointed by the holders of bonds of this Series.

Any company into which any Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which any Trustee may sell or transfer all or substantially all of its corporate trust business; *provided*, such company shall be a bank or trust company located in the Port of New York District and shall be authorized by law to perform all the duties imposed upon it by this resolution, shall be the successor to such Trustee without the execution or filing of any paper or the performance of any further act.

The failure of the Authority to take any action required by this Section shall not invalidate any bond or bonds issued pursuant to this resolution or hereafter issued by the Authority, or affect any other actions of the Authority. The Authority shall in no way be restricted by this Section from entering any defense to an action or proceeding instituted by the Trustee or by the holder or holders of bonds of this Series.

SECTION 9. Each bond of this Series shall have the official seal of the Authority, or a facsimile thereof, affixed thereto or printed or impressed thereon, and shall be signed by any one of the following persons, to wit:—The person holding the office or exercising the duties of Chairman; Vice Chairman; Chairman of the Committee on Finance; Executive Director; Assistant Executive Director; Secretary; Assistant Secretary; Chief Financial Officer; Deputy Chief Financial Officer; Comptroller; Assistant Comptroller; Treasurer; or Assistant Treasurer of the Authority at the time of its execution; *provided*, that each bond of this Series may be executed by the facsimile signature of any of the foregoing persons and, in such event, such bond shall have endorsed thereon a certificate of authentication substantially in the form hereinafter set forth, manually executed by the Registrar of the Authority. No bond of this Series bearing a facsimile signature of any of the foregoing persons shall be entitled to any benefit under this resolution or the Consolidated Bond Resolution or be valid or obligatory for any purpose unless and until such certificate of authentication shall have been manually executed by the Registrar of the Authority, as aforesaid, and such manually executed certificate upon such bond shall be conclusive evidence that such bond has been authenticated and delivered hereunder. Such certificate of authentication on any such bond shall be deemed to have been executed by the Registrar of the Authority, as aforesaid, if signed by an authorized officer thereof, but it shall not be necessary that the same officer sign the certificate of authentication on all of such bonds issued hereunder. Bonds of this Series in coupon form (if any) shall have coupons for interest attached, bearing facsimile signatures of the Chairman and Secretary of the Authority.

The registered bonds of this Series shall be in substantially the following form, the blank spaces being appropriately filled in, and, as applicable, taking account of the changes and adjustments authorized in this resolution:

(FORM OF REGISTERED BOND)

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

CONSOLIDATED BOND

SIXTY-FOURTH SERIES, DUE 2023

No. C(64)-. . . .
Maturity Date: September 1, 2023 Interest Rate: . . . . % Per Annum Dated: September 1, 1988 CUSIP. . . .

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (formerly known as The Port of New York Authority and hereinafter called the Authority), a body corporate and politic, created by the Compact of April 30, 1921, between the State of New York and the State of New Jersey, to which the consent of the Congress of the United States was given by Public Resolution No. 17, 67th Congress, First Session, acknowledges itself indebted and for value received hereby promises to pay to the registered holder hereof, on the first day of September, 2023, upon presentation and surrender of this bond, the principal amount shown below:

together with interest thereon at the rate of per centum (%) per annum from , payable semi-annually commencing on March 1, 1989, and thereafter on each succeeding September 1 and March 1 until maturity or prior redemption. The principal of this bond shall be payable in lawful money of the United States of America, at maturity or prior redemption upon presentation and surrender by the registered holder hereof at the office of , Paying Agent of the Authority, or the office or offices designated by the Authority of such other Paying Agent or Paying Agents appointed for the purpose by the Authority in a county which is in whole or in part in the Port of New York District. Semi-annual interest on this bond shall be payable when due, in lawful money of the United States of America, to said registered holder by check or draft drawn on the Paying Agent or Paying Agents appointed for the purpose by the Authority and mailed to said registered holder.

This bond is issued pursuant to and in full conformity with the Compact between the States of New York and New Jersey creating the Authority and the various statutes of said two States amendatory thereof and supplemental thereto, for purposes provided in said Compact and statutes, and is a direct and general obligation of the Authority for the prompt payment of the principal of and interest on which the full faith and credit of the Authority are irrevocably pledged. The provisions of the resolution of October 9, 1952, establishing an issue of Consolidated Bonds, and of the resolutions of April 9, 1987, establishing the Series of which this bond forms a part and authorizing the issuance of this bond, constitute a contract between the Authority and the registered holder of this bond, which is subject to modification as therein provided.

The Authority has appointed a Trustee for and in connection with the bonds of this Series as provided by the resolution establishing the Series of which this bond forms a part.

This bond is registered as to principal and interest (but not as to either alone) and is transferable only upon the books kept by the Registrar of the Authority by the registered holder of this bond or attorney duly authorized, all in accordance with the provisions of the resolution establishing the Series of which this bond forms a part. The bonds of this Series are issuable only in the form of registered bonds without coupons in the denominations of $5,000 or integral multiples of $5,000. The registered holder of this bond or attorney duly authorized may upon application to the Registrar of the Authority exchange the same in accordance with the provisions of the resolution establishing the Series of which this bond forms a part for an equal aggregate principal amount of registered bonds of any other authorized denominations. The Authority shall bear the cost incurred by the Authority in connection with the registration, authentication (if any), transfer, cancellation, exchange and delivery of bonds of this Series including such fees as may be imposed by the Registrar for such services performed by the Registrar.

This bond may be redeemed at September 1 of any year prior to maturity beginning with 2003 to satisfy the requirements of the schedule of mandatory periodic retirement provided for bonds of this Series in and pursuant to said resolutions of the Authority at one hundred per centum (100%) of its face value, plus accrued interest to the date fixed for redemption at September 1, 2003, and thereafter and at or prior to September 1, 2022.

This bond may at the option of the Authority be redeemed for any other purpose at any interest payment date at or subsequent to September 1, 1995, as follows:

At one hundred two per centum (102%) of its face value, plus accrued interest to the date fixed for redemption, at September 1, 1995, and thereafter and at or prior to September 1, 1997; at one hundred one per centum (101%) of its face value, plus accrued interest to the date fixed for redemption, thereafter and at or prior to September 1, 2000; and at one hundred per centum (100%) of its face value, plus accrued interest to the date fixed for redemption, thereafter and at or prior to March 1, 2023.

If less than all the bonds of this Series then outstanding are to be called for redemption, the bonds so to be called shall be determined by lot by the Authority or the Registrar as the Authority may elect or by such other system or method as the Committee on Finance of the Authority shall fix and determine.

If this bond shall be called for redemption, notice shall be given by the Authority by publication in a daily newspaper of general circulation in the Port of New York District. Such notice shall be published at least twice prior to the date fixed for redemption—the first publication to be not less than thirty (30) nor more than forty-five (45) days before the date fixed for redemption; and the second publication to be not less than ten (10) nor more than twenty (20) days before the date fixed for redemption. A copy of such notice shall also be mailed, not less than thirty (30) nor more than forty-five (45) days before the date fixed for redemption, to the registered holder of this bond at his last known address as appearing on the Registry Books of the Authority; *provided, however,* that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any action with respect to the redemption of said bonds. If this bond shall be called for redemption, and if funds sufficient for the redemption price shall be deposited with the Paying Agent or Paying Agents of the Authority in trust for the account of the registered holder of this bond, and if such funds shall be available for its redemption on the date fixed for redemption, interest shall cease to accrue on this bond from and after the date fixed for redemption and this bond shall not be entitled to the benefit or security of the foregoing resolutions but shall rely solely upon the funds so deposited.

If this bond is of a denomination greater than $5,000, and if less than all of the bonds of the Series of which this bond forms a part are to be called for redemption, then for all purposes in connection with redemption, each $5,000 of face value of this bond shall be treated as though it were a separate bond of the denomination of $5,000, and the word "bond" as used in the foregoing redemption provisions shall be deemed to refer to each such $5,000 unit of face value.

If it is determined as above provided that one or more but not all of the $5,000 units of face value represented by this bond are to be called for redemption, then upon notice of intention to redeem such $5,000 unit or units the registered holder of this bond shall forthwith present this bond to the Registrar who will issue new bonds of smaller denominations but of the same aggregate principal amount in exchange or substitution therefor, as provided in the resolution establishing the Series of which this bond forms a part, including a new bond or bonds with the aggregate principal amount of the $5,000 unit or units called for redemption; and such new bond or bonds

shall be deemed to be duly called for redemption without further notice to the registered holder. If the registered holder shall fail to present this bond to the Registrar for the issuance of new bonds of smaller denominations in exchange or substitution therefor as aforesaid, this bond shall nevertheless become due and payable on the date fixed for redemption to the extent of the $5,000 unit or units of face value called for redemption (and to that extent only); and (funds sufficient for the payment of the redemption price having been deposited with the Paying Agent or Paying Agents as aforesaid, and being available as aforesaid on the date fixed for redemption) interest shall cease to accrue on the portion of the principal amount of this bond represented by such $5,000 unit or units of face value on and after the date fixed for redemption and this bond shall not be entitled to the benefit or security of the aforesaid resolutions to the extent of the portion of its principal amount (and accrued interest thereon to the date fixed for redemption and premium, if any) represented by such $5,000 unit or units, but to that extent shall rely solely upon the funds so deposited.

This bond is entitled to the benefit of the sinking fund established for this Series by the resolutions of the Authority hereinabove referred to.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen or be performed, precedent to and in the issuance of this bond, exist, have happened and have been performed in due time, form and manner as required by the Constitutions and statutes of the States of New York and New Jersey, the Compact creating the Authority and the aforesaid resolutions of the Authority, and that the amount of this bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by said Constitutions, statutes, Compact or the Consolidated Bond Resolution.

IN WITNESS WHEREOF, The Port Authority of New York and New Jersey has caused its name to be signed hereto by its duly authorized officer, by manual or facsimile signature, and its official seal, or facsimile thereof, to be hereto affixed or printed or impressed hereon, and this bond to be dated as of the first day of September, 1988.

THE PORT AUTHORITY
OF NEW YORK AND NEW JERSEY

.....
Authorized Officer

(END OF FORM OF REGISTERED BOND)

The certificate of authentication attached to each of the bonds of this Series which are executed by a facsimile signature on behalf of the Authority shall be in substantially the following form, the blank spaces being appropriately filled in:

(FORM OF CERTIFICATE OF AUTHENTICATION)

This bond is one of the bonds issued under the provisions of the within-named resolution and the Consolidated Bond Resolution.

Date of Authentication: .....

REGISTRAR
as Registrar of the Authority

By .....
Authorized Officer

(END OF FORM OF CERTIFICATE OF AUTHENTICATION)

Each registered bond of this Series shall have provisions for assignment endorsed thereon, in substantially the following form:

(FORM OF PROVISIONS FOR ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

. . . . . .
(Please Print or Type Name and Address of Assignee)

. . . . . .

. . . . . .
the within bond and all rights thereunder and does hereby irrevocably constitute and appoint

. . . . . Attorney
to transfer such bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated:

. . . . . .
(Signature of Registered Holder)

In the presence of: . . . . . .
(Witness)

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within bond in every particular, with such signature appropriately guaranteed.

(END OF FORM OF PROVISIONS FOR ASSIGNMENT)

In case any official of the Authority who shall have signed or whose facsimile signature shall appear on any of the bonds of this Series shall cease to be such official before such bonds shall have been actually issued, such bonds may nevertheless be issued as though the person who signed such bonds had not ceased to be such official of the Authority; and the Authority may, by issuing bonds bearing coupons (if any) so executed, adopt and use the facsimile signature of any person appearing on the coupons (if any), notwithstanding the fact that such person may have ceased, at the time when the bonds and coupons (if any) shall have been issued, to hold the office appearing after such person's facsimile signature on such coupons (if any).

SECTION 10. The Committee on Finance of the Authority is hereby authorized (i) prior to the issuance of the first installment of the bonds of this Series, to change the date as of which the bonds of this Series shall be dated to any date on or before December 31, 1988, and, if the date as of which the bonds of this Series shall be dated is so changed and the bonds bear a stated rate or rates of interest, the Committee shall change by the same number of days the respective dates on which interest on the bonds of this Series shall be payable; (ii) prior to the issuance of any installment of the bonds of this Series, to change the date at which any of the bonds of that installment shall mature; *provided*, that said date or dates shall not be more than thirty-five (35) years from the date as of which the bonds of this Series are dated; (iii) prior to the issuance of any installment of the bonds of this Series, to adjust or change the respective dates in connection with the redemption, retirement, call and sinking fund provisions as to such installment; (iv) prior to the issuance of any installment of the bonds of this Series, to adjust or change the respective dates and cumulative percentages of total principal amount provided in the schedule of mandatory sinking fund redemption for the bonds of this Series to retire such entire installment at or prior to maturity or to rescind in its entirety the establishment of the mandatory sinking fund redemption schedule and provisions as to such installment; (v) prior to the issuance of any installment of the bonds of this Series, to reduce the percentages of face value relating to the optional call provisions for such installment; (vi) prior to the issuance of the first installment of the bonds of this Series, to provide for the bonds of this Series to be issued on original issuance as book-entry only securities taking account of the changes and adjustments authorized in this resolution with respect to the issuance of the bonds of this Series as book-entry only securities; (vii) prior to the issuance of the first installment of the bonds of this Series, to provide for the bonds of this Series to be separately registrable

as to principal and interest (including any authorized incremental interest) to any one or more holders of the bonds or certificates (if any) with respect to the payment of interest thereon; (viii) prior to the issuance of the first installment of the bonds of this Series if it is desirable in connection with the use of the proceeds of the bonds of this Series for the refunding of a series of the Authority's obligations to renumber this Series for purposes of identification, to renumber this Series; (ix) prior to the issuance of the first installment of the bonds of this Series, if a prior series of Consolidated Bonds has been renumbered or the resolutions in connection therewith have been rescinded and cancelled, and if it is desirable to accomplish the capital program of the Authority utilizing a continuous numbered sequence of Consolidated Bonds, to renumber this Series; and (x) to take such other action as in the opinion of the Committee will best serve the public interest.

SECTION 11. In case any bond or coupon (if any) pertaining to such a bond shall at any time become mutilated or be lost or destroyed, the Authority, in its discretion, may execute and deliver a new bond or coupon of like tenor and amount in exchange or substitution for and upon cancellation of said mutilated bond or coupon or in lieu of or in substitution for such destroyed or lost bond or coupon; or if such bond or coupon shall have matured, instead of issuing a substitute bond or coupon the Authority may pay the same without surrender thereof. In case of destruction or loss, the applicant for a substitute bond or coupon shall furnish to the Authority evidence satisfactory to the Authority of the destruction or loss of such bond or coupon and of the ownership thereof and also such security and indemnity as may be required by the Authority. The Authority may execute and deliver any such substitute bond or coupon or make any such payment; or any Paying Agent may make any such payment upon the written request or authorization of the Authority. Upon the issuance of any substitute bond or coupon, the Authority, at its option, may require the payment of a sum sufficient to reimburse it for any stamp tax or other governmental charge or other reasonable expense connected therewith and also a further sum not exceeding the cost of preparation of each new bond or coupon so issued in substitution. Any bond or coupon (if any) issued under the provisions of this section in lieu of any bond or coupon alleged to have been destroyed or lost shall constitute an original contractual obligation on the part of the Authority, whether or not the bond or coupon so alleged to have been destroyed or lost be at any time enforceable by anyone, and shall be equally and proportionately entitled to the security of this resolution and of the Consolidated Bond Resolution with all other bonds, notes and coupons (if any) issued hereunder or thereunder.

Consolidated Bonds, Sixty-fourth Series—Authorization of Issuance

Pursuant to the foregoing report, the following resolution was unanimously adopted:

WHEREAS, on the 9th day of October, 1952, The Port Authority of New York and New Jersey (formerly known as The Port of New York Authority and hereinafter called the "Authority"), adopted a resolution providing for the issuance of certain direct and general obligations of the Authority (hereinafter called "Consolidated Bonds"), from time to time in conformity with said resolution for the purposes therein set forth, which said resolution (hereinafter called the "Consolidated Bond Resolution") constitutes a contract with the holders of the bonds so issued; and

WHEREAS, on the 9th day of April, 1987, the Authority adopted a resolution establishing a series of said Consolidated Bonds to be known as "Sixty-fourth Series, Due 2023" (hereinafter called "bonds of this Series"), which said resolution by its terms constitutes a contract with the holders of the bonds of this Series; and

WHEREAS, the Authority has now determined that it is necessary, advisable and in the public interest to authorize the issuance of Two Hundred Million Dollars ($200,000,000) in principal amount of bonds of this Series for the purposes hereinafter set forth;

NOW, THEREFORE, be it resolved by The Port Authority of New York and New Jersey:

SECTION 1. As used in this resolution, any words or phrases specially defined in the aforesaid Consolidated Bond Resolution shall be read and construed in accordance with such special definitions; *provided, however*, that the term "facility" herein shall not include any railroad car owned, leased or operated pursuant to Chapter 638 of the Laws of New York of 1959 and Chapter 25 of the Laws of New Jersey of 1959 or any acts amendatory or supplementary thereto.

SECTION 2. The issuance of up to Two Hundred Million Dollars ($200,000,000) in principal amount of bonds of this Series is hereby authorized. Said bonds shall be issued in one or more installments or lots pursuant to and shall conform in all respects to the aforesaid Consolidated Bond Resolution and the aforesaid resolution establishing the bonds of this Series.

SECTION 3. Unless otherwise determined by the Committee on Finance in connection with the issuance of the bonds of this Series as book-entry only securities (which said Committee is hereby authorized to fix and determine such other system or method), the bonds of this Series shall be numbered upward from C(64)-1, or they may bear such other numbers as the Chairman of the Authority; Vice Chairman of the Authority; Chairman of the Committee on Finance; Executive Director; Assistant Executive Director; Chief Financial Officer; Deputy Chief Financial Officer; Comptroller; Assistant Comptroller; Treasurer; or Assistant Treasurer of the Authority may deem appropriate.

SECTION 4. The proceeds of the bonds of this Series shall be used (a) for purposes of capital expenditures in connection with any one or more of the facilities of the Authority and for purposes incidental thereto; *provided, however*, that subject to agreements with the holders of obligations of the Authority and consistent with applicable provisions of Section 103 of the Internal Revenue Code of 1986, as amended, or successor provisions of law, and the applicable regulations related thereto, the Committee on Finance may authorize all or any portion of the unspent proceeds of the bonds of this Series to be used for any purpose for which at the time of issuance thereof the Authority was authorized by law to issue its obligations, including capital expenditures in connection with facilities of the Authority certified or to be certified after issuance of the bonds of this Series; (b) for the purpose of refunding, directly, by offers to exchange, or otherwise, at or before maturity, all or any part of any issue of Consolidated Bonds or Consolidated Notes issued and outstanding at the time of the sale of any installment of the bonds of this Series; and (c) for the purpose of refunding in accordance with applicable law, regulations and contractual provisions, any of the special obligations under the Port Authority Commercial Paper Program.

SECTION 5. In the event the Committee on Finance determines that the needs of the Authority for capital funds or the public interest require allocation of the proceeds of any of the bonds of this Series to purposes in connection with some but not all of the purposes authorized in Section 4 hereof, the Committee is hereby authorized, prior to the sale of bonds of any installment of this Series from time to time, to make such allocation by resolution. The adoption by said Committee of such a resolution prior to any such sale shall be sufficient to restrict the application of the proceeds of any bonds of such installment of this Series included in said sale to the purposes specified by the Committee in said resolution.

SECTION 6. The provisions of this resolution shall constitute a contract with the holders of the bonds issued pursuant to this resolution, and with each such holder.

Consolidated Bonds, Sixty-fourth Series—Authorization of Sale

Pursuant to the foregoing report, the following resolution was unanimously adopted:

SECTION 1. The Committee on Finance of the Authority (hereinafter called the "Committee") is hereby authorized to sell all or any part of Two Hundred Million Dollars ($200,000,000) in principal amount of Consolidated Bonds, Sixty-fourth Series, Due 2023 (hereinafter called the "bonds of this Series"), at a price which will result in a true interest cost to the Authority not in excess of twelve per centum (12%) per annum to maturity, and to do so in the name of and on behalf of the Authority, at public or private sale, with or without advertisement, in one or more installments or in one or more lots, at one or more times on or before December 31, 1988, and to apply the proceeds of such sale or sales as provided in the resolution authorizing the issuance of said bonds of this Series; *provided, however,* that the total aggregate principal amount of Consolidated Bonds, Fifty-eighth Series, Due 2022, Consolidated Bonds, Fifty-ninth Series, Due 2022, Consolidated Bonds, Sixtieth Series, Due 2022, Consolidated Bonds, Sixty-first Series, Due 2022, Consolidated Bonds, Sixty-second Series, Due 2023, Consolidated Bonds, Sixty-third Series, Due 2023, Consolidated Bonds, Sixty-fourth Series, Due 2023, and Consolidated Bonds, Sixty-fifth Series, Due 2023, sold by the Committee shall not exceed One Billion Dollars ($1,000,000,000).

SECTION 2. The Committee shall have power, in connection with the bonds of this Series, to fix the time or times of sale on or before December 31, 1988, to determine the terms and conditions upon which sales shall be made and to accept or reject offers in connection with such sales, and to do so in the name of and on behalf of the Authority.

SECTION 3. The Committee shall have power in the name of and on behalf of the Authority, in connection with the bonds of this Series, to enter into any appropriate contracts or agreements concerning any sales or exchanges; to fix the time or times and determine the terms and conditions of delivery of the bonds of this Series; to appoint and to enter into appropriate contracts or agreements with one or more Paying Agents and a Registrar and a Trustee, and to designate the office or offices of any such Paying Agent or Paying Agents at which payments shall be made and the office or offices of any such Registrar at which the books for registration shall be kept; to enter into any appropriate contracts or agreements providing insurance in connection with the bonds of this Series; to enter into appropriate contracts or agreements in connection with the issuance of the bonds of this Series as book-entry only securities; to make any selection, designation, determination or estimate and to take or withhold any action and to formulate and express any opinions and to exercise any discretion or judgment which may be or is required to be made, taken, withheld, formulated, expressed or exercised by the Authority as a condition precedent to the issuance of the bonds of this Series or for the purpose of determining whether all conditions precedent to their issuance exist, the Authority hereby adopting all such selections, designations, determinations, actions, withholdings of action, estimates and exercises of judgment and discretion, whether pursuant to Section 3 of the Consolidated Bond Resolution of October 9, 1952, or otherwise, as its own; and to authorize any of the foregoing and generally to take such other action as in the opinion of the Committee will best serve the public interest.

SECTION 4. The Committee shall have power to authorize one or more official statements in the name of and on behalf of the Authority (describing the Authority, its financial condition and the bonds offered for sale, and making representations on behalf of the Authority). The Authority hereby authorizes the underwriter or underwriters purchasing the bonds in offering the bonds of this Series for resale to use such official statement or statements and representations as those of the Authority.

SECTION 5. No part of the proceeds of the bonds of any installment of the bonds of this Series shall be invested directly or indirectly in such a manner as to cause the interest on such bonds of this Series to be subject to Federal income taxes under Section 148 of the Internal Revenue Code of 1986, as amended, or successor provisions of law, and the applicable regulations related thereto.

SECTION 6. The Committee; Chairman of the Authority; Vice Chairman of the Authority; Chairman of the Committee; Executive Director; Assistant Executive Director; Chief Financial Officer; Deputy Chief Financial

Officer; or Treasurer of the Authority is hereby authorized, in connection with the bonds of this Series, to take any action which may be necessary or desirable to assure that the bonds of this Series are in conformity with the provisions of Section 103 of the Internal Revenue Code of 1986, as amended, or successor provisions of law, and the applicable regulations related thereto, and that the interest on such bonds of this Series is not includible for Federal income tax purposes in the gross income of the recipients thereof under Section 103(a) of the Code, or successor provisions of law, or regulations with respect thereto, and any such actions taken in connection therewith are hereby ratified. The Chairman of the Authority; Vice Chairman of the Authority; Chairman of the Committee; Executive Director; Assistant Executive Director; Chief Financial Officer; Deputy Chief Financial Officer; Comptroller; Assistant Comptroller; Treasurer; or Assistant Treasurer of the Authority is hereby authorized to certify on behalf of the Authority as to the need for the issuance of bonds of this Series for the purposes for which such bonds of this Series are issued, as to the status of the projects for which the proceeds of the bonds of this Series would be used, as to the Authority's intentions with respect to the application and investment of said proceeds, and as to such other related matters as may be authorized by the Committee and any such actions taken in connection therewith are hereby ratified.

Consolidated Bonds, Sixty-fifth Series—Establishment

Pursuant to the foregoing report, the following resolution was unanimously adopted:

WHEREAS, heretofore and on the 9th day of October, 1952, The Port Authority of New York and New Jersey (formerly known as The Port of New York Authority and hereinafter called the "Authority") adopted a resolution (hereinafter called the "Consolidated Bond Resolution") providing for the issuance of certain direct and general obligations of the Authority (hereinafter called "Consolidated Bonds"), from time to time, in conformity with said Consolidated Bond Resolution for the purposes therein set forth, and which Consolidated Bond Resolution constitutes a contract with the holders of the Consolidated Bonds so issued; and

WHEREAS, said Consolidated Bond Resolution provides that such Consolidated Bonds shall be issued in such series as the Authority may determine, and that the characteristics of the bonds of such series shall be determined by the Authority by and in the resolution establishing such series, and that the resolution establishing any series may contain other terms and provisions not inconsistent with the Consolidated Bond Resolution; and

WHEREAS, the Authority has heretofore established various series of said Consolidated Bonds and has now determined that it is necessary, advisable and in the public interest to establish another series of said Consolidated Bonds, without prejudice to its right hereafter to establish other and additional series of such Consolidated Bonds;

NOW, THEREFORE, be it resolved by The Port Authority of New York and New Jersey:

SECTION 1. As used in this resolution, any words or phrases specially defined in the aforesaid Consolidated Bond Resolution shall be read and construed in accordance with such special definitions.

SECTION 2. There is hereby established a series of said Consolidated Bonds to be known as "Consolidated Bonds, Sixty-fifth Series, Due 2023," to be issued in conformity with said Consolidated Bond Resolution and for any one or more of the purposes specified therein as may be provided in the resolution authorizing the issuance of such series. This resolution shall constitute a contract with the holders of said bonds of Consolidated Bonds, Sixty-fifth Series, Due 2023, which said bonds are hereinafter called "bonds of this Series," and with each such holder.

SECTION 3. Bonds of this Series shall be issued in one or more installments or lots as the Authority may hereafter determine.

The bonds of this Series shall be dated as of December 1, 1988, shall mature on December 1, 2023, and shall bear a stated rate or rates of interest, including fixed, variable or incremental rates for the term of the bonds or any portion thereof, or a combination thereof, from the semi-annual interest payment date next preceding their date of issuance, or if such date of issuance shall be an interest payment date, from such date of issuance, not exceeding twelve per centum (12%) per annum as may be determined by the Committee on Finance of the Authority. The Committee on Finance is hereby authorized to fix and determine any other date as that upon which interest shall commence and said interest rate or rates, or to determine that said bonds of this Series shall not bear a stated rate of interest. If the bonds of this Series shall bear a stated rate or rates of interest, interest shall be payable semi-annually commencing on June 1, 1989, and thereafter on each succeeding December 1 and June 1 until maturity or prior redemption.

Both principal of and interest on the bonds of this Series shall be payable in lawful money of the United States of America. Principal of the bonds of this Series shall be payable upon presentation and surrender thereof by the registered holders, or in the case of coupon bonds of this Series, if any, upon presentation and surrender thereof, at the office or offices, designated by the Authority, of the Paying Agent or Paying Agents appointed for the purpose by the Authority, in a county which is in whole or in part in the Port of New York District. Interest on the registered bonds of this Series shall be payable when due to the registered holder thereof by check or draft drawn on the Paying Agent or Paying Agents appointed for the purpose by the Authority and mailed to said registered holder and interest on the coupon bonds of this Series, if any, shall be payable upon presentation and surrender of the coupons appertaining thereto at such office or offices of such Paying Agent or Paying Agents. If on original issuance the bonds of this Series are to be issued as book-entry only securities, subject to a book-entry system for determining interests therein, the Committee on Finance is hereby authorized to fix and determine an

alternate method for the payment of both or either of the principal of and interest on the bonds of this Series to the registered holder thereof; *provided, however,* in the event that such book-entry system or any successor book-entry system is discontinued without replacement with a similar system, then the foregoing payment provisions of this paragraph shall apply to the bonds of this Series.

Bonds of this Series shall be issued only in registered form without coupons, registered as to both principal and interest and not as to either alone; *provided, however,* if at any time prior to issuance of the first installment of the bonds of this Series, there shall be in effect a provision of the Internal Revenue Code of 1986, as amended (hereinafter called the "Code"), or successor provisions of law, or the regulations with respect thereto, which does not provide that, for the interest on the bonds of this Series to be considered not includible for Federal income tax purposes in the gross income of the recipients thereof under Section 103(a) of the Code, or successor provisions of law, such bonds of this Series must be issued in registered form, then the bonds of this Series may also be issued in the form of coupon bonds payable to bearer, in which event the Committee on Finance is hereby authorized to adopt an appropriate form of coupon bond issuable only in the denomination of $5,000. If on original issuance the bonds of this Series are to be issued as book-entry only securities subject to a book-entry system for determining interests therein, the Committee on Finance is hereby authorized to fix and determine an appropriate form of bond or other evidence of indebtedness; *provided, however,* in the event that such book-entry system or any successor book-entry system is discontinued without replacement with a similar system then the provisions of Section 9 of this resolution shall apply to the bonds of this Series.

Registered bonds of this Series shall be issued in the denominations of $5,000 or integral multiples of $5,000.

SECTION 4. The Authority will keep or cause to be kept at the offices, designated by the Authority, of its Registrar appointed for that purpose, in a county which is in whole or in part in the Port of New York District, proper and sufficient books for the registration of bonds of this Series. Each registered bond of this Series shall be transferable only upon such books by the registered holder thereof in person or by such registered holder's attorney duly authorized in accordance with the provisions of this resolution.

In the event that the bonds of this Series may be issued in coupon form, a coupon bond or bonds of this Series (if any), upon the written request of the bearer or bearers thereof and upon the surrender thereof with all unmatured coupons thereto attached, may be exchanged for a registered bond or bonds, registered as designated in such request, of the same aggregate principal amount and series as the surrendered bond or bonds, of any of the authorized denominations. A registered bond or bonds of this Series, upon the written request of the registered holder or holders thereof and upon surrender thereof, may be exchanged for a registered bond or bonds, registered as designated in such request, of any other authorized denominations, or in the event that the bonds of this Series may be issued in coupon form, a coupon bond or bonds with appropriate coupons attached, or a combination of such coupon and registered bonds, in each case of the same aggregate principal amount as the surrendered bond or bonds.

All requests for the registration, transfer, exchange and delivery of bonds as above provided shall be filed with the Registrar of the Authority; all bonds to be surrendered pursuant to such request shall be surrendered to the Registrar; and all bonds delivered in exchange as aforesaid shall be delivered by the Registrar. All bonds of this Series surrendered to the Registrar in exchange for other bonds or for transfer as above provided shall be cancelled by the Registrar upon such surrender.

The Authority shall bear the cost incurred by the Authority in connection with the registration, authentication (if any), transfer, cancellation, exchange and delivery of bonds of this Series, including such fees as may be imposed by the Registrar for such services performed by the Registrar as provided in this resolution.

Nothing contained in this resolution shall be deemed to authorize the execution and delivery of bonds of this Series except in the denomination of $5,000 in the case of coupon bonds (if any) or in the denominations of $5,000 or integral multiples of $5,000 in the case of registered bonds or to authorize the issuance of coupon bonds of this Series if at any time there shall be in effect a provision of the Code or the applicable regulations related thereto which provides that for the interest on the bonds of this Series to be considered not includible for Federal income tax purposes in the gross income of the recipients thereof under Section 103(a) of the Code, or successor provisions of law, such bonds of this Series must be issued in registered form.

SECTION 5. Except as provided in Section 6 of this resolution, bonds of this Series shall be redeemable at the option of the Authority, in whole or in part, on interest payment dates, at or subsequent to December 1, 1995, and prior to maturity, as follows:

At one hundred two per centum (102%) of their face value, plus accrued interest to the date fixed for redemption, at December 1, 1995, and thereafter and at or prior to December 1, 1997; at one hundred one per centum (101%) of their face value, plus accrued interest to the date fixed for redemption, thereafter and at or prior to December 1, 2000; and at one hundred per centum (100%) of their face value, plus accrued interest to the date fixed for redemption, thereafter and at or prior to June 1, 2023.

If less than all the bonds of this Series then outstanding are to be called for redemption, the bonds so to be called shall be determined by lot by the Authority or the Registrar as the Authority may elect or by such other system or method as the Committee on Finance may determine (which said Committee is hereby authorized to fix and determine such other system or method).

Notice of intention to redeem any bonds of this Series shall be given by the Authority by publication in a daily newspaper of general circulation in the Port of New York District. Such notice shall be published at least twice prior to the date fixed for redemption, the first publication to be not less than thirty (30) nor more than forty-five (45) days before the date fixed for redemption and the second publication to be not less than ten (10) nor more than twenty (20) days before the date fixed for redemption. A copy of such notice shall also be mailed by the Authority or the Registrar, as the Authority may elect, not less than thirty (30) nor more than forty-five (45) days prior to the date fixed for redemption, to the registered holders of the bonds of this Series to be called for redemption, at their last known addresses as appearing upon the Registry Books of the Authority; *provided, however*, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any action with respect to the redemption of said bonds. If on original issuance the bonds of this Series are to be issued only in registered form or are to be issued as book-entry only securities subject to a book-entry system for determining interests therein, the Committee on Finance is hereby authorized to fix and determine an alternate method by which the Authority shall give notice of intention to redeem any bonds of this Series.

Before the date fixed for redemption specified in the Authority's notice of intention to redeem, the Authority will pay or cause to be paid to the Paying Agent (or Paying Agents) an amount in cash in the aggregate sufficient to redeem all of the outstanding bonds which are to be redeemed, at the respective redemption prices thereof, which, in each case, shall include the accrued interest to the date fixed for redemption and the premium (if any), such principal amount and premium (if any), to be held by the Paying Agent (or Paying Agents) in trust for the account of the holders of the bonds so called for redemption and to be paid to them respectively upon presentation and surrender of the said bonds with accrued interest included in such redemption price to be paid to the registered holders in accordance with the provisions of this resolution and in the case of coupon bonds (if any), such accrued interest to be paid to the holders only upon presentation and surrender of all unmatured coupons (if any) pertaining to such bonds. On and after the date fixed for redemption, the notice of intention to redeem having been completed as above provided or as provided by the Committee on Finance, the bonds so called shall become due and payable at the office of the Paying Agent (or Paying Agents) designated by the Authority, and if funds sufficient for payment of the redemption price shall have been deposited with the Paying Agent (or Paying Agents) in trust as aforesaid and if such funds shall be available for redemption of such bonds on the date fixed for redemption, then and in any such event, interest shall cease to accrue on the bonds so called from and after the date fixed for their redemption, and such bonds and the unmatured coupons (if any) pertaining thereto shall not be entitled to the benefit or security of this resolution or the Consolidated Bond Resolution, but shall rely solely upon the funds so deposited.

In the case of registered bonds of denominations greater than $5,000, if less than all of the bonds of this Series then outstanding are to be called for redemption, then for all purposes in connection with redemption, each $5,000 unit of face value shall be treated as though it were a separate bond of the denomination of $5,000, and the word "bond" as used in the foregoing provisions of this Section 5 shall be deemed to refer to such $5,000 unit of face value. If it is determined as above provided that one or more but not all of the $5,000 units of face value represented by any bond are to be called for redemption, then upon notice of intention to redeem said $5,000 unit or units, the holder of said bond shall forthwith present said bond to the Registrar who shall issue a new bond or bonds of smaller authorized denominations but of the same aggregate principal amount in exchange therefor, pursuant to Section 4 of this resolution, including a new bond or bonds with the aggregate principal amount of the $5,000 unit or units of face value called for redemption; and such new bond or bonds shall be deemed to be duly called for redemption without further notice to the holder thereof. If the holder of such bond of a denomination greater than $5,000 shall fail to present such bond to the Registrar for the issuance of new bonds of smaller denominations

in exchange therefor, as aforesaid, such bond shall nevertheless become due and payable on the date fixed for redemption to the extent of the $5,000 unit or units of face value called for redemption (and to that extent only); and (funds sufficient for the payment of the redemption price having been deposited with the Paying Agent or Paying Agents, as aforesaid, and being available as aforesaid on the date fixed for redemption) interest shall cease to accrue on the portion of the principal amount of such bond represented by such $5,000 unit or units of face value on and after the date fixed for redemption, and such bond shall not be entitled to the benefit or security of this resolution or the Consolidated Bond Resolution to the extent of the portion of its principal amount (and accrued interest thereon to the date fixed for redemption and premium, if any) represented by such $5,000 unit or units of face value, but to that extent shall rely solely upon the funds so deposited.

SECTION 6. The Authority shall establish and maintain a separate sinking fund for the retirement of bonds of this Series which shall be known as the "Consolidated Bonds, Sixty-fifth Series, Due 2023, Sinking Fund." The amount required to be paid into said Sinking Fund for each year shall be the difference at October 15 of such year between the schedule amount of principal for such year and the schedule amount of principal for the next preceding year as set forth in this Section 6, determined in the manner provided in the next succeeding paragraph. Except as provided in the third paragraph of this Section 6, payments into said Sinking Fund shall be made in bonds of this Series purchased or redeemed by the Authority at or prior to October 15 of the year on account of which the payment is made. Such payments may be made at any time or times during such year at or prior to October 15 or at any time or times during any prior year. Bonds of this Series so purchased may be purchased at such prices as the Authority may deem reasonable and proper and, in the discretion of the Authority, at public or private sale, with or without advertisement and with or without notice to any person other than the seller, and bonds theretofore issued and negotiated and then held by the Authority may be purchased for such purpose as well as bonds held by others. To be eligible for payment into said Sinking Fund each such bond shall have theretofore actually been issued and negotiated by the Authority and shall either be in registered form or in coupon form (if any) with all interest coupons attached maturing on and subsequent to December 1 of the year on account of which it is paid into said Sinking Fund. Bonds paid into said Sinking Fund shall be received therein at a value equal to the principal amount of such bonds. Upon payment into said Sinking Fund of said bonds of this Series so purchased or redeemed, said bonds shall be forthwith cancelled. All bonds of this Series which shall have been redeemed at prices established by Section 5 hereof shall be deemed to have been paid into said Sinking Fund and cancelled within the requirements of the preceding sentence whether or not said bonds shall have been presented for payment upon such redemption.

The schedule amount of bonds of this Series for each year shall be determined by multiplying the aggregate principal amount of all bonds of this Series theretofore issued (whether or not any of such bonds shall have theretofore been retired) by the cumulative percentage of total principal amount specified opposite such year in the schedule of mandatory periodic retirement hereafter set forth in this Section 6; if the amount so determined shall not be a multiple of $5,000, then the schedule amount for such year shall be the next higher multiple of $5,000.

If at the close of October 15 of any year (except the year of maturity) set forth in said schedule of mandatory periodic retirement, the Authority shall not have made payment into said Sinking Fund on account of such year of an amount at least equal to the payment required to be made therein on account of such year, then the Authority shall, on October 16 of such year, pay into said Sinking Fund an amount in cash equal to the deficiency, and such amounts shall be applied to the redemption of bonds of this Series at December 1, 2003, and at December 1 of each year thereafter, in the manner and upon the notice set forth in Section 5 of this resolution, but, notwithstanding the redemption price set forth in Section 5, at the price of one hundred per centum (100%) of their face value, plus accrued interest to the date fixed for redemption, at December 1, 2003, and thereafter and at or prior to December 1, 2022.

The following schedule of mandatory periodic retirement is provided for bonds of this Series:

Year	Cumulative Percentage of Total Principal Amount	Year	Cumulative Percentage of Total Principal Amount
2003	2.1	2014	38.9
2004	4.4	2015	43.9
2005	6.8	2016	49.3
2006	9.4	2017	55.1
2007	12.2	2018	61.4
2008	15.2	2019	68.1
2009	18.5	2020	75.3
2010	22.0	2021	83.1
2011	25.8	2022	91.4
2012	29.8	2023	100.0
2013	34.2		

Nothing herein contained shall be construed in any way to prevent the Authority from retiring bonds of this Series more rapidly than is shown in the foregoing schedule of mandatory periodic retirement.

SECTION 7. The Authority shall not apply any moneys in the Consolidated Bond Reserve Fund or in any special reserve fund established for the benefit of the bonds of any prior issue of bonds except for the payment of bonds secured by a pledge of the General Reserve Fund in whole or in part, the payment of debt service upon bonds so secured, the purchase for retirement of bonds so secured or the redemption of bonds so secured, or for the payment of expenses incurred for the establishment, acquisition, construction or effectuation, or for the operation, maintenance, repair or administration of any facility financed or refinanced in whole or in part by bonds secured by a pledge of the General Reserve Fund in whole or in part, or otherwise for the fulfillment of any undertakings which the Authority has assumed or may or shall hereafter assume to or for the benefit of the holders of bonds secured by a pledge of the General Reserve Fund in whole or in part; *provided, however,* that nothing herein contained shall be construed to permit the application by the Authority of moneys in the Consolidated Bond Reserve Fund or in any special reserve fund established for the benefit of the bonds of any prior issue of bonds except for purposes and upon conditions which in the case of the Consolidated Bond Reserve Fund are authorized by the Consolidated Bond Resolution or in the case of said special reserve funds are authorized by the respective resolutions establishing such prior issues of bonds.

Consolidated Bonds proposed to be issued for purposes in connection with an additional facility or a group of additional facilities in connection with which the Authority has not theretofore issued bonds which have been secured by a pledge of the General Reserve Fund in whole or in part, may be issued, and bonds other than Consolidated Bonds proposed to be issued for purposes in connection with such an additional facility or group of additional facilities may be secured by a pledge of the General Reserve Fund in whole or in part, in each case if and only if the Authority shall certify at the time of issuance (as defined in Section 3 of the Consolidated Bond Resolution) its opinion that the issuance of such Consolidated Bonds or that such pledge of the General Reserve Fund as security for such bonds other than Consolidated Bonds will not, during the ensuing ten (10) years or during the longest term of any of such bonds proposed to be issued (whether or not Consolidated Bonds), whichever shall be longer, in the light of its estimated expenditures in connection with such additional facility or such group of additional facilities, materially impair the sound credit standing of the Authority or the investment status of Consolidated Bonds or the ability of the Authority to fulfill its commitments, whether statutory or contractual or reasonably incidental thereto, including its undertakings to the holders of Consolidated Bonds; and the Authority may apply moneys in the General Reserve Fund for purposes in connection with those of its bonds and only those of its bonds which it has theretofore secured by a pledge of the General Reserve Fund in whole or in part. Expenditures in connection with an additional facility or group of additional facilities shall mean the amount of the excess, if any, of the sum of all items of expense to be considered in determining the net revenues of the additional facility or group of additional facilities plus the debt service upon the bonds proposed to be issued and upon any additional bonds which in the Authority's opinion would be required to be issued to place and maintain such facility or group of facilities upon a sound operating basis, over and above the sum of all items of revenue and income to be considered in determining such net revenues.

SECTION 8. The Authority shall appoint a bank or trust company as Trustee for and in connection with the bonds of this Series. The Trustee is hereby authorized to (i) institute any action or proceeding on behalf of the holders of the bonds of this Series against the Authority or others, or (ii) intervene in any pending action or proceeding, or (iii) take any other action which it shall in its sole discretion determine to be necessary or advisable in order to protect the rights of the holders of bonds of this Series. The rights of the Trustee in this respect and in all other respects shall be in addition to and not in substitution of any and all rights which would otherwise inure to the holder or holders of bonds of this Series. It is understood that the Trustee in its sole discretion may, but shall be under no obligation to, review the activities or operations of the Authority or any of the contracts or agreements of the Authority or exercise any of the rights or powers vested in it by this Section 8 whether on the Trustee's initiative or at the request or direction of any of the holders of bonds of this Series.

The Trustee (which shall include any successor Trustee) appointed under the provisions of this Section shall be a bank or trust company organized under the laws of the State of New York or the State of New Jersey or a national banking association doing business and having its principal office in the Port of New York District and having a total capital (including capital stock, surplus, undivided profits and capital notes, if any) aggregating at least $25,000,000, which is willing and able to accept the office on reasonable and customary terms and is authorized by law to perform all the duties imposed upon it by this resolution.

The Trustee shall not be liable for any action taken or suffered upon any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document believed by it to be genuine, and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may or may not be counsel to the Authority, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this resolution in good faith and in accordance therewith. The Trustee shall not be liable in connection with the performance or nonperformance of its duties except for its own willful misconduct, negligence or bad faith.

If the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this resolution, such matter (unless other evidence in respect thereof be specifically prescribed) may be deemed to be conclusively proved and established by a certificate of an authorized officer of the Authority (who shall be any officer authorized pursuant to Section 9 hereof to execute bonds of this Series), and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this resolution upon the faith thereof; but in its discretion the Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable.

The Authority shall annually, within one hundred twenty (120) days after the close of each calendar year, file with the Trustee a statement of an authorized officer showing for the preceding calendar year (i) net revenues, (ii) the aggregate interest paid on bonds of the Authority, and (iii) the payments of principal on bonds of the Authority.

The Authority shall annually, within one hundred twenty (120) days after the close of each calendar year, file with the Trustee a copy of its annual report for such year, and its financial statement for such year accompanied by an opinion signed by an independent public accountant or firm of public accountants of recognized standing selected by the Authority and satisfactory to the Trustee.

The Authority shall file with the Trustee a copy of any Official Statement hereafter issued by the Authority in connection with the issuance of bonds by the Authority.

The Authority shall file with the Trustee a copy of the minutes of every meeting of the Authority and of the Port Authority Trans-Hudson Corporation at the time said minutes are transmitted to the Governor of New York and the Governor of New Jersey.

The Authority shall not be required to file with the Trustee (except when requested to do so by the Trustee) and the Trustee shall not be required to review any document, instrument, report or paper other than those which the Authority is expressly required hereunder to file with the Trustee. The Trustee shall not be bound to make any investigation into the facts or matters stated in any document, instrument, report or paper supplied to it, but the Trustee in its sole discretion may make such further inquiry or investigation into such facts or matters as the Trustee may deem advisable, and, if the Trustee shall determine to make such further inquiry or investigation, the Trustee is authorized to examine such books and records of and properties owned or operated by the Authority as the Trustee may deem advisable, personally or by agent or attorney.

The Authority hereby agrees (i) to pay to the Trustee from time to time reasonable compensation for all services rendered by it hereunder, (ii) to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in connection with the exercise or performance of any of its powers or duties hereunder (including the reasonable compensation and the expenses and disbursements of its agents and counsel), and (iii) to indemnify the Trustee for, and hold it harmless against, any loss, liability or expense incurred without willful misconduct, negligence or bad faith on its part, arising out of or in connection with the exercise or performance of the Trustee's powers and duties hereunder, including the costs and expenses of defending itself against any claim or liability in connection with such exercise or performance.

The Trustee may become the owner or holder of any bonds of the Authority with the same rights as it would have were it not a Trustee. To the extent permitted by law, the Trustee may act as depositary for the Authority, act as Paying Agent and Registrar of bonds of the Authority, act itself and permit any of its officers or directors to act in any other capacity with respect to the Authority, the bonds of the Authority and the holders of bonds of the Authority as it or its officers or directors would be able to act were it not a Trustee.

The Trustee may at any time resign and be discharged of the duties and obligations created by this resolution by giving not less than sixty (60) days' written notice to the Authority and publishing notice thereof, specifying the date when such resignation shall take effect, once in each week for two (2) successive calendar weeks in a newspaper of general circulation in the City of New York, State of New York, and such resignation shall take effect upon the date specified in such notice unless previously a successor shall have been appointed by the Authority in which event such resignation shall take effect immediately on the appointment of such successor.

The Trustee may be removed at any time by an instrument or concurrent instruments in writing, filed with the Trustee, and signed and acknowledged by the holders of a majority in principal amount of the bonds of this Series then outstanding or by their attorneys duly authorized, excluding any bonds held by or for the account of the Authority.

In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, a successor may be appointed by the holders of a majority in principal amount of the bonds of this Series then outstanding, excluding any bonds held by or for the account of the Authority, by an instrument or concurrent instruments in writing signed and acknowledged by such bondholders or by their attorneys duly authorized and delivered to such successor Trustee, notification thereof being given to the Authority and the predecessor Trustee; *provided*, nevertheless, the Authority shall forthwith appoint a Trustee to fill such vacancy until a successor Trustee shall be appointed by the holders of bonds of this Series as authorized in this Section. The Authority shall publish notice of any such appointment made by it once in each week for two (2) consecutive calendar weeks, in a newspaper of general circulation in the City of New York, State of New York, the first publication to be made within twenty (20) days after such appointment. Any successor Trustee appointed by the Authority shall, immediately and without further act, be superseded by a Trustee appointed by the holders of bonds of this Series.

Any company into which any Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which any Trustee may sell or transfer all or substantially all of its corporate trust business; *provided*, such company shall be a bank or trust company located in the Port of New York District and shall be authorized by law to perform all the duties imposed upon it by this resolution, shall be the successor to such Trustee without the execution or filing of any paper or the performance of any further act.

The failure of the Authority to take any action required by this Section shall not invalidate any bond or bonds issued pursuant to this resolution or hereafter issued by the Authority, or affect any other actions of the Authority. The Authority shall in no way be restricted by this Section from entering any defense to an action or proceeding instituted by the Trustee or by the holder or holders of bonds of this Series.

SECTION 9. Each bond of this Series shall have the official seal of the Authority, or a facsimile thereof, affixed thereto or printed or impressed thereon, and shall be signed by any one of the following persons, to wit:—The person holding the office or exercising the duties of Chairman; Vice Chairman; Chairman of the Committee on Finance; Executive Director; Assistant Executive Director; Secretary; Assistant Secretary; Chief

Financial Officer; Deputy Chief Financial Officer; Comptroller; Assistant Comptroller; Treasurer; or Assistant Treasurer of the Authority at the time of its execution; *provided*, that each bond of this Series may be executed by the facsimile signature of any of the foregoing persons and, in such event, such bond shall have endorsed thereon a certificate of authentication substantially in the form hereinafter set forth, manually executed by the Registrar of the Authority. No bond of this Series bearing a facsimile signature of any of the foregoing persons shall be entitled to any benefit under this resolution or the Consolidated Bond Resolution or be valid or obligatory for any purpose unless and until such certificate of authentication shall have been manually executed by the Registrar of the Authority, as aforesaid, and such manually executed certificate upon such bond shall be conclusive evidence that such bond has been authenticated and delivered hereunder. Such certificate of authentication on any such bond shall be deemed to have been executed by the Registrar of the Authority, as aforesaid, if signed by an authorized officer thereof, but it shall not be necessary that the same officer sign the certificate of authentication on all of such bonds issued hereunder. Bonds of this Series in coupon form (if any) shall have coupons for interest attached, bearing facsimile signatures of the Chairman and Secretary of the Authority.

The registered bonds of this Series shall be in substantially the following form, the blank spaces being appropriately filled in, and, as applicable, taking account of the changes and adjustments authorized in this resolution:

(FORM OF REGISTERED BOND)

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

CONSOLIDATED BOND

SIXTY-FIFTH SERIES, DUE 2023

No. C(65)-. . . .
Maturity Date: December 1, 2023 Interest Rate: . . . .% Per Annum Dated: December 1, 1988 CUSIP . . . .

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (formerly known as The Port of New York Authority and hereinafter called the Authority), a body corporate and politic, created by the Compact of April 30, 1921, between the State of New York and the State of New Jersey, to which the consent of the Congress of the United States was given by Public Resolution No. 17, 67th Congress, First Session, acknowledges itself indebted and for value received hereby promises to pay to the registered holder hereof, on the first day of December, 2023, upon presentation and surrender of this bond, the principal amount shown below:
together with interest thereon at the rate of per centum (%) per annum from , payable semi-annually commencing on June 1, 1989, and thereafter on each succeeding December 1 and June 1 until maturity or prior redemption. The principal of this bond shall be payable in lawful money of the United States of America, at maturity or prior redemption upon presentation and surrender by the registered holder hereof at the office of , Paying Agent of the Authority, or the office or offices designated by the Authority of such other Paying Agent or Paying Agents appointed for the purpose by the Authority in a county which is in whole or in part in the Port of New York District. Semi-annual interest on this bond shall be payable when due, in lawful money of the United States of America, to said registered holder by check or draft drawn on the Paying Agent or Paying Agents appointed for the purpose by the Authority and mailed to said registered holder.

This bond is issued pursuant to and in full conformity with the Compact between the States of New York and New Jersey creating the Authority and the various statutes of said two States amendatory thereof and supplemental thereto, for purposes provided in said Compact and statutes, and is a direct and general obligation of the Authority for the prompt payment of the principal of and interest on which the full faith and credit of the Authority are irrevocably pledged. The provisions of the resolution of October 9, 1952, establishing an issue of Consolidated Bonds, and of the resolutions of April 9, 1987, establishing the Series of which this bond forms a part and authorizing the issuance of this bond, constitute a contract between the Authority and the registered holder of this bond, which is subject to modification as therein provided.

The Authority has appointed a Trustee for and in connection with the bonds of this Series as provided by the resolution establishing the Series of which this bond forms a part.

This bond is registered as to principal and interest (but not as to either alone) and is transferable only upon the books kept by the Registrar of the Authority by the registered holder of this bond or attorney duly authorized, all in accordance with the provisions of the resolution establishing the Series of which this bond forms a part. The bonds of this Series are issuable only in the form of registered bonds without coupons in the denominations of $5,000 or integral multiples of $5,000. The registered holder of this bond or attorney duly authorized may upon application to the Registrar of the Authority exchange the same in accordance with the provisions of the resolution establishing the Series of which this bond forms a part for an equal aggregate principal amount of registered bonds of any other authorized denominations. The Authority shall bear the cost incurred by the Authority in connection with the registration, authentication (if any), transfer, cancellation, exchange and delivery of bonds of this Series including such fees as may be imposed by the Registrar for such services performed by the Registrar.

This bond may be redeemed at December 1 of any year prior to maturity beginning with 2003 to satisfy the requirements of the schedule of mandatory periodic retirement provided for bonds of this Series in and pursuant to said resolutions of the Authority at one hundred per centum (100%) of its face value, plus accrued interest to the date fixed for redemption at December 1, 2003, and thereafter and at or prior to December 1, 2022.

This bond may at the option of the Authority be redeemed for any other purpose at any interest payment date at or subsequent to December 1, 1995, as follows:

At one hundred two per centum (102%) of its face value, plus accrued interest to the date fixed for redemption, at December 1, 1995, and thereafter and at or prior to December 1, 1997; at one hundred one per centum (101%) of its face value, plus accrued interest to the date fixed for redemption, thereafter and at or prior to December 1, 2000; and at one hundred per centum (100%) of its face value, plus accrued interest to the date fixed for redemption, thereafter and at or prior to June 1, 2023.

If less than all the bonds of this Series then outstanding are to be called for redemption, the bonds so to be called shall be determined by lot by the Authority or the Registrar as the Authority may elect or by such other system or method as the Committee on Finance of the Authority shall fix and determine.

If this bond shall be called for redemption, notice shall be given by the Authority by publication in a daily newspaper of general circulation in the Port of New York District. Such notice shall be published at least twice prior to the date fixed for redemption—the first publication to be not less than thirty (30) nor more than forty-five (45) days before the date fixed for redemption; and the second publication to be not less than ten (10) nor more than twenty (20) days before the date fixed for redemption. A copy of such notice shall also be mailed, not less than thirty (30) nor more than forty-five (45) days before the date fixed for redemption, to the registered holder of this bond at his last known address as appearing on the Registry Books of the Authority; *provided, however,* that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any action with respect to the redemption of said bonds. If this bond shall be called for redemption, and if funds sufficient for the redemption price shall be deposited with the Paying Agent or Paying Agents of the Authority in trust for the account of the registered holder of this bond, and if such funds shall be available for its redemption on the date fixed for redemption, interest shall cease to accrue on this bond from and after the date fixed for redemption and this bond shall not be entitled to the benefit or security of the foregoing resolutions but shall rely solely upon the funds so deposited.

If this bond is of a denomination greater than $5,000, and if less than all of the bonds of the Series of which this bond forms a part are to be called for redemption, then for all purposes in connection with redemption, each $5,000 of face value of this bond shall be treated as though it were a separate bond of the denomination of $5,000, and the word "bond" as used in the foregoing redemption provisions shall be deemed to refer to each such $5,000 unit of face value.

If it is determined as above provided that one or more but not all of the $5,000 units of face value represented by this bond are to be called for redemption, then upon notice of intention to redeem such $5,000 unit or units the registered holder of this bond shall forthwith present this bond to the Registrar who will issue new bonds of smaller denominations but of the same aggregate principal amount in exchange or substitution therefor, as provided in the resolution establishing the Series of which this bond forms a part, including a new bond or bonds with the aggregate principal amount of the $5,000 unit or units called for redemption; and such new bond or bonds

shall be deemed to be duly called for redemption without further notice to the registered holder. If the registered holder shall fail to present this bond to the Registrar for the issuance of new bonds of smaller denominations in exchange or substitution therefor as aforesaid, this bond shall nevertheless become due and payable on the date fixed for redemption to the extent of the $5,000 unit or units of face value called for redemption (and to that extent only); and (funds sufficient for the payment of the redemption price having been deposited with the Paying Agent or Paying Agents as aforesaid, and being available as aforesaid on the date fixed for redemption) interest shall cease to accrue on the portion of the principal amount of this bond represented by such $5,000 unit or units of face value on and after the date fixed for redemption and this bond shall not be entitled to the benefit or security of the aforesaid resolutions to the extent of the portion of its principal amount (and accrued interest thereon to the date fixed for redemption and premium, if any) represented by such $5,000 unit or units; but to that extent shall rely solely upon the funds so deposited.

This bond is entitled to the benefit of the sinking fund established for this Series by the resolutions of the Authority hereinabove referred to.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen or be performed, precedent to and in the issuance of this bond, exist, have happened and have been performed in due time, form and manner as required by the Constitutions and statutes of the States of New York and New Jersey, the Compact creating the Authority and the aforesaid resolutions of the Authority, and that the amount of this bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by said Constitutions, statutes, Compact or the Consolidated Bond Resolution.

IN WITNESS WHEREOF, The Port Authority of New York and New Jersey has caused its name to be signed hereto by its duly authorized officer, by manual or facsimile signature, and its official seal, or facsimile thereof, to be hereto affixed or printed or impressed hereon, and this bond to be dated as of the first day of December, 1988.

THE PORT AUTHORITY
OF NEW YORK AND NEW JERSEY

.....
Authorized Officer

(END OF FORM OF REGISTERED BOND)

The certificate of authentication attached to each of the bonds of this Series which are executed by a facsimile signature on behalf of the Authority shall be in substantially the following form, the blank spaces being appropriately filled in:

(FORM OF CERTIFICATE OF AUTHENTICATION)

This bond is one of the bonds issued under the provisions of the within-named resolution and the Consolidated Bond Resolution.

Date of Authentication: .....

REGISTRAR
as Registrar of the Authority

By .....
Authorized Officer

(END OF FORM OF CERTIFICATE OF AUTHENTICATION)

Each registered bond of this Series shall have provisions for assignment endorsed thereon, in substantially the following form:

(FORM OF PROVISIONS FOR ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

[ ]

. . . . . .
(Please Print or Type Name and Address of Assignee)

. . . . . .

. . . . . .
the within bond and all rights thereunder and does hereby irrevocably constitute and appoint

. . . . . Attorney
to transfer such bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated:

. . . . . .
(Signature of Registered Holder)

In the presence of: . . . . . .
(Witness)

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within bond in every particular, with such signature appropriately guaranteed.

(END OF FORM OF PROVISIONS FOR ASSIGNMENT)

In case any official of the Authority who shall have signed or whose facsimile signature shall appear on any of the bonds of this Series shall cease to be such official before such bonds shall have been actually issued, such bonds may nevertheless be issued as though the person who signed such bonds had not ceased to be such official of the Authority; and the Authority may, by issuing bonds bearing coupons (if any) so executed, adopt and use the facsimile signature of any person appearing on the coupons (if any), notwithstanding the fact that such person may have ceased, at the time when the bonds and coupons (if any) shall have been issued, to hold the office appearing after such person's facsimile signature on such coupons (if any).

SECTION 10. The Committee on Finance of the Authority is hereby authorized (i) prior to the issuance of the first installment of the bonds of this Series, to change the date as of which the bonds of this Series shall be dated to any date on or before December 31, 1988, and, if the date as of which the bonds of this Series shall be dated is so changed and the bonds bear a stated rate or rates of interest, the Committee shall change by the same number of days the respective dates on which interest on the bonds of this Series shall be payable; (ii) prior to the issuance of any installment of the bonds of this Series, to change the date at which any of the bonds of that installment shall mature; *provided*, that said date or dates shall not be more than thirty-five (35) years from the date as of which the bonds of this Series are dated; (iii) prior to the issuance of any installment of the bonds of this Series, to adjust or change the respective dates in connection with the redemption, retirement, call and sinking fund provisions as to such installment; (iv) prior to the issuance of any installment of the bonds of this Series, to adjust or change the respective dates and cumulative percentages of total principal amount provided in the schedule of mandatory sinking fund redemption for the bonds of this Series to retire such entire installment at or prior to maturity or to rescind in its entirety the establishment of the mandatory sinking fund redemption schedule and provisions as to such installment; (v) prior to the issuance of any installment of the bonds of this Series, to reduce the percentages of face value relating to the optional call provisions for such installment; (vi) prior to the issuance of the first installment of the bonds of this Series, to provide for the bonds of this Series to be issued on original issuance as book-entry only securities taking account of the changes and adjustments authorized in this resolution with respect to the issuance of the bonds of this Series as book-entry only securities; (vii) prior to the issuance

of the first installment of the bonds of this Series, to provide for the bonds of this Series to be separately registrable as to principal and interest (including any authorized incremental interest) to any one or more holders of the bonds or certificates (if any) with respect to the payment of interest thereon; (viii) prior to the issuance of the first installment of the bonds of this Series if it is desirable in connection with the use of the proceeds of the bonds of this Series for the refunding of a series of the Authority's obligations to renumber this Series for purposes of identification, to renumber this Series; (ix) prior to the issuance of the first installment of the bonds of this Series, if a prior series of Consolidated Bonds has been renumbered or the resolutions in connection therewith have been rescinded and cancelled, and if it is desirable to accomplish the capital program of the Authority utilizing a continuous numbered sequence of Consolidated Bonds, to renumber this Series; and (x) to take such other action as in the opinion of the Committee will best serve the public interest.

SECTION 11. In case any bond or coupon (if any) pertaining to such a bond shall at any time become mutilated or be lost or destroyed, the Authority, in its discretion, may execute and deliver a new bond or coupon of like tenor and amount in exchange or substitution for and upon cancellation of said mutilated bond or coupon or in lieu of or in substitution for such destroyed or lost bond or coupon; or if such bond or coupon shall have matured, instead of issuing a substitute bond or coupon the Authority may pay the same without surrender thereof. In case of destruction or loss, the applicant for a substitute bond or coupon shall furnish to the Authority evidence satisfactory to the Authority of the destruction or loss of such bond or coupon and of the ownership thereof and also such security and indemnity as may be required by the Authority. The Authority may execute and deliver any such substitute bond or coupon or make any such payment; or any Paying Agent may make any such payment upon the written request or authorization of the Authority. Upon the issuance of any substitute bond or coupon, the Authority, at its option, may require the payment of a sum sufficient to reimburse it for any stamp tax or other governmental charge or other reasonable expense connected therewith and also a further sum not exceeding the cost of preparation of each new bond or coupon so issued in substitution. Any bond or coupon (if any) issued under the provisions of this section in lieu of any bond or coupon alleged to have been destroyed or lost shall constitute an original contractual obligation on the part of the Authority, whether or not the bond or coupon so alleged to have been destroyed or lost be at any time enforceable by anyone, and shall be equally and proportionately entitled to the security of this resolution and of the Consolidated Bond Resolution with all other bonds, notes and coupons (if any) issued hereunder or thereunder.

Consolidated Bonds, Sixty-fifth Series—Authorization of Issuance

Pursuant to the foregoing report, the following resolution was unanimously adopted:

WHEREAS, on the 9th day of October, 1952, The Port Authority of New York and New Jersey (formerly known as The Port of New York Authority and hereinafter called the "Authority"), adopted a resolution providing for the issuance of certain direct and general obligations of the Authority (hereinafter called "Consolidated Bonds"), from time to time in conformity with said resolution for the purposes therein set forth, which said resolution (hereinafter called the "Consolidated Bond Resolution") constitutes a contract with the holders of the bonds so issued; and

WHEREAS, on the 9th day of April, 1987, the Authority adopted a resolution establishing a series of said Consolidated Bonds to be known as "Sixty-fifth Series, Due 2023" (hereinafter called "bonds of this Series"), which said resolution by its terms constitutes a contract with the holders of the bonds of this Series; and

WHEREAS, the Authority has now determined that it is necessary, advisable and in the public interest to authorize the issuance of Two Hundred Million Dollars ($200,000,000) in principal amount of bonds of this Series for the purposes hereinafter set forth;

NOW, THEREFORE, be it resolved by The Port Authority of New York and New Jersey:

SECTION 1. As used in this resolution, any words or phrases specially defined in the aforesaid Consolidated Bond Resolution shall be read and construed in accordance with such special definitions; *provided, however*, that the term "facility" herein shall not include any railroad car owned, leased or operated pursuant to Chapter 638 of the Laws of New York of 1959 and Chapter 25 of the Laws of New Jersey of 1959 or any acts amendatory or supplementary thereto.

SECTION 2. The issuance of up to Two Hundred Million Dollars ($200,000,000) in principal amount of bonds of this Series is hereby authorized. Said bonds shall be issued in one or more installments or lots pursuant to and shall conform in all respects to the aforesaid Consolidated Bond Resolution and the aforesaid resolution establishing the bonds of this Series.

SECTION 3. Unless otherwise determined by the Committee on Finance in connection with the issuance of the bonds of this Series as book-entry only securities (which said Committee is hereby authorized to fix and determine such other system or method), the bonds of this Series shall be numbered upward from C(65)-1, or they may bear such other numbers as the Chairman of the Authority; Vice Chairman of the Authority; Chairman of the Committee on Finance; Executive Director; Assistant Executive Director; Chief Financial Officer; Deputy Chief Financial Officer; Comptroller; Assistant Comptroller; Treasurer; or Assistant Treasurer of the Authority may deem appropriate.

SECTION 4. The proceeds of the bonds of this Series shall be used (a) for purposes of capital expenditures in connection with any one or more of the facilities of the Authority and for purposes incidental thereto; *provided, however*, that subject to agreements with the holders of obligations of the Authority and consistent with applicable provisions of Section 103 of the Internal Revenue Code of 1986, as amended, or successor provisions of law, and the applicable regulations related thereto, the Committee on Finance may authorize all or any portion of the unspent proceeds of the bonds of this Series to be used for any purpose for which at the time of issuance thereof the Authority was authorized by law to issue its obligations, including capital expenditures in connection with facilities of the Authority certified or to be certified after issuance of the bonds of this Series; (b) for the purpose of refunding, directly, by offers to exchange, or otherwise, at or before maturity, all or any part of any issue of Consolidated Bonds or Consolidated Notes issued and outstanding at the time of the sale of any installment of the bonds of this Series; and (c) for the purpose of refunding in accordance with applicable law, regulations and contractual provisions, any of the special obligations under the Port Authority Commercial Paper Program.

SECTION 5. In the event the Committee on Finance determines that the needs of the Authority for capital funds or the public interest require allocation of the proceeds of any of the bonds of this Series to purposes in connection with some but not all of the purposes authorized in Section 4 hereof, the Committee is hereby authorized, prior to the sale of bonds of any installment of this Series from time to time, to make such allocation by resolution. The adoption by said Committee of such a resolution prior to any such sale shall be sufficient to restrict the application of the proceeds of any bonds of such installment of this Series included in said sale to the purposes specified by the Committee in said resolution.

SECTION 6. The provisions of this resolution shall constitute a contract with the holders of the bonds issued pursuant to this resolution, and with each such holder.

Consolidated Bonds, Sixty-fifth Series—Authorization of Sale

Pursuant to the foregoing report, the following resolution was unanimously adopted:

SECTION 1. The Committee on Finance of the Authority (hereinafter called the "Committee") is hereby authorized to sell all or any part of Two Hundred Million Dollars ($200,000,000) in principal amount of Consolidated Bonds, Sixty-fifth Series, Due 2023 (hereinafter called the "bonds of this Series"), at a price which will result in a true interest cost to the Authority not in excess of twelve per centum (12%) per annum to maturity, and to do so in the name of and on behalf of the Authority, at public or private sale, with or without advertisement, in one or more installments or in one or more lots, at one or more times on or before December 31, 1988, and to apply the proceeds of such sale or sales as provided in the resolution authorizing the issuance of said bonds of this Series; *provided, however,* that the total aggregate principal amount of Consolidated Bonds, Fifty-eighth Series, Due 2022, Consolidated Bonds, Fifty-ninth Series, Due 2022, Consolidated Bonds, Sixtieth Series, Due 2022, Consolidated Bonds, Sixty-first Series, Due 2022, Consolidated Bonds, Sixty-second Series, Due 2023, Consolidated Bonds, Sixty-third Series, Due 2023, Consolidated Bonds, Sixty-fourth Series, Due 2023, and Consolidated Bonds, Sixty-fifth Series, Due 2023, sold by the Committee shall not exceed One Billion Dollars ($1,000,000,000).

SECTION 2. The Committee shall have power, in connection with the bonds of this Series, to fix the time or times of sale on or before December 31, 1988, to determine the terms and conditions upon which sales shall be made and to accept or reject offers in connection with such sales, and to do so in the name of and on behalf of the Authority.

SECTION 3. The Committee shall have power in the name of and on behalf of the Authority, in connection with the bonds of this Series, to enter into any appropriate contracts or agreements concerning any sales or exchanges; to fix the time or times and determine the terms and conditions of delivery of the bonds of this Series; to appoint and to enter into appropriate contracts or agreements with one or more Paying Agents and a Registrar and a Trustee, and to designate the office or offices of any such Paying Agent or Paying Agents at which payments shall be made and the office or offices of any such Registrar at which the books for registration shall be kept; to enter into any appropriate contracts or agreements providing insurance in connection with the bonds of this Series; to enter into appropriate contracts or agreements in connection with the issuance of the bonds of this Series as book-entry only securities; to make any selection, designation, determination or estimate and to take or withhold any action and to formulate and express any opinions and to exercise any discretion or judgment which may be or is required to be made, taken, withheld, formulated, expressed or exercised by the Authority as a condition precedent to the issuance of the bonds of this Series or for the purpose of determining whether all conditions precedent to their issuance exist, the Authority hereby adopting all such selections, designations, determinations, actions, withholdings of action, estimates and exercises of judgment and discretion, whether pursuant to Section 3 of the Consolidated Bond Resolution of October 9, 1952, or otherwise, as its own; and to authorize any of the foregoing and generally to take such other action as in the opinion of the Committee will best serve the public interest.

SECTION 4. The Committee shall have power to authorize one or more official statements in the name of and on behalf of the Authority (describing the Authority, its financial condition and the bonds offered for sale, and making representations on behalf of the Authority). The Authority hereby authorizes the underwriter or underwriters purchasing the bonds in offering the bonds of this Series for resale to use such official statement or statements and representations as those of the Authority.

SECTION 5. No part of the proceeds of the bonds of any installment of the bonds of this Series shall be invested directly or indirectly in such a manner as to cause the interest on such bonds of this Series to be subject to Federal income taxes under Section 148 of the Internal Revenue Code of 1986, as amended, or successor provisions of law, and the applicable regulations related thereto.

SECTION 6. The Committee; Chairman of the Authority; Vice Chairman of the Authority; Chairman of the Committee; Executive Director; Assistant Executive Director; Chief Financial Officer; Deputy Chief Financial

Officer; or Treasurer of the Authority is hereby authorized, in connection with the bonds of this Series, to take any action which may be necessary or desirable to assure that the bonds of this Series are in conformity with the provisions of Section 103 of the Internal Revenue Code of 1986, as amended, or successor provisions of law, and the applicable regulations related thereto, and that the interest on such bonds of this Series is not includible for Federal income tax purposes in the gross income of the recipients thereof under Section 103(a) of the Code, or successor provisions of law, or regulations with respect thereto, and any such actions taken in connection therewith are hereby ratified. The Chairman of the Authority; Vice Chairman of the Authority; Chairman of the Committee; Executive Director; Assistant Executive Director; Chief Financial Officer; Deputy Chief Financial Officer; Comptroller; Assistant Comptroller; Treasurer; or Assistant Treasurer of the Authority is hereby authorized to certify on behalf of the Authority as to the need for the issuance of bonds of this Series for the purposes for which such bonds of this Series are issued, as to the status of the projects for which the proceeds of the bonds of this Series would be used, as to the Authority's intentions with respect to the application and investment of said proceeds, and as to such other related matters as may be authorized by the Committee and any such actions taken in connection therewith are hereby ratified.

Consolidated Notes, Series KK—Establishment and Authorization of Issuance

Pursuant to the foregoing report, the following resolution was unanimously adopted:

WHEREAS, The Port Authority of New York and New Jersey (hereinafter called the "Authority") hereby finds and determines that it is necessary to provide capital funds for the purposes hereinafter set forth; and

WHEREAS, under present circumstances it is desirable and in the public interest to provide said required capital funds in part by the issuance of short-term notes in conformity with the Consolidated Bond Resolution adopted October 9, 1952;

NOW, THEREFORE, be it resolved by The Port Authority of New York and New Jersey:

SECTION 1. As used in this resolution, any words or phrases specially defined in the aforesaid Consolidated Bond Resolution shall be read and construed in accordance with such special definitions; *provided, however*, that the term "facility" herein shall not include any railroad car owned, leased or operated pursuant to Chapter 638 of the Laws of New York of 1959 and Chapter 25 of the Laws of New Jersey of 1959 or any acts amendatory or supplemental thereto.

SECTION 2. There is hereby established a series of negotiable notes of the Authority to be known as "Consolidated Notes, Series KK" (hereinafter called the "notes of this Series") and the issuance of up to One Hundred Million Dollars ($100,000,000) in principal amount of such Series KK Notes is hereby authorized. Said notes of this Series shall be established and issued pursuant to and shall conform in all respects to the aforesaid Consolidated Bond Resolution.

The notes of this Series shall be issued in one or more lots as the Authority may hereafter determine, shall be dated as of May 1, 1987, and mature on May 1, 1990, shall be of the denominations of $5,000 or integral multiples of $5,000, and shall bear a stated rate or rates of interest, including fixed, variable or incremental rates for the term of the notes or any portion thereof, or a combination thereof, from such date as may be determined by the Committee on Finance of the Authority, not in excess of twelve per centum (12%) per annum as may be determined by the Committee on Finance. The Committee on Finance is hereby authorized to fix and determine such date upon which interest shall commence and said interest rate or rates including fixed, variable or incremental rates or a combination thereof, if any, or to determine that the notes of this Series shall not bear a stated rate of interest. If the notes of this Series shall bear a stated rate or rates of interest, interest shall be payable semi-annually commencing on November 1, 1987, and thereafter on each succeeding May 1 and November 1 until maturity or prior redemption.

Unless otherwise determined by the Committee on Finance in connection with the issuance of the notes of this Series as book-entry only securities (which said Committee is hereby authorized to fix and determine such other system or method), the notes of this Series shall be numbered upward from C(KK)-1, or they may bear such other numbers as the Chairman of the Authority; the Vice Chairman of the Authority; the Chairman of the Committee on Finance; the Executive Director; Assistant Executive Director; Chief Financial Officer; Deputy Chief Financial Officer; Comptroller; Assistant Comptroller; Treasurer; or Assistant Treasurer of the Authority may deem appropriate.

Both principal of and interest on the notes of this Series shall be payable in lawful money of the United States of America. Principal of the notes of this Series shall be payable upon presentation and surrender thereof by the registered holders, or in the case of coupon notes of this Series, if any, upon presentation and surrender thereof, at the office or offices, designated by the Authority, of the Paying Agent or Paying Agents appointed for the purpose by the Authority, in a county which is in whole or in part in the Port of New York District. Interest on the registered notes of this Series shall be payable when due to the registered holder thereof by check or draft drawn on the Paying Agent or Paying Agents appointed for the purpose by the Authority and mailed to said registered holder and interest on the coupon notes of this Series, if any, shall be payable upon presentation and surrender of the coupons appertaining thereto at such office or offices of such Paying Agent or Paying Agents. If on original issuance the notes of this Series are to be issued as book-entry only securities, subject to a book-entry system for determining interests therein, the Committee on Finance is hereby authorized to fix and determine an alternate

method for the payment of both or either of the principal of and interest on the notes of this Series to the registered holder thereof; *provided, however*, in the event that such book-entry system or any successor book-entry system is discontinued without replacement with a similar system, then the foregoing payment provisions of this paragraph shall apply to the notes of this Series.

SECTION 3. The proceeds of the notes of this Series shall be used (a) for purposes of capital expenditures in connection with any one or more of the facilities of the Authority and for purposes incidental thereto; *provided, however*, that subject to agreements with the holders of obligations of the Authority and consistent with applicable provisions of Section 103 of the Internal Revenue Code of 1986, as amended, (hereinafter called the "Code"), or successor provisions of law, and the applicable regulations related thereto, the Committee on Finance may authorize all or any portion of the unspent proceeds of the notes of this Series to be used for any purpose for which at the time of issuance thereof the Authority was authorized by law to issue its obligations, including capital expenditures in connection with facilities of the Authority certified or to be certified after issuance of the notes of this Series; (b) for the purpose of refunding, directly, by offers to exchange, or otherwise, at or before maturity, all or any part of any issue of Consolidated Bonds or Consolidated Notes issued and outstanding at the time of the sale of any of the notes of this Series; and (c) for the purpose of refunding in accordance with applicable law, regulations and contractual provisions, any of the special obligations under the Port Authority Commercial Paper Program.

SECTION 4. Notes of this Series shall be issued only in registered form without coupons, registered as to both principal and interest and not as to either alone; *provided, however*, if at any time prior to issuance of the notes of this Series, there shall be in effect a provision of the Code, or the regulations with respect thereto, which does not provide that, for the interest on the notes of this Series to be considered not includible for Federal income tax purposes in the gross income of the recipients thereof under Section 103(a) of the Code, or successor provisions of law, such notes of this Series must be issued in registered form, then the notes of this Series may also be issued in the form of coupon notes payable to bearer, in which event the Committee on Finance is hereby authorized to adopt an appropriate form of coupon note issuable only in the denomination of $5,000. If on original issuance the notes of this Series are to be issued as book-entry only securities subject to a book-entry system for determining interests therein, the Committee on Finance is hereby authorized to fix and determine an appropriate form of note or other evidence of indebtedness; *provided, however*, in the event that such book-entry system or any successor book-entry system is discontinued without replacement with a similar system then the provisions of Section 8 of this resolution shall apply to the notes of this Series.

Registered notes of this Series shall be issued in the denominations of $5,000 or integral multiples of $5,000.

SECTION 5. The Authority will keep or cause to be kept at the office or offices, designated by the Authority, of its Registrar appointed for that purpose, in a county which is in whole or in part in the Port of New York District, proper and sufficient books for the registration of notes of this Series. Each registered note of this Series shall be transferable only upon such books by the registered holder thereof in person or by such registered holder's attorney duly authorized in accordance with the provisions of this resolution.

In the event that the notes of this Series may be issued in coupon form, a coupon note or notes of this Series (if any), upon the written request of the bearer or bearers thereof and upon the surrender thereof with all unmatured coupons thereto attached, may be exchanged for a registered note or notes, registered as designated in such request, of the same aggregate principal amount and series as the surrendered note or notes, of any of the authorized denominations. A registered note or notes of this Series, upon the written request of the registered holder or holders thereof and upon surrender thereof, may be exchanged for a registered note or notes, registered as designated in such request, of any other authorized denominations, or in the event that the notes of this Series may be issued in coupon form, a coupon note or notes with appropriate coupons attached, or a combination of such coupon and registered notes, in each case of the same aggregate principal amount as the surrendered note or notes.

All requests for the registration, transfer, exchange and delivery of notes as above provided shall be filed with the Registrar of the Authority; all notes to be surrendered pursuant to such request shall be surrendered to the Registrar; and all notes delivered in exchange as aforesaid shall be delivered by the Registrar. All notes of this Series surrendered to the Registrar in exchange for other notes or for transfer as above provided shall be cancelled by the Registrar upon such surrender.

The Authority shall bear the cost incurred by the Authority in connection with the registration, authentication (if any), transfer, cancellation, exchange and delivery of notes of this Series, including such fees as may be imposed by the Registrar for such services performed by the Registrar as provided in this resolution.

Nothing contained in this resolution shall be deemed to authorize the execution and delivery of notes of this Series except in the denomination of $5,000 in the case of coupon notes (if any) or in denominations of $5,000 or integral multiples of $5,000 in the case of registered notes or to authorize the issuance of coupon notes of this Series if at any time there shall be in effect a provision of the Code or the regulations with respect thereto which provides that for the interest on the notes of this Series to be considered not includible for Federal income tax purposes in the gross income of the recipients thereof under Section 103(a) of the Code, or successor provisions of law, such notes of this Series must be issued in registered form.

SECTION 6. Notes of this Series shall be redeemable in whole or in part, at the option of the Authority, prior to maturity at one hundred per centum (100%) of their face value on any interest payment date at or subsequent to May 1, 1988. If less than all of the notes of this Series then outstanding are to be called for redemption, the notes so to be called shall be determined by lot by the Authority or the Registrar as the Authority may elect or by such other system or method as the Committee on Finance may fix and determine (which said Committee is hereby authorized to fix and determine such other system or method).

Notice of intention to redeem any notes of this Series shall be given by the Authority by publication in a daily newspaper of general circulation in the Port of New York District. Such notice shall be published at least twice prior to the date fixed for redemption, the first publication to be not less than thirty (30) nor more than forty-five (45) days before the date fixed for redemption, and the second publication to be not less than ten (10) nor more than twenty (20) days before the date fixed for redemption. A copy of such notice shall also be mailed by the Authority or the Registrar, as the Authority may elect, not less than thirty (30) nor more than forty-five (45) days prior to the date fixed for redemption to the registered holders of notes of this Series to be called for redemption, at their last known addresses as appearing upon the Registry Books of the Authority; *provided, however,* that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any action with respect to the redemption of said notes. If on original issuance the notes of this Series are to be issued only in registered form or are to be issued as book-entry only securities subject to a book-entry system for determining interests therein, the Committee on Finance is hereby authorized to fix and determine an alternate method by which the Authority shall give notice of intention to redeem any notes of this Series.

Before the date fixed for redemption specified in the Authority's notice of intention to redeem, the Authority will pay or cause to be paid to the Paying Agent (or Paying Agents) an amount in cash in the aggregate sufficient to redeem all of the outstanding notes which are to be redeemed, at the respective redemption prices thereof, which, in each case, shall include the accrued interest to the date fixed for redemption, such principal amount to be held by the Paying Agent (or Paying Agents) in trust for the account of the holders of the notes so called for redemption and to be paid to them respectively upon presentation and surrender of the said notes with accrued interest included in such redemption price to be paid to the registered holder in accordance with the provisions of this resolution and in the case of coupon notes (if any), such accrued interest to be paid to the holders only upon presentation and surrender of all unmatured coupons (if any) pertaining to such notes. On and after the date fixed for redemption, the notice of intention to redeem having been completed as above provided or as provided by the Committee on Finance, the notes so called shall become due and payable at the office of the Paying Agent (or Paying Agents) designated by the Authority, and if funds sufficient for payment of the redemption price shall have been deposited with the Paying Agent (or Paying Agents) in trust as aforesaid and if such funds shall be available for redemption of such notes on the date fixed for redemption, then and in any such event, interest shall cease to accrue on the notes so called from and after the date fixed for their redemption, and such notes and the unmatured coupons (if any) pertaining thereto shall not be entitled to the benefit or security of this resolution or the Consolidated Bond Resolution, but shall rely solely upon the funds so deposited.

In the case of registered notes of denominations greater than $5,000, if less than all of the notes of this Series then outstanding are to be called for redemption, then for all purposes in connection with redemption, each $5,000 unit of face value shall be treated as though it were a separate note of the denomination of $5,000, and the word "note" as used in the foregoing provisions of this Section 6 shall be deemed to refer to such $5,000 unit of face value. If it is determined as above provided that one or more but not all of the $5,000 units of face value represented

by any note are to be called for redemption, then upon notice of intention to redeem said $5,000 unit or units, the holder of said note shall forthwith present said note to the Registrar who shall issue a new note or notes of smaller authorized denominations but of the same aggregate principal amount in exchange therefor, pursuant to Section 5 of this resolution, including a new note or notes with the aggregate principal amount of the $5,000 unit or units of face value called for redemption; and such new note or notes shall be deemed to be duly called for redemption without further notice to the holder thereof. If the holder of such note of a denomination greater than $5,000 shall fail to present such note to the Registrar for the issuance of new notes of smaller denominations in exchange therefor, as aforesaid, such note shall nevertheless become due and payable on the date fixed for redemption to the extent of the $5,000 unit or units of face value called for redemption (and to that extent only); and (funds sufficient for the payment of the redemption price having been deposited with the Paying Agent or Paying Agents, as aforesaid, and being available as aforesaid on the date fixed for redemption) interest shall cease to accrue on the portion of the principal amount of such note represented by such $5,000 unit or units of face value on and after the date fixed for redemption, and such note shall not be entitled to the benefit or security of this resolution or the Consolidated Bond Resolution to the extent of the portion of its principal amount (and accrued interest thereon to the date fixed for redemption) represented by such $5,000 unit or units of face value, but to that extent shall rely solely upon the funds so deposited.

SECTION 7. The Authority shall not apply any moneys in the Consolidated Bond Reserve Fund or in any special reserve fund established for the benefit of the bonds of any prior issue of bonds except for the payment of bonds secured by a pledge of the General Reserve Fund in whole or in part, the payment of debt service upon bonds so secured, the purchase for retirement of bonds so secured or the redemption of bonds so secured, or for the payment of expenses incurred for the establishment, acquisition, construction or effectuation, or for the operation, maintenance, repair or administration of any facility financed or refinanced in whole or in part by bonds secured by a pledge of the General Reserve Fund in whole or in part, or otherwise for the fulfillment of any undertakings which the Authority has assumed or may or shall hereafter assume to or for the benefit of the holders of bonds secured by a pledge of the General Reserve Fund in whole or in part; *provided, however,* that nothing herein contained shall be construed to permit the application by the Authority of moneys in the Consolidated Bond Reserve Fund or in any special reserve fund established for the benefit of the bonds of any prior issue of bonds except for purposes and upon conditions which in the case of the Consolidated Bond Reserve Fund are authorized by the Consolidated Bond Resolution or in the case of said special reserve funds are authorized by the respective resolutions establishing such prior issues of bonds.

Consolidated Bonds proposed to be issued for purposes in connection with an additional facility or a group of additional facilities in connection with which the Authority has not theretofore issued bonds which have been secured by a pledge of the General Reserve Fund in whole or in part, may be issued, and bonds other than Consolidated Bonds proposed to be issued for purposes in connection with such an additional facility or group of additional facilities may be secured by a pledge of the General Reserve Fund in whole or in part, in each case if and only if the Authority shall certify at the time of issuance (as defined in Section 3 of the Consolidated Bond Resolution) its opinion that the issuance of such Consolidated Bonds or that such pledge of the General Reserve Fund as security for such bonds other than Consolidated Bonds will not, during the ensuing ten (10) years or during the longest term of any of such bonds proposed to be issued (whether or not Consolidated Bonds), whichever shall be longer, in the light of its estimated expenditures in connection with such additional facility or such group of additional facilities, materially impair the sound credit standing of the Authority or the investment status of Consolidated Bonds or the ability of the Authority to fulfill its commitments, whether statutory or contractual or reasonably incidental thereto, including its undertakings to the holders of Consolidated Bonds; and the Authority may apply moneys in the General Reserve Fund for purposes in connection with those of its bonds and only those of its bonds which it has theretofore secured by a pledge of the General Reserve Fund in whole or in part. Expenditures in connection with an additional facility or group of additional facilities shall mean the amount of the excess, if any, of the sum of all items of expense to be considered in determining the net revenues of the additional facility or group of additional facilities plus the debt service upon the bonds proposed to be issued and upon any additional bonds which in the Authority's opinion would be required to be issued to place and maintain such facility or group of facilities upon a sound operating basis, over and above the sum of all items of revenue and income to be considered in determining such net revenues.

SECTION 8. Each note of this Series shall have the official seal of the Authority, or a facsimile thereof, affixed thereto or printed or impressed thereon, and shall be signed by any one of the following persons, to wit:—The person holding the office or exercising the duties of Chairman; Vice Chairman; Chairman of the Committee on Finance; Executive Director; Assistant Executive Director; Secretary; Assistant Secretary; Chief Financial Officer; Deputy Chief Financial Officer; Comptroller; Assistant Comptroller; Treasurer; or Assistant Treasurer of the Authority at the time of its execution; *provided*, that each note of this Series may be executed by the facsimile signature of any of the foregoing persons and, in such event, such note shall have endorsed thereon a certificate of authentication substantially in the form hereinafter set forth, manually executed by the Registrar of the Authority. No note of this Series bearing a facsimile signature of any of the foregoing persons shall be entitled to any benefit under this resolution or the Consolidated Bond Resolution or be valid or obligatory for any purpose unless and until such certificate of authentication shall have been manually executed by the Registrar of the Authority, as aforesaid, and such manually executed certificate upon such note shall be conclusive evidence that such note has been authenticated and delivered hereunder. Such certificate of authentication on any such note shall be deemed to have been executed by the Registrar of the Authority, as aforesaid, if signed by an authorized officer thereof, but it shall not be necessary that the same officer sign the certificate of authentication on all of such notes issued hereunder. Notes of this Series in coupon form (if any) shall have coupons for interest attached, bearing facsimile signatures of the Chairman and Secretary of the Authority.

The registered notes of this Series shall be in substantially the following form, the blank spaces being appropriately filled in, and, as applicable, taking account of the changes and adjustments authorized in this resolution:

(FORM OF REGISTERED NOTE)

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

CONSOLIDATED NOTE

SERIES KK

No. C(KK)- .....
Maturity Date: May 1, 1990 Interest Rate: .....% Per Annum Dated: May 1, 1987 CUSIP .....

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (formerly known as The Port of New York Authority and hereinafter called the Authority), a body corporate and politic, created by the Compact of April 30, 1921, between the State of New York and the State of New Jersey, to which the consent of the Congress of the United States was given by Public Resolution No. 17, 67th Congress, First Session, acknowledges itself indebted and for value received hereby promises to pay to the registered holder hereof, on the first day of May, 1990, upon presentation and surrender of this note, the principal amount shown below:

together with interest thereon at the rate of per centum (%) per annum from , payable semi-annually commencing on November 1, 1987, and thereafter on each succeeding May 1 and November 1 until maturity or prior redemption. The principal of this note shall be payable in lawful money of the United States of America, at maturity or prior redemption upon presentation and surrender by the registered holder hereof at the office of , Paying Agent of the Authority, or the office or offices designated by the Authority of such other Paying Agent or Paying Agents appointed for the purpose by the Authority in a county which is in whole or in part in the Port of New York District. Semi-annual interest on this note shall be payable when due, in lawful money of the United States of America, to said registered holder by check or draft drawn on the Paying Agent or Paying Agents appointed for the purpose by the Authority and mailed to said registered holder.

This note is issued pursuant to and in full conformity with the Compact between the States of New York and New Jersey creating the Authority and the various statutes of said two States amendatory thereof and supplemental thereto, for purposes provided in said Compact and statutes, and is a direct and general obligation of the Authority for the prompt payment of the principal of and interest on which the full faith and credit of the Authority are irrevocably pledged. The provisions of the resolution of October 9, 1952, establishing an issue of Consolidated Bonds, and of the resolution of April 9, 1987, establishing the Series of which this note forms a part and authorizing the issuance of this note, constitute a contract between the Authority and the registered holder of this note, which is subject to modification as therein provided.

This note is registered as to principal and interest (but not as to either alone) and is transferable only upon the books kept by the Registrar of the Authority by the registered holder of this note or attorney duly authorized, all in accordance with the provisions of the resolution establishing the Series of which this note forms a part and authorizing the issuance of the notes of this Series. The notes of this Series are issuable only in the form of registered notes without coupons in the denominations of $5,000 or integral multiples of $5,000. The registered holder of this note or attorney duly authorized may upon application to the Registrar of the Authority exchange the same in accordance with the provisions of the resolution establishing the Series of which this note forms a part for an equal aggregate principal amount of registered notes of any other authorized denominations. The Authority shall bear the cost incurred by the Authority in connection with the registration, authentication (if any), transfer, cancellation, exchange and delivery of the notes of this Series including such fees as may be imposed by the Registrar for such services performed by the Registrar.

This note may be redeemed, at the option of the Authority, prior to maturity at one hundred per centum (100%) of its face value on any interest payment date at or subsequent to May 1, 1988. If less than all of the notes of this Series then outstanding are to be called for redemption, the notes so to be called shall be determined by lot by the Authority or the Registrar as the Authority may elect or by such other system or method as the Committee on Finance may fix and determine.

If this note shall be called for redemption, notice shall be given by the Authority by publication in a daily newspaper of general circulation in the Port of New York District. Such notice shall be published at least twice prior to the date fixed for redemption,—the first publication to be not less than thirty (30) nor more than forty-five (45) days before the date fixed for redemption; and the second publication to be not less than ten (10) nor more than twenty (20) days before the date fixed for redemption. A copy of such notice shall also be mailed, not less than thirty (30) nor more than forty-five (45) days before the date fixed for redemption, to the registered holder of this note at his last known address as appearing upon the Registry Books of the Authority; *provided, however,* that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any action with respect to the redemption of said notes. If this note shall be called for redemption, and if funds sufficient for the redemption price shall be deposited with the Paying Agent or Paying Agents of the Authority in trust for the account of the registered holder of this note, and if such funds shall be available for its redemption on the date fixed for redemption, interest shall cease to accrue on this note from and after the date fixed for redemption and this note shall not be entitled to the benefit or security of the foregoing resolutions, but shall rely solely upon the funds so deposited.

If this note is of a denomination greater than $5,000, and if less than all of the notes of the Series of which this note forms a part are to be called for redemption, then for all purposes in connection with redemption, each $5,000 of face value of this note shall be treated as though it were a separate note of the denomination of $5,000, and the word "note" as used in the foregoing redemption provisions shall be deemed to refer to each such $5,000 unit of face value.

If it is determined as above provided that one or more but not all of the $5,000 units of face value represented by this note are to be called for redemption, then upon notice of intention to redeem such $5,000 unit or units the registered holder of this note shall forthwith present this note to the registrar who will issue new notes of smaller denominations but of the same aggregate principal amount in exchange or substitution therefor, as provided in the resolution establishing the Series of which this note forms a part, including a new note or notes with the aggregate principal amount corresponding to the aggregate principal amount and number or numbers of the $5,000 unit or units called for redemption; and such new note or notes shall be deemed to be duly called for redemption without further notice to the registered holder. If the registered holder shall fail to present this note to the Registrar for the issuance of new notes of smaller denominations in exchange or substitution therefor as aforesaid, this note shall nevertheless become due and payable on the date fixed for redemption to the extent of the $5,000 unit or units of face value called for redemption (and to that extent only); and (funds sufficient for the payment of the redemption price having been deposited with the Paying Agent or Paying Agents as aforesaid, and being available as aforesaid on the date fixed for redemption) interest shall cease to accrue on the portion of the principal amount of this note represented by such $5,000 unit or units of face value on and after the date fixed for redemption and this note shall not be entitled to the benefit or security of the aforesaid resolutions to the extent of the portion of its principal amount (and accrued interest thereon to the date fixed for redemption) represented by such $5,000 unit or units, but to that extent shall rely solely upon the funds so deposited.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen or be performed, precedent to and in the issuance of this note, exist, have happened and have been performed in due time, form and manner as required by the Constitutions and statutes of the States of New York and New Jersey, the Compact creating the Authority and the aforesaid resolutions of the Authority, and that the amount of this note, together with all other indebtedness of the Authority, does not exceed any limit prescribed by said Constitutions, statutes, Compact or the Consolidated Bond Resolution.

IN WITNESS WHEREOF, The Port Authority of New York and New Jersey has caused its name to be signed hereto by its duly authorized officer, by manual or facsimile signature, and its official seal, or facsimile thereof, to be hereto affixed or printed or impressed hereon, and this note to be dated as of the first day of May, 1987.

THE PORT AUTHORITY
OF NEW YORK AND NEW JERSEY

. . . . . .
Authorized Officer

(END OF FORM OF REGISTERED NOTE)

The certificate of authentication attached to each of the notes of this Series which are executed by a facsimile signature on behalf of the Authority shall be in substantially the following form, the blank spaces being appropriately filled in:

(FORM OF CERTIFICATE OF AUTHENTICATION)

This note is one of the notes issued under the provisions of the within-named resolution and the Consolidated Bond Resolution.

Date of Authentication: . . . . . .

REGISTRAR
as Registrar of the Authority

By . . . . . .
Authorized Officer

(END OF FORM OF CERTIFICATE OF AUTHENTICATION)

Each registered note of this Series shall have provisions for assignment endorsed thereon, in substantially the following form:

(FORM OF PROVISIONS FOR ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

[ ]

. . . . . .
(Please Print or Type Name and Address of Assignee)

. . . . . .

. . . . . .
the within note and all rights thereunder and does hereby irrevocably constitute and appoint

. . . . . Attorney
to transfer such note on the books kept for the registration thereof, with full power of substitution in the premises.

Dated:

. . . . . .
(Signature of Registered Holder)

In the presence of . . . . . .
(Witness)

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within note in every particular, with such signature appropriately guaranteed.

(END OF FORM OF PROVISIONS FOR ASSIGNMENT)

In case any official of the Authority who shall have signed or whose facsimile signature shall appear on any of the notes of this Series shall cease to be such official before such notes shall have been actually issued, such notes may nevertheless be issued as though the person who signed such notes had not ceased to be such official of the Authority; and the Authority may, by issuing notes bearing coupons (if any) so executed, adopt and use the facsimile signature of any person appearing on the coupons (if any), notwithstanding the fact that such person may have ceased, at the time when the notes and coupons (if any) shall have been issued, to hold the office appearing after such person's facsimile signature on such coupons (if any).

SECTION 9. The Committee on Finance of the Authority is hereby authorized prior to the issuance of any of the notes of this Series (i) to change the date as of which the notes of this Series shall be dated to any date on or before December 31, 1988; (ii) to change the date stated in this resolution at which any of the notes of this Series shall mature and be retired; *provided*, that said date or dates shall not be more than three (3) years from the date as of which notes of this Series are dated; (iii) to adjust or change the provisions contained in this resolution relating to the payment of interest and to the redemption, retirement, and call of the notes of this Series; *provided*, that the Committee may not change the redemption, retirement and call provisions of the notes of this Series to impose a call premium; (iv) to provide for the notes of this Series to be issued on original issuance as book-entry only securities taking account of the changes and adjustments authorized in this resolution with respect to the issuance of the notes of this Series as book-entry only securities; (v) to provide for the notes of this Series to be separately registrable as to principal and interest (including any authorized incremental interest) to any one or more holders of the notes or certificates (if any) with respect to the payment of interest thereon; and (vi) to take such other action as in the opinion of the Committee will best serve the public interest.

SECTION 10. In case any note or any coupon (if any) pertaining to such a note shall at any time become mutilated or be lost or destroyed, the Authority, in its discretion, may execute and deliver a new note or coupon of like tenor and amount in exchange or substitution for and upon cancellation of said mutilated note or coupon or in lieu of or in substitution for such destroyed or lost note or coupon; or if such note or coupon shall have matured, instead of issuing a substitute note or coupon the Authority may pay the same without surrender thereof.

In case of destruction or loss, the applicant for a substitute note or coupon shall furnish to the Authority evidence satisfactory to the Authority of the destruction or loss of such note or coupon and of the ownership thereof and also such security and indemnity as may be required by the Authority. The Authority may execute and deliver any such substitute note or coupon or make any such payment; or any Paying Agent may make any such payment upon the written request or authorization of the Authority. Upon the issuance of any substitute note or coupon, the Authority, at its option, may require the payment of a sum sufficient to reimburse it for any stamp tax or other governmental charge or other reasonable expense connected therewith and also a further sum not exceeding the cost of preparation of each new note or coupon so issued in substitution. Any note or coupon (if any) issued under the provisions of this section in lieu of any note or coupon alleged to have been destroyed or lost shall constitute an original contractual obligation on the part of the Authority, whether or not the note or coupon so alleged to have been destroyed or lost be at any time enforceable by anyone, and shall be equally and proportionately entitled to the security of this resolution and of the Consolidated Bond Resolution with all other bonds, notes and coupons (if any) issued hereunder or thereunder.

SECTION 11. In the event the Committee on Finance determines that the needs of the Authority for capital funds or the public interest require allocation of the proceeds of any of the notes of this Series to purposes in connection with some but not all of the purposes authorized in Section 3 hereof, the Committee is hereby authorized, prior to the sale of said notes of this Series from time to time, to make such allocation by resolution. The adoption by said Committee of such a resolution prior to any such sale shall be sufficient to restrict the application of the proceeds of any notes of this Series included in said sale to the purposes specified by the Committee in said resolution.

SECTION 12. The provisions of this resolution shall constitute a contract with the holders of the notes issued pursuant to this resolution, and with each such holder.

Consolidated Notes, Series KK—Authorization of Sale

Pursuant to the foregoing report, the following resolution was unanimously adopted:

SECTION 1. The Committee on Finance of the Authority (hereinafter called the "Committee") is hereby authorized to sell all or any part of One Hundred Million Dollars ($100,000,000) in principal amount of Consolidated Notes, Series KK (hereinafter called the "notes of this Series"), at a price which will result in a true interest cost to the Authority not in excess of twelve per centum (12%) per annum to maturity, and to do so in the name of and on behalf of the Authority, at public or private sale, with or without advertisement, in one or more lots, at one or more times on or before December 31, 1988, and to apply the proceeds of such sale or sales as provided in the resolution establishing and authorizing the issuance of said notes of this Series; *provided, however,* that the total aggregate principal amount of Consolidated Notes, Series KK, Consolidated Notes, Series LL, Consolidated Notes, Series MM, Consolidated Notes, Series NN, Consolidated Notes, Series OO, and Consolidated Notes, Series PP, sold by the Committee shall not exceed Three Hundred Million Dollars ($300,000,000).

SECTION 2. The Committee shall have power, in connection with the notes of this Series, to fix the time or times of sale on or before December 31, 1988, to determine the terms and conditions upon which sales shall be made and to accept or reject offers in connection with such sales, and to do so in the name of and on behalf of the Authority.

SECTION 3. The Committee shall have the power in the name of and on behalf of the Authority, in connection with the notes of this Series, to enter into any appropriate contracts or agreements concerning any sales or exchanges; to fix the time or times and determine the terms and conditions of delivery of the notes of this Series; to appoint and to enter into appropriate contracts or agreements with one or more Paying Agents and a Registrar, and to designate the office or offices of any such Paying Agent or Paying Agents at which payments shall be made and the office or offices of any such Registrar at which the books for registration shall be kept; to enter into any appropriate contracts or agreements providing insurance in connection with the notes of this Series; to enter into appropriate contracts or agreements in connection with the issuance of the notes of this Series as book-entry only securities; to make any selection, designation, determination or estimate and to take or withhold any action and to formulate and express any opinions and to exercise any discretion or judgment which may be or is required to be made, taken, withheld, formulated, expressed or exercised by the Authority as a condition precedent to the issuance of the notes of this Series or for the purpose of determining whether all conditions precedent to their issuance exist, the Authority hereby adopting all such selections, designations, determinations, actions, withholdings of action, estimates and exercises of judgment and discretion, whether pursuant to Section 3 of the Consolidated Bond Resolution of October 9, 1952, or otherwise, as its own; and to authorize any of the foregoing and generally to take such other action as in the opinion of the Committee will best serve the public interest.

SECTION 4. The Committee shall have power to authorize one or more official statements in the name of and on behalf of the Authority (describing the Authority, its financial condition and the notes offered for sale, and making representations on behalf of the Authority). The Authority hereby authorizes the underwriter or underwriters purchasing the notes in offering the notes of this Series for resale to use such official statement or statements and representations as those of the Authority.

SECTION 5. No part of the proceeds of the notes of this Series shall be invested directly or indirectly in such a manner as to cause the interest on such notes of this Series to be subject to Federal income taxes under Section 148 of the Internal Revenue Code of 1986, as amended, or successor provisions of law, and the applicable regulations related thereto.

SECTION 6. The Committee; Chairman of the Authority; Vice Chairman of the Authority; Chairman of the Committee; Executive Director; Assistant Executive Director; Chief Financial Officer; Deputy Chief Financial Officer; or Treasurer of the Authority is hereby authorized, in connection with the notes of this Series, to take any action which may be necessary or desirable to assure that the notes of this Series are in conformity with the provisions of Section 103, of the Internal Revenue Code of 1986, as amended, or successor provisions of law, and the applicable regulations related thereto, and that the interest on such notes of this Series is not includible

for Federal income tax purposes in the gross income of the recipients thereof under Section 103(a) of the Code, cr successor provisions of law, or regulations with respect thereto, and any such actions taken in connection therewith are hereby ratified. The Chairman of the Authority; Vice Chairman of the Authority; Chairman of the Committee; Executive Director; Assistant Executive Director; Chief Financial Officer; Deputy Chief Financial Officer; Comptroller; Assistant Comptroller; Treasurer; or Assistant Treasurer of the Authority is hereby authorized to certify on behalf of the Authority as to the need for the issuance of the notes of this Series for the purposes for which the notes of this Series are issued, as to the status of the projects for which the proceeds of the notes of this Series would be used, as to the Authority's intentions with respect to the application and investment of said proceeds, and as to such other related matters as may be authorized by the Committee and any such actions taken in connection therewith are hereby ratified.

Consolidated Notes, Series LL—Establishment and Authorization of Issuance

Pursuant to the foregoing report, the following resolution was unanimously adopted:

WHEREAS, The Port Authority of New York and New Jersey (hereinafter called the "Authority") hereby finds and determines that it is necessary to provide capital funds for the purposes hereinafter set forth; and

WHEREAS, under present circumstances it is desirable and in the public interest to provide said required capital funds in part by the issuance of short-term notes in conformity with the Consolidated Bond Resolution adopted October 9, 1952;

NOW, THEREFORE, be it resolved by The Port Authority of New York and New Jersey:

SECTION 1. As used in this resolution, any words or phrases specially defined in the aforesaid Consolidated Bond Resolution shall be read and construed in accordance with such special definitions; *provided, however*, that the term "facility" herein shall not include any railroad car owned, leased or operated pursuant to Chapter 638 of the Laws of New York of 1959 and Chapter 25 of the Laws of New Jersey of 1959 or any acts amendatory or supplemental thereto.

SECTION 2. There is hereby established a series of negotiable notes of the Authority to be known as "Consolidated Notes, Series LL" (hereinafter called the "notes of this Series") and the issuance of up to One Hundred Million Dollars ($100,000,000) in principal amount of such Series LL Notes is hereby authorized. Said notes of this Series shall be established and issued pursuant to and shall conform in all respects to the aforesaid Consolidated Bond Resolution.

The notes of this Series shall be issued in one or more lots as the Authority may hereafter determine, shall be dated as of June 1, 1987, and mature on June 1, 1990, shall be of the denominations of $5,000 or integral multiples of $5,000, and shall bear a stated rate or rates of interest, including fixed, variable or incremental rates for the term of the notes or any portion thereof, or a combination thereof, from such date as may be determined by the Committee on Finance of the Authority, not in excess of twelve per centum (12%) per annum as may be determined by the Committee on Finance. The Committee on Finance is hereby authorized to fix and determine such date upon which interest shall commence and said interest rate or rates including fixed, variable or incremental rates or a combination thereof, if any, or to determine that the notes of this Series shall not bear a stated rate of interest. If the notes of this Series shall bear a stated rate or rates of interest, interest shall be payable semi-annually commencing on December 1, 1987, and thereafter on each succeeding June 1 and December 1 until maturity or prior redemption.

Unless otherwise determined by the Committee on Finance in connection with the issuance of the notes of this Series as book-entry only securities (which said Committee is hereby authorized to fix and determine such other system or method), the notes of this Series shall be numbered upward from C(LL)-1, or they may bear such other numbers as the Chairman of the Authority; the Vice Chairman of the Authority; the Chairman of the Committee on Finance; the Executive Director; Assistant Executive Director; Chief Financial Officer; Deputy Chief Financial Officer; Comptroller; Assistant Comptroller; Treasurer; or Assistant Treasurer of the Authority may deem appropriate.

Both principal of and interest on the notes of this Series shall be payable in lawful money of the United States of America. Principal of the notes of this Series shall be payable upon presentation and surrender thereof by the registered holders, or in the case of coupon notes of this Series, if any, upon presentation and surrender thereof, at the office or offices, designated by the Authority, of the Paying Agent or Paying Agents appointed for the purpose by the Authority, in a county which is in whole or in part in the Port of New York District. Interest on the registered notes of this Series shall be payable when due to the registered holder thereof by check or draft drawn on the Paying Agent or Paying Agents appointed for the purpose by the Authority and mailed to said registered holder and interest on the coupon notes of this Series, if any, shall be payable upon presentation and surrender of the coupons appertaining thereto at such office of offices of such Paying Agent or Paying Agents. If on original issuance the notes of this Series are to be issued as book-entry only securities, subject to a book-entry system for determining interests therein, the Committee on Finance is hereby authorized to fix and determine an alternate

method for the payment of both or either of the principal of and interest on the notes of this Series to the registered holder thereof; *provided, however,* in the event that such book-entry system or any successor book-entry system is discontinued without replacement with a similar system, then the foregoing payment provisions of this paragraph shall apply to the notes of this Series.

SECTION 3. The proceeds of the notes of this Series shall be used (a) for purposes of capital expenditures in connection with any one or more of the facilities of the Authority and for purposes incidental thereto; *provided, however,* that subject to agreements with the holders of obligations of the Authority and consistent with applicable provisions of Section 103 of the Internal Revenue Code of 1986, as amended, (hereinafter called the "Code"), or successor provisions of law, and the applicable regulations related thereto, the Committee on Finance may authorize all or any portion of the unspent proceeds of the notes of this Series to be used for any purpose for which at the time of issuance thereof the Authority was authorized by law to issue its obligations, including capital expenditures in connection with facilities of the Authority certified or to be certified after issuance of the notes of this Series; (b) for the purpose of refunding, directly, by offers to exchange, or otherwise, at or before maturity, all or any part of any issue of Consolidated Bonds or Consolidated Notes issued and outstanding at the time of the sale of any of the notes of this Series; and (c) for the purpose of refunding in accordance with applicable law, regulations and contractual provisions, any of the special obligations under the Port Authority Commercial Paper Program.

SECTION 4. Notes of this Series shall be issued only in registered form without coupons, registered as to both principal and interest and not as to either alone; *provided, however,* if at any time prior to issuance of the notes of this Series, there shall be in effect a provision of the Code, or the regulations with respect thereto, which does not provide that, for the interest on the notes of this Series to be considered not includible for Federal income tax purposes in the gross income of the recipients thereof under Section 103(a) of the Code, or successor provisions of law, such notes of this Series must be issued in registered form, then the notes of this Series may also be issued in the form of coupon notes payable to bearer, in which event the Committee on Finance is hereby authorized to adopt an appropriate form of coupon note issuable only in the denomination of $5,000. If on original issuance the notes of this Series are to be issued as book-entry only securities subject to a book-entry system for determining interests therein, the Committee on Finance is hereby authorized to fix and determine an appropriate form of note or other evidence of indebtedness; *provided, however,* in the event that such book-entry system or any successor book-entry system is discontinued without replacement with a similar system then the provisions of Section 8 of this resolution shall apply to the notes of this Series.

Registered notes of this Series shall be issued in the denominations of $5,000 or integral multiples of $5,000.

SECTION 5. The Authority will keep or cause to be kept at the office or offices, designated by the Authority, of its Registrar appointed for that purpose, in a county which is in whole or in part in the Port of New York District, proper and sufficient books for the registration of notes of this Series. Each registered note of this Series shall be transferable only upon such books by the registered holder thereof in person or by such registered holder's attorney duly authorized in accordance with the provisions of this resolution.

In the event that the notes of this Series may be issued in coupon form, a coupon note or notes of this Series (if any), upon the written request of the bearer or bearers thereof and upon the surrender thereof with all unmatured coupons thereto attached, may be exchanged for a registered note or notes, registered as designated in such request, of the same aggregate principal amount and series as the surrendered note or notes, of any of the authorized denominations. A registered note or notes of this Series, upon the written request of the registered holder or holders thereof and upon surrender thereof, may be exchanged for a registered note or notes, registered as designated in such request, of any other authorized denominations, or in the event that the notes of this Series may be issued in coupon form, a coupon note or notes with appropriate coupons attached, or a combination of such coupon and registered notes, in each case of the same aggregate principal amount as the surrendered note or notes.

All requests for the registration, transfer, exchange and delivery of notes as above provided shall be filed with the Registrar of the Authority; all notes to be surrendered pursuant to such request shall be surrendered to the Registrar; and all notes delivered in exchange as aforesaid shall be delivered by the Registrar. All notes of this Series surrendered to the Registrar in exchange for other notes or for transfer as above provided shall be cancelled by the Registrar upon such surrender.

The Authority shall bear the cost incurred by the Authority in connection with the registration, authentication (if any), transfer, cancellation, exchange and delivery of notes of this Series, including such fees as may be imposed by the Registrar for such services performed by the Registrar as provided in this resolution.

Nothing contained in this resolution shall be deemed to authorize the execution and delivery of notes of this Series except in the denomination of $5,000 in the case of coupon notes (if any) or in denominations of $5,000 or integral multiples of $5,000 in the case of registered notes or to authorize the issuance of coupon notes of this Series if at any time there shall be in effect a provision of the Code or the regulations with respect thereto which provides that for the interest on the notes of this Series to be considered not includible for Federal income tax purposes in the gross income of the recipients thereof under Section 103(a) of the Code, or successor provisions of law, such notes of this Series must be issued in registered form.

SECTION 6. Notes of this Series shall be redeemable in whole or in part, at the option of the Authority, prior to maturity at one hundred per centum (100%) of their face value on any interest payment date at or subsequent to June 1, 1988. If less than all of the notes of this Series then outstanding are to be called for redemption, the notes so to be called shall be determined by lot by the Authority or the Registrar as the Authority may elect or by such other system or method as the Committee on Finance may fix and determine (which said Committee is hereby authorized to fix and determine such other system or method).

Notice of intention to redeem any notes of this Series shall be given by the Authority by publication in a daily newspaper of general circulation in the Port of New York District. Such notice shall be published at least twice prior to the date fixed for redemption, the first publication to be not less than thirty (30) nor more than forty-five (45) days before the date fixed for redemption, and the second publication to be not less than ten (10) nor more than twenty (20) days before the date fixed for redemption. A copy of such notice shall also be mailed by the Authority or the Registrar, as the Authority may elect, not less than thirty (30) nor more than forty-five (45) days prior to the date fixed for redemption to the registered holders of notes of this Series to be called for redemption, at their last known addresses as appearing upon the Registry Books of the Authority; *provided, however,* that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any action with respect to the redemption of said notes. If on original issuance the notes of this Series are to be issued only in registered form or are to be issued as book-entry only securities subject to a book-entry system for determining interests therein, the Committee on Finance is hereby authorized to fix and determine an alternate method by which the Authority shall give notice of intention to redeem any notes of this Series.

Before the date fixed for redemption specified in the Authority's notice of intention to redeem, the Authority will pay or cause to be paid to the Paying Agent (or Paying Agents) an amount in cash in the aggregate sufficient to redeem all of the outstanding notes which are to be redeemed, at the respective redemption prices thereof, which, in each case, shall include the accrued interest to the date fixed for redemption, such principal amount to be held by the Paying Agent (or Paying Agents) in trust for the account of the holders of the notes so called for redemption and to be paid to them respectively upon presentation and surrender of the said notes with accrued interest included in such redemption price to be paid to the registered holder in accordance with the provisions of this resolution and in the case of coupon notes (if any), such accrued interest to be paid to the holders only upon presentation and surrender of all unmatured coupons (if any) pertaining to such notes. On and after the date fixed for redemption, the notice of intention to redeem having been completed as above provided or as provided by the Committee on Finance, the notes so called shall become due and payable at the office of the Paying Agent (or Paying Agents) designated by the Authority, and if funds sufficient for payment of the redemption price shall have been deposited with the Paying Agent (or Paying Agents) in trust as aforesaid and if such funds shall be available for redemption of such notes on the date fixed for redemption, then and in any such event, interest shall cease to accrue on the notes so called from and after the date fixed for their redemption, and such notes and the unmatured coupons (if any) pertaining thereto shall not be entitled to the benefit or security of this resolution or the Consolidated Bond Resolution, but shall rely solely upon the funds so deposited.

In the case of registered notes of denominations greater than $5,000, if less than all of the notes of this Series then outstanding are to be called for redemption, then for all purposes in connection with redemption, each $5,000 unit of face value shall be treated as though it were a separate note of the denomination of $5,000, and the word "note" as used in the foregoing provisions of this Section 6 shall be deemed to refer to such $5,000 unit of face value. If it is determined as above provided that one or more but not all of the $5,000 units of face value represented

by any note are to be called for redemption, then upon notice of intention to redeem said $5,000 unit or units, the holder of said note shall forthwith present said note to the Registrar who shall issue a new note or notes of smaller authorized denominations but of the same aggregate principal amount in exchange therefor, pursuant to Section 5 of this resolution, including a new note or notes with the aggregate principal amount of the $5,000 unit or units of face value called for redemption; and such new note or notes shall be deemed to be duly called for redemption without further notice to the holder thereof. If the holder of such note of a denomination greater than $5,000 shall fail to present such note to the Registrar for the issuance of new notes of smaller denominations in exchange therefor, as aforesaid, such note shall nevertheless become due and payable on the date fixed for redemption to the extent of the $5,000 unit or units of face value called for redemption (and to that extent only); and (funds sufficient for the payment of the redemption price having been deposited with the Paying Agent or Paying Agents, as aforesaid, and being available as aforesaid on the date fixed for redemption) interest shall cease to accrue on the portion of the principal amount of such note represented by such $5,000 unit or units of face value on and after the date fixed for redemption, and such note shall not be entitled to the benefit or security of this resolution or the Consolidated Bond Resolution to the extent of the portion of its principal amount (and accrued interest thereon to the date fixed for redemption) represented by such $5,000 unit or units of face value, but to that extent shall rely solely upon the funds so deposited.

SECTION 7. The Authority shall not apply any moneys in the Consolidated Bond Reserve Fund or in any special reserve fund established for the benefit of the bonds of any prior issue of bonds except for the payment of bonds secured by a pledge of the General Reserve Fund in whole or in part, the payment of debt service upon bonds so secured, the purchase for retirement of bonds so secured or the redemption of bonds so secured, or for the payment of expenses incurred for the establishment, acquisition, construction or effectuation, or for the operation, maintenance, repair or administration of any facility financed or refinanced in whole or in part by bonds secured by a pledge of the General Reserve Fund in whole or in part, or otherwise for the fulfillment of any undertakings which the Authority has assumed or may or shall hereafter assume to or for the benefit of the holders of bonds secured by a pledge of the General Reserve Fund in whole or in part; *provided, however*, that nothing herein contained shall be construed to permit the application by the Authority of moneys in the Consolidated Bond Reserve Fund or in any special reserve fund established for the benefit of the bonds of any prior issue of bonds except for purposes and upon conditions which in the case of the Consolidated Bond Reserve Fund are authorized by the Consolidated Bond Resolution or in the case of said special reserve funds are authorized by the respective resolutions establishing such prior issues of bonds.

Consolidated Bonds proposed to be issued for purposes in connection with an additional facility or a group of additional facilities in connection with which the Authority has not theretofore issued bonds which have been secured by a pledge of the General Reserve Fund in whole or in part, may be issued, and bonds other than Consolidated Bonds proposed to be issued for purposes in connection with such an additional facility or group of additional facilities may be secured by a pledge of the General Reserve Fund in whole or in part, in each case if and only if the Authority shall certify at the time of issuance (as defined in Section 3 of the Consolidated Bond Resolution) its opinion that the issuance of such Consolidated Bonds or that such pledge of the General Reserve Fund as security for such bonds other than Consolidated Bonds will not, during the ensuing ten (10) years or during the longest term of any of such bonds proposed to be issued (whether or not Consolidated Bonds), whichever shall be longer, in the light of its estimated expenditures in connection with such additional facility or such group of additional facilities, materially impair the sound credit standing of the Authority or the investment status of Consolidated Bonds or the ability of the Authority to fulfill its commitments, whether statutory or contractual or reasonably incidental thereto, including its undertakings to the holders of Consolidated Bonds; and the Authority may apply moneys in the General Reserve Fund for purposes in connection with those of its bonds and only those of its bonds which it has theretofore secured by a pledge of the General Reserve Fund in whole or in part. Expenditures in connection with an additional facility or group of additional facilities shall mean the amount of the excess, if any, of the sum of all items of expense to be considered in determining the net revenues of the additional facility or group of additional facilities plus the debt service upon the bonds proposed to be issued and upon any additional bonds which in the Authority's opinion would be required to be issued to place and maintain such facility or group of facilities upon a sound operating basis, over and above the sum of all items of revenue and income to be considered in determining such net revenues.

SECTION 8. Each note of this Series shall have the official seal of the Authority, or a facsimile thereof, affixed thereto or printed or impressed thereon, and shall be signed by any one of the following persons, to wit:—The person holding the office or exercising the duties of Chairman; Vice Chairman; Chairman of the Committee on Finance; Executive Director; Assistant Executive Director; Secretary; Assistant Secretary; Chief Financial Officer; Deputy Chief Financial Officer; Comptroller; Assistant Comptroller; Treasurer; or Assistant Treasurer of the Authority at the time of its execution; *provided*, that each note of this Series may be executed by the facsimile signature of any of the foregoing persons and, in such event, such note shall have endorsed thereon a certificate of authentication substantially in the form hereinafter set forth, manually executed by the Registrar of the Authority. No note of this Series bearing a facsimile signature of any of the foregoing persons shall be entitled to any benefit under this resolution or the Consolidated Bond Resolution or be valid or obligatory for any purpose unless and until such certificate of authentication shall have been manually executed by the Registrar of the Authority, as aforesaid, and such manually executed certificate upon such note shall be conclusive evidence that such note has been authenticated and delivered hereunder. Such certificate of authentication on any such note shall be deemed to have been executed by the Registrar of the Authority, as aforesaid, if signed by an authorized officer thereof, but it shall not be necessary that the same officer sign the certificate of authentication on all of such notes issued hereunder. Notes of this Series in coupon form (if any) shall have coupons for interest attached, bearing facsimile signatures of the Chairman and Secretary of the Authority.

The registered notes of this Series shall be in substantially the following form, the blank spaces being appropriately filled in, and, as applicable, taking account of the changes and adjustments authorized in this resolution:

(FORM OF REGISTERED NOTE)

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

CONSOLIDATED NOTE

SERIES LL

No. C(LL)- .....
Maturity Date: June 1, 1990 Interest Rate: .....% Per Annum Dated: June 1, 1987 CUSIP .....

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (formerly known as The Port of New York Authority and hereinafter called the Authority), a body corporate and politic, created by the Compact of April 30, 1921, between the State of New York and the State of New Jersey, to which the consent of the Congress of the United States was given by Public Resolution No. 17, 67th Congress, First Session, acknowledges itself indebted and for value received hereby promises to pay to the registered holder hereof, on the first day of June, 1990, upon presentation and surrender of this note, the principal amount shown below:
together with interest thereon at the rate of per centum (%) per annum from ,
payable semi-annually commencing on December 1, 1987, and thereafter on each succeeding June 1 and December 1 until maturity or prior redemption. The principal of this note shall be payable in lawful money of the United States of America, at maturity or prior redemption upon presentation and surrender by the registered holder hereof at the office of , Paying Agent of the Authority, or the office or offices designated by the Authority of such other Paying Agent or Paying Agents appointed for the purpose by the Authority in a county which is in whole or in part in the Port of New York District. Semi-annual interest on this note shall be payable when due, in lawful money of the United States of America, to said registered holder by check or draft drawn on the Paying Agent or Paying Agents appointed for the purpose by the Authority and mailed to said registered holder.

This note is issued pursuant to and in full conformity with the Compact between the States of New York and New Jersey creating the Authority and the various statutes of said two States amendatory thereof and supplemental thereto, for purposes provided in said Compact and statutes, and is a direct and general obligation of the Authority for the prompt payment of the principal of and interest on which the full faith and credit of the Authority are irrevocably pledged. The provisions of the resolution of October 9, 1952, establishing an issue of Consolidated Bonds, and of the resolution of April 9, 1987, establishing the Series of which this note forms a part and authorizing the issuance of this note, constitute a contract between the Authority and the registered holder of this note, which is subject to modification as therein provided.

This note is registered as to principal and interest (but not as to either alone) and is transferable only upon the books kept by the Registrar of the Authority by the registered holder of this note or attorney duly authorized, all in accordance with the provisions of the resolution establishing the Series of which this note forms a part and authorizing the issuance of the notes of this Series. The notes of this Series are issuable only in the form of registered notes without coupons in the denominations of $5,000 or integral multiples of $5,000. The registered holder of this note or attorney duly authorized may upon application to the Registrar of the Authority exchange the same in accordance with the provisions of the resolution establishing the Series of which this note forms a part for an equal aggregate principal amount of registered notes of any other authorized denominations. The Authority shall bear the cost incurred by the Authority in connection with the registration, authentication (if any), transfer, cancellation, exchange and delivery of the notes of this Series including such fees as may be imposed by the Registrar for such services performed by the Registrar.

This note may be redeemed, at the option of the Authority, prior to maturity at one hundred per centum (100%) of its face value on any interest payment date at or subsequent to June 1, 1988. If less than all of the notes of this Series then outstanding are to be called for redemption, the notes so to be called shall be determined by lot by the Authority or the Registrar as the Authority may elect or by such other system or method as the Committee on Finance may fix and determine.

If this note shall be called for redemption, notice shall be given by the Authority by publication in a daily newspaper of general circulation in the Port of New York District. Such notice shall be published at least twice prior to the date fixed for redemption,—the first publication to be not less than thirty (30) nor more than forty-five (45) days before the date fixed for redemption; and the second publication to be not less than ten (10) nor more than twenty (20) days before the date fixed for redemption. A copy of such notice shall also be mailed, not less than thirty (30) nor more than forty-five (45) days before the date fixed for redemption, to the registered holder of this note at his last known address as appearing upon the Registry Books of the Authority; *provided, however,* that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any action with respect to the redemption of said notes. If this note shall be called for redemption, and if funds sufficient for the redemption price shall be deposited with the Paying Agent or Paying Agents of the Authority in trust for the account of the registered holder of this note, and if such funds shall be available for its redemption on the date fixed for redemption, interest shall cease to accrue on this note from and after the date fixed for redemption and this note shall not be entitled to the benefit or security of the foregoing resolutions, but shall rely solely upon the funds so deposited.

If this note is of a denomination greater than $5,000, and if less than all of the notes of the Series of which this note forms a part are to be called for redemption, then for all purposes in connection with redemption, each $5,000 of face value of this note shall be treated as though it were a separate note of the denomination of $5,000, and the word "note" as used in the foregoing redemption provisions shall be deemed to refer to each such $5,000 unit of face value.

If it is determined as above provided that one or more but not all of the $5,000 units of face value represented by this note are to be called for redemption, then upon notice of intention to redeem such $5,000 unit or units the registered holder of this note shall forthwith present this note to the registrar who will issue new notes of smaller denominations but of the same aggregate principal amount in exchange or substitution therefor, as provided in the resolution establishing the Series of which this note forms a part, including a new note or notes with the aggregate principal amount corresponding to the aggregate principal amount and number or numbers of the $5,000 unit or units called for redemption; and such new note or notes shall be deemed to be duly called for redemption without further notice to the registered holder. If the registered holder shall fail to present this note to the Registrar for the issuance of new notes of smaller denominations in exchange or substitution therefor as aforesaid, this note shall nevertheless become due and payable on the date fixed for redemption to the extent of the $5,000 unit or units of face value called for redemption (and to that extent only); and (funds sufficient for the payment of the redemption price having been deposited with the Paying Agent or Paying Agents as aforesaid, and being available as aforesaid on the date fixed for redemption) interest shall cease to accrue on the portion of the principal amount of this note represented by such $5,000 unit or units of face value on and after the date fixed for redemption and this note shall not be entitled to the benefit or security of the aforesaid resolutions to the extent of the portion of its principal amount (and accrued interest thereon to the date fixed for redemption) represented by such $5,000 unit or units, but to that extent shall rely solely upon the funds so deposited.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen or be performed, precedent to and in the issuance of this note, exist, have happened and have been performed in due time, form and manner as required by the Constitutions and statutes of the States of New York and New Jersey, the Compact creating the Authority and the aforesaid resolutions of the Authority, and that the amount of this note, together with all other indebtedness of the Authority, does not exceed any limit prescribed by said Constitutions, statutes, Compact or the Consolidated Bond Resolution.

IN WITNESS WHEREOF, The Port Authority of New York and New Jersey has caused its name to be signed hereto by its duly authorized officer, by manual or facsimile signature, and its official seal, or facsimile thereof, to be hereto affixed or printed or impressed hereon, and this note to be dated as of the first day of June, 1987.

THE PORT AUTHORITY
OF NEW YORK AND NEW JERSEY

. . . . . .
Authorized Officer

(END OF FORM OF REGISTERED NOTE)

The certificate of authentication attached to each of the notes of this Series which are executed by a facsimile signature on behalf of the Authority shall be in substantially the following form, the blank spaces being appropriately filled in:

(FORM OF CERTIFICATE OF AUTHENTICATION)

This note is one of the notes issued under the provisions of the within-named resolution and the Consolidated Bond Resolution.

Date of Authentication: . . . . . .

REGISTRAR
as Registrar of the Authority

By . . . . . .
Authorized Officer

(END OF FORM OF CERTIFICATE OF AUTHENTICATION)

Each registered note of this Series shall have provisions for assignment endorsed thereon, in substantially the following form:

(FORM OF PROVISIONS FOR ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

[ ]

. . . . . .
(Please Print or Type Name and Address of Assignee)

. . . . . .

. . . . . .
the within note and all rights thereunder and does hereby irrevocably constitute and appoint

. . . . . Attorney
to transfer such note on the books kept for the registration thereof, with full power of substitution in the premises.

Dated:

. . . . . .
(Signature of Registered Holder)

In the presence of . . . . . .
(Witness)

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within note in every particular, with such signature appropriately guaranteed.

(END OF FORM OF PROVISIONS FOR ASSIGNMENT)

In case any official of the Authority who shall have signed or whose facsimile signature shall appear on any of the notes of this Series shall cease to be such official before such notes shall have been actually issued, such notes may nevertheless be issued as though the person who signed such notes had not ceased to be such official of the Authority; and the Authority may, by issuing notes bearing coupons (if any) so executed, adopt and use the facsimile signature of any person appearing on the coupons (if any), notwithstanding the fact that such person may have ceased, at the time when the notes and coupons (if any) shall have been issued, to hold the office appearing after such person's facsimile signature on such coupons (if any).

SECTION 9. The Committee on Finance of the Authority is hereby authorized prior to the issuance of any of the notes of this Series (i) to change the date as of which the notes of this Series shall be dated to any date on or before December 31, 1988; (ii) to change the date stated in this resolution at which any of the notes of this Series shall mature and be retired; *provided*, that said date or dates shall not be more than three (3) years from the date as of which notes of this Series are dated; (iii) to adjust or change the provisions contained in this resolution relating to the payment of interest and to the redemption, retirement, and call of the notes of this Series; *provided*, that the Committee may not change the redemption, retirement and call provisions of the notes of this Series to impose a call premium; (iv) to provide for the notes of this Series to be issued on original issuance as book-entry only securities taking account of the changes and adjustments authorized in this resolution with respect to the issuance of the notes of this Series as book-entry only securities; (v) to provide for the notes of this Series to be separately registrable as to principal and interest (including any authorized incremental interest) to any one or more holders of the notes or certificates (if any) with respect to the payment of interest thereon; and (vi) to take such other action as in the opinion of the Committee will best serve the public interest.

SECTION 10. In case any note or any coupon (if any) pertaining to such a note shall at any time become mutilated or be lost or destroyed, the Authority, in its discretion, may execute and deliver a new note or coupon of like tenor and amount in exchange or substitution for and upon cancellation of said mutilated note or coupon or in lieu of or in substitution for such destroyed or lost note or coupon; or if such note or coupon shall have matured, instead of issuing a substitute note or coupon the Authority may pay the same without surrender thereof.

In case of destruction or loss, the applicant for a substitute note or coupon shall furnish to the Authority evidence satisfactory to the Authority of the destruction or loss of such note or coupon and of the ownership thereof and also such security and indemnity as may be required by the Authority. The Authority may execute and deliver any such substitute note or coupon or make any such payment; or any Paying Agent may make any such payment upon the written request or authorization of the Authority. Upon the issuance of any substitute note or coupon, the Authority, at its option, may require the payment of a sum sufficient to reimburse it for any stamp tax or other governmental charge or other reasonable expense connected therewith and also a further sum not exceeding the cost of preparation of each new note or coupon so issued in substitution. Any note or coupon (if any) issued under the provisions of this section in lieu of any note or coupon alleged to have been destroyed or lost shall constitute an original contractual obligation on the part of the Authority, whether or not the note or coupon so alleged to have been destroyed or lost be at any time enforceable by anyone, and shall be equally and proportionately entitled to the security of this resolution and of the Consolidated Bond Resolution with all other bonds, notes and coupons (if any) issued hereunder or thereunder.

SECTION 11. In the event the Committee on Finance determines that the needs of the Authority for capital funds or the public interest require allocation of the proceeds of any of the notes of this Series to purposes in connection with some but not all of the purposes authorized in Section 3 hereof, the Committee is hereby authorized, prior to the sale of said notes of this Series from time to time, to make such allocation by resolution. The adoption by said Committee of such a resolution prior to any such sale shall be sufficient to restrict the application of the proceeds of any notes of this Series included in said sale to the purposes specified by the Committee in said resolution.

SECTION 12. The provisions of this resolution shall constitute a contract with the holders of the notes issued pursuant to this resolution, and with each such holder.

Consolidated Notes, Series LL—Authorization of Sale

Pursuant to the foregoing report, the following resolution was unanimously adopted:

SECTION 1. The Committee on Finance of the Authority (hereinafter called the "Committee") is hereby authorized to sell all or any part of One Hundred Million Dollars ($100,000,000) in principal amount of Consolidated Notes, Series LL (hereinafter called the "notes of this Series"), at a price which will result in a true interest cost to the Authority not in excess of twelve per centum (12%) per annum to maturity, and to do so in the name of and on behalf of the Authority, at public or private sale, with or without advertisement, in one or more lots, at one or more times on or before December 31, 1988, and to apply the proceeds of such sale or sales as provided in the resolution establishing and authorizing the issuance of said notes of this Series; *provided, however,* that the total aggregate principal amount of Consolidated Notes, Series KK, Consolidated Notes, Series LL, Consolidated Notes, Series MM, Consolidated Notes, Series NN, Consolidated Notes, Series OO, and Consolidated Notes, Series PP, sold by the Committee shall not exceed Three Hundred Million Dollars ($300,000,000).

SECTION 2. The Committee shall have power, in connection with the notes of this Series, to fix the time or times of sale on or before December 31, 1988, to determine the terms and conditions upon which sales shall be made and to accept or reject offers in connection with such sales, and to do so in the name of and on behalf of the Authority.

SECTION 3. The Committee shall have the power in the name of and on behalf of the Authority, in connection with the notes of this Series, to enter into any appropriate contracts or agreements concerning any sales or exchanges; to fix the time or times and determine the terms and conditions of delivery of the notes of this Series; to appoint and to enter into appropriate contracts or agreements with one or more Paying Agents and a Registrar, and to designate the office or offices of any such Paying Agent or Paying Agents at which payments shall be made and the office or offices of any such Registrar at which the books for registration shall be kept; to enter into any appropriate contracts or agreements providing insurance in connection with the notes of this Series; to enter into appropriate contracts or agreements in connection with the issuance of the notes of this Series as book-entry only securities; to make any selection, designation, determination or estimate and to take or withhold any action and to formulate and express any opinions and to exercise any discretion or judgment which may be or is required to be made, taken, withheld, formulated, expressed or exercised by the Authority as a condition precedent to the issuance of the notes of this Series or for the purpose of determining whether all conditions precedent to their issuance exist, the Authority hereby adopting all such selections, designations, determinations, actions, withholdings of action, estimates and exercises of judgment and discretion, whether pursuant to Section 3 of the Consolidated Bond Resolution of October 9, 1952, or otherwise, as its own; and to authorize any of the foregoing and generally to take such other action as in the opinion of the Committee will best serve the public interest.

SECTION 4. The Committee shall have power to authorize one or more official statements in the name of and on behalf of the Authority (describing the Authority, its financial condition and the notes offered for sale, and making representations on behalf of the Authority). The Authority hereby authorizes the underwriter or underwriters purchasing the notes in offering the notes of this Series for resale to use such official statement or statements and representations as those of the Authority.

SECTION 5. No part of the proceeds of the notes of this Series shall be invested directly or indirectly in such a manner as to cause the interest on such notes of this Series to be subject to Federal income taxes under Section 148 of the Internal Revenue Code of 1986, as amended, or successor provisions of law, and the applicable regulations related thereto.

SECTION 6. The Committee; Chairman of the Authority; Vice Chairman of the Authority; Chairman of the Committee; Executive Director; Assistant Executive Director; Chief Financial Officer; Deputy Chief Financial Officer; or Treasurer of the Authority is hereby authorized, in connection with the notes of this Series, to take any action which may be necessary or desirable to assure that the notes of this Series are in conformity with the provisions of Section 103, of the Internal Revenue Code of 1986, as amended, or successor provisions of law, and the applicable regulations related thereto, and that the interest on such notes of this Series is not includible

for Federal income tax purposes in the gross income of the recipients thereof under Section 103(a) of the Code, or successor provisions of law, or regulations with respect thereto, and any such actions taken in connection therewith are hereby ratified. The Chairman of the Authority; Vice Chairman of the Authority; Chairman of the Committee; Executive Director; Assistant Executive Director; Chief Financial Officer; Deputy Chief Financial Officer; Comptroller; Assistant Comptroller; Treasurer; or Assistant Treasurer of the Authority is hereby authorized to certify on behalf of the Authority as to the need for the issuance of the notes of this Series for the purposes for which the notes of this Series are issued, as to the status of the projects for which the proceeds of the notes of this Series would be used, as to the Authority's intentions with respect to the application and investment of said proceeds, and as to such other related matters as may be authorized by the Committee and any such actions taken in connection therewith are hereby ratified.

Consolidated Notes, Series MM—Establishment and Authorization of Issuance

Pursuant to the foregoing report, the following resolution was unanimously adopted:

WHEREAS, The Port Authority of New York and New Jersey (hereinafter called the "Authority") hereby finds and determines that it is necessary to provide capital funds for the purposes hereinafter set forth; and

WHEREAS, under present circumstances it is desirable and in the public interest to provide said required capital funds in part by the issuance of short-term notes in conformity with the Consolidated Bond Resolution adopted October 9, 1952;

NOW, THEREFORE, be it resolved by The Port Authority of New York and New Jersey:

SECTION 1. As used in this resolution, any words or phrases specially defined in the aforesaid Consolidated Bond Resolution shall be read and construed in accordance with such special definitions; *provided, however*, that the term "facility" herein shall not include any railroad car owned, leased or operated pursuant to Chapter 638 of the Laws of New York of 1959 and Chapter 25 of the Laws of New Jersey of 1959 or any acts amendatory or supplemental thereto.

SECTION 2. There is hereby established a series of negotiable notes of the Authority to be known as "Consolidated Notes, Series MM" (hereinafter called the "notes of this Series") and the issuance of up to One Hundred Million Dollars ($100,000,000) in principal amount of such Series MM Notes is hereby authorized. Said notes of this Series shall be established and issued pursuant to and shall conform in all respects to the aforesaid Consolidated Bond Resolution.

The notes of this Series shall be issued in one or more lots as the Authority may hereafter determine, shall be dated as of October 1, 1987, and mature on October 1, 1990, shall be of the denominations of $5,000 or integral multiples of $5,000, and shall bear a stated rate or rates of interest, including fixed, variable or incremental rates for the term of the notes or any portion thereof, or a combination thereof, from such date as may be determined by the Committee on Finance of the Authority, not in excess of twelve per centum (12%) per annum as may be determined by the Committee on Finance. The Committee on Finance is hereby authorized to fix and determine such date upon which interest shall commence and said interest rate or rates including fixed, variable or incremental rates or a combination thereof, if any, or to determine that the notes of this Series shall not bear a stated rate of interest. If the notes of this Series shall bear a stated rate or rates of interest, interest shall be payable semi-annually commencing on April 1, 1988, and thereafter on each succeeding October 1 and April 1 until maturity or prior redemption.

Unless otherwise determined by the Committee on Finance in connection with the issuance of the notes of this Series as book-entry only securities (which said Committee is hereby authorized to fix and determine such other system or method), the notes of this Series shall be numbered upward from C(MM)-1, or they may bear such other numbers as the Chairman of the Authority; the Vice Chairman of the Authority; the Chairman of the Committee on Finance; the Executive Director; Assistant Executive Director; Chief Financial Officer; Deputy Chief Financial Officer; Comptroller; Assistant Comptroller; Treasurer; or Assistant Treasurer of the Authority may deem appropriate.

Both principal of and interest on the notes of this Series shall be payable in lawful money of the United States of America. Principal of the notes of this Series shall be payable upon presentation and surrender thereof by the registered holders, or in the case of coupon notes of this Series, if any, upon presentation and surrender thereof, at the office or offices, designated by the Authority, of the Paying Agent or Paying Agents appointed for the purpose by the Authority, in a county which is in whole or in part in the Port of New York District. Interest on the registered notes of this Series shall be payable when due to the registered holder thereof by check or draft drawn on the Paying Agent or Paying Agents appointed for the purpose by the Authority and mailed to said registered holder and interest on the coupon notes of this Series, if any, shall be payable upon presentation and surrender of the coupons appertaining thereto at such office or offices of such Paying Agent or Paying Agents. If on original issuance the notes of this Series are to be issued as book-entry only securities, subject to a book-entry system for

determining interests therein, the Committee on Finance is hereby authorized to fix and determine an alternate method for the payment of both or either of the principal of and interest on the notes of this Series to the registered holder thereof; *provided, however*, in the event that such book-entry system or any successor book-entry system is discontinued without replacement with a similar system, then the foregoing payment provisions of this paragraph shall apply to the notes of this Series.

SECTION 3. The proceeds of the notes of this Series shall be used (a) for purposes of capital expenditures in connection with any one or more of the facilities of the Authority and for purposes incidental thereto; *provided, however*, that subject to agreements with the holders of obligations of the Authority and consistent with applicable provisions of Section 103 of the Internal Revenue Code of 1986, as amended, (hereinafter called the "Code"), or successor provisions of law, and the applicable regulations related thereto, the Committee on Finance may authorize all or any portion of the unspent proceeds of the notes of this Series to be used for any purpose for which at the time of issuance thereof the Authority was authorized by law to issue its obligations, including capital expenditures in connection with facilities of the Authority certified or to be certified after issuance of the notes of this Series; (b) for the purpose of refunding, directly, by offers to exchange, or otherwise, at or before maturity, all or any part of any issue of Consolidated Bonds or Consolidated Notes issued and outstanding at the time of the sale of any of the notes of this Series; and (c) for the purpose of refunding in accordance with applicable law, regulations and contractual provisions, any of the special obligations under the Port Authority Commercial Paper Program.

SECTION 4. Notes of this Series shall be issued only in registered form without coupons, registered as to both principal and interest and not as to either alone; *provided, however*, if at any time prior to issuance of the notes of this Series, there shall be in effect a provision of the Code, or the regulations with respect thereto, which does not provide that, for the interest on the notes of this Series to be considered not includible for Federal income tax purposes in the gross income of the recipients thereof under Section 103(a) of the Code, or successor provisions of law, such notes of this Series must be issued in registered form, then the notes of this Series may also be issued in the form of coupon notes payable to bearer, in which event the Committee on Finance is hereby authorized to adopt an appropriate form of coupon note issuable only in the denomination of $5,000. If on original issuance the notes of this Series are to be issued as book-entry only securities subject to a book-entry system for determining interests therein, the Committee on Finance is hereby authorized to fix and determine an appropriate form of note or other evidence of indebtedness; *provided, however*, in the event that such book-entry system or any successor book-entry system is discontinued without replacement with a similar system then the provisions of Section 8 of this resolution shall apply to the notes of this Series.

Registered notes of this Series shall be issued in the denominations of $5,000 or integral multiples of $5,000.

SECTION 5. The Authority will keep or cause to be kept at the office or offices, designated by the Authority, of its Registrar appointed for that purpose, in a county which is in whole or in part in the Port of New York District, proper and sufficient books for the registration of notes of this Series. Each registered note of this Series shall be transferable only upon such books by the registered holder thereof in person or by such registered holder's attorney duly authorized in accordance with the provisions of this resolution.

In the event that the notes of this Series may be issued in coupon form, a coupon note or notes of this Series (if any), upon the written request of the bearer or bearers thereof and upon the surrender thereof with all unmatured coupons thereto attached, may be exchanged for a registered note or notes, registered as designated in such request, of the same aggregate principal amount and series as the surrendered note or notes, of any of the authorized denominations. A registered note or notes of this Series, upon the written request of the registered holder or holders thereof and upon surrender thereof, may be exchanged for a registered note or notes, registered as designated in such request, of any other authorized denominations, or in the event that the notes of this Series may be issued in coupon form, a coupon note or notes with appropriate coupons attached, or a combination of such coupon and registered notes, in each case of the same aggregate principal amount as the surrendered note or notes.

All requests for the registration, transfer, exchange and delivery of notes as above provided shall be filed with the Registrar of the Authority; all notes to be surrendered pursuant to such request shall be surrendered to the

Registrar; and all notes delivered in exchange as aforesaid shall be delivered by the Registrar. All notes of this Series surrendered to the Registrar in exchange for other notes or for transfer as above provided shall be cancelled by the Registrar upon such surrender.

The Authority shall bear the cost incurred by the Authority in connection with the registration, authentication (if any), transfer, cancellation, exchange and delivery of notes of this Series, including such fees as may be imposed by the Registrar for such services performed by the Registrar as provided in this resolution.

Nothing contained in this resolution shall be deemed to authorize the execution and delivery of notes of this Series except in the denomination of $5,000 in the case of coupon notes (if any) or in denominations of $5,000 or integral multiples of $5,000 in the case of registered notes or to authorize the issuance of coupon notes of this Series if at any time there shall be in effect a provision of the Code or the regulations with respect thereto which provides that for the interest on the notes of this Series to be considered not includible for Federal income tax purposes in the gross income of the recipients thereof under Section 103(a) of the Code, or successor provisions of law, such notes of this Series must be issued in registered form.

SECTION 6. Notes of this Series shall be redeemable in whole or in part, at the option of the Authority, prior to maturity at one hundred per centum (100%) of their face value on any interest payment date at or subsequent to October 1, 1988. If less than all of the notes of this Series then outstanding are to be called for redemption, the notes so to be called shall be determined by lot by the Authority or the Registrar as the Authority may elect or by such other system or method as the Committee on Finance may fix and determine (which said Committee is hereby authorized to fix and determine such other system or method).

Notice of intention to redeem any notes of this Series shall be given by the Authority by publication in a daily newspaper of general circulation in the Port of New York District. Such notice shall be published at least twice prior to the date fixed for redemption, the first publication to be not less than thirty (30) nor more than forty-five (45) days before the date fixed for redemption, and the second publication to be not less than ten (10) nor more than twenty (20) days before the date fixed for redemption. A copy of such notice shall also be mailed by the Authority or the Registrar, as the Authority may elect, not less than thirty (30) nor more than forty-five (45) days prior to the date fixed for redemption to the registered holders of notes of this Series to be called for redemption, at their last known addresses as appearing upon the Registry Books of the Authority; *provided, however,* that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any action with respect to the redemption of said notes. If on original issuance the notes of this Series are to be issued only in registered form or are to be issued as book-entry only securities subject to a book-entry system for determining interests therein, the Committee on Finance is hereby authorized to fix and determine an alternate method by which the Authority shall give notice of intention to redeem any notes of this Series.

Before the date fixed for redemption specified in the Authority's notice of intention to redeem, the Authority will pay or cause to be paid to the Paying Agent (or Paying Agents) an amount in cash in the aggregate sufficient to redeem all of the outstanding notes which are to be redeemed, at the respective redemption prices thereof, which, in each case, shall include the accrued interest to the date fixed for redemption, such principal amount to be held by the Paying Agent (or Paying Agents) in trust for the account of the holders of the notes so called for redemption and to be paid to them respectively upon presentation and surrender of the said notes with accrued interest included in such redemption price to be paid to the registered holder in accordance with the provisions of this resolution and in the case of coupon notes (if any), such accrued interest to be paid to the holders only upon presentation and surrender of all unmatured coupons (if any) pertaining to such notes. On and after the date fixed for redemption, the notice of intention to redeem having been completed as above provided or as provided by the Committee on Finance, the notes so called shall become due and payable at the office of the Paying Agent (or Paying Agents) designated by the Authority, and if funds sufficient for payment of the redemption price shall have been deposited with the Paying Agent (or Paying Agents) in trust as aforesaid and if such funds shall be available for redemption of such notes on the date fixed for redemption, then and in any such event, interest shall cease to accrue on the notes so called from and after the date fixed for their redemption, and such notes and the unmatured coupons (if any) pertaining thereto shall not be entitled to the benefit or security of this resolution or the Consolidated Bond Resolution, but shall rely solely upon the funds so deposited.

In the case of registered notes of denominations greater than $5,000, if less than all of the notes of this Series then outstanding are to be called for redemption, then for all purposes in connection with redemption, each $5,000

unit of face value shall be treated as though it were a separate note of the denomination of $5,000, and the word "note" as used in the foregoing provisions of this Section 6 shall be deemed to refer to such $5,000 unit of face value. If it is determined as above provided that one or more but not all of the $5,000 units of face value represented by any note are to be called for redemption, then upon notice of intention to redeem said $5,000 unit or units, the holder of said note shall forthwith present said note to the Registrar who shall issue a new note or notes of smaller authorized denominations but of the same aggregate principal amount in exchange therefor, pursuant to Section 5 of this resolution, including a new note or notes with the aggregate principal amount of the $5,000 unit or units of face value called for redemption; and such new note or notes shall be deemed to be duly called for redemption without further notice to the holder thereof. If the holder of such note of a denomination greater than $5,000 shall fail to present such note to the Registrar for the issuance of new notes of smaller denominations in exchange therefor, as aforesaid, such note shall nevertheless become due and payable on the date fixed for redemption to the extent of the $5,000 unit or units of face value called for redemption (and to that extent only); and (funds sufficient for the payment of the redemption price having been deposited with the Paying Agent or Paying Agents, as aforesaid, and being available as aforesaid on the date fixed for redemption) interest shall cease to accrue on the portion of the principal amount of such note represented by such $5,000 unit or units of face value on and after the date fixed for redemption, and such note shall not be entitled to the benefit or security of this resolution or the Consolidated Bond Resolution to the extent of the portion of its principal amount (and accrued interest thereon to the date fixed for redemption) represented by such $5,000 unit or units of face value, but to that extent shall rely solely upon the funds so deposited.

SECTION 7. The Authority shall not apply any moneys in the Consolidated Bond Reserve Fund or in any special reserve fund established for the benefit of the bonds of any prior issue of bonds except for the payment of bonds secured by a pledge of the General Reserve Fund in whole or in part, the payment of debt service upon bonds so secured, the purchase for retirement of bonds so secured or the redemption of bonds so secured, or for the payment of expenses incurred for the establishment, acquisition, construction or effectuation, or for the operation, maintenance, repair or administration of any facility financed or refinanced in whole or in part by bonds secured by a pledge of the General Reserve Fund in whole or in part, or otherwise for the fulfillment of any undertakings which the Authority has assumed or may or shall hereafter assume to or for the benefit of the holders of bonds secured by a pledge of the General Reserve Fund in whole or in part; *provided, however,* that nothing herein contained shall be construed to permit the application by the Authority of moneys in the Consolidated Bond Reserve Fund or in any special reserve fund established for the benefit of the bonds of any prior issue of bonds except for purposes and upon conditions which in the case of the Consolidated Bond Reserve Fund are authorized by the Consolidated Bond Resolution or in the case of said special reserve funds are authorized by the respective resolutions establishing such prior issues of bonds.

Consolidated Bonds proposed to be issued for purposes in connection with an additional facility or a group of additional facilities in connection with which the Authority has not theretofore issued bonds which have been secured by a pledge of the General Reserve Fund in whole or in part, may be issued, and bonds other than Consolidated Bonds proposed to be issued for purposes in connection with such an additional facility or group of additional facilities may be secured by a pledge of the General Reserve Fund in whole or in part, in each case if and only if the Authority shall certify at the time of issuance (as defined in Section 3 of the Consolidated Bond Resolution) its opinion that the issuance of such Consolidated Bonds or that such pledge of the General Reserve Fund as security for such bonds other than Consolidated Bonds will not, during the ensuing ten (10) years or during the longest term of any of such bonds proposed to be issued (whether or not Consolidated Bonds), whichever shall be longer, in the light of its estimated expenditures in connection with such additional facility or such group of additional facilities, materially impair the sound credit standing of the Authority or the investment status of Consolidated Bonds or the ability of the Authority to fulfill its commitments, whether statutory or contractual or reasonably incidental thereto, including its undertakings to the holders of Consolidated Bonds; and the Authority may apply moneys in the General Reserve Fund for purposes in connection with those of its bonds and only those of its bonds which it has theretofore secured by a pledge of the General Reserve Fund in whole or in part. Expenditures in connection with an additional facility or group of additional facilities shall mean the amount of the excess, if any, of the sum of all items of expense to be considered in determining the net revenues of the additional facility or group of additional facilities plus the debt service upon the bonds proposed to be issued and upon any additional bonds which in the Authority's opinion would be required to be issued to place and maintain such facility or group of facilities upon a sound operating basis, over and above the sum of all items of revenue and income to be considered in determining such net revenues.

SECTION 8. Each note of this Series shall have the official seal of the Authority, or a facsimile thereof, affixed thereto or printed or impressed thereon, and shall be signed by any one of the following persons, to wit:—The person holding the office or exercising the duties of Chairman; Vice Chairman; Chairman of the Committee on Finance; Executive Director; Assistant Executive Director; Secretary; Assistant Secretary; Chief Financial Officer; Deputy Chief Financial Officer; Comptroller; Assistant Comptroller; Treasurer; or Assistant Treasurer of the Authority at the time of its execution; *provided*, that each note of this Series may be executed by the facsimile signature of any of the foregoing persons and, in such event, such note shall have endorsed thereon a certificate of authentication substantially in the form hereinafter set forth, manually executed by the Registrar of the Authority. No note of this Series bearing a facsimile signature of any of the foregoing persons shall be entitled to any benefit under this resolution or the Consolidated Bond Resolution or be valid or obligatory for any purpose unless and until such certificate of authentication shall have been manually executed by the Registrar of the Authority, as aforesaid, and such manually executed certificate upon such note shall be conclusive evidence that such note has been authenticated and delivered hereunder. Such certificate of authentication on any such note shall be deemed to have been executed by the Registrar of the Authority, as aforesaid, if signed by an authorized officer thereof, but it shall not be necessary that the same officer sign the certificate of authentication on all of such notes issued hereunder. Notes of this Series in coupon form (if any) shall have coupons for interest attached, bearing facsimile signatures of the Chairman and Secretary of the Authority.

The registered notes of this Series shall be in substantially the following form, the blank spaces being appropriately filled in, and, as applicable, taking account of the changes and adjustments authorized in this resolution:

(FORM OF REGISTERED NOTE)

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

CONSOLIDATED NOTE

SERIES MM

No. C(MM)- .....
Maturity Date: October 1, 1990 Interest Rate: .....% Per Annum Dated: October 1, 1987 CUSIP ....

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (formerly known as The Port of New York Authority and hereinafter called the Authority), a body corporate and politic, created by the Compact of April 30, 1921, between the State of New York and the State of New Jersey, to which the consent of the Congress of the United States was given by Public Resolution No. 17, 67th Congress, First Session, acknowledges itself indebted and for value received hereby promises to pay to the registered holder hereof, on the first day of October, 1990, upon presentation and surrender of this note, the principal amount shown below:
together with interest thereon at the rate of per centum (%) per annum from ,
payable semi-annually commencing on April 1, 1988, and thereafter on each succeeding October 1 and April 1 until maturity or prior redemption. The principal of this note shall be payable in lawful money of the United States of America, at maturity or prior redemption upon presentation and surrender by the registered holder hereof at the office of , Paying Agent of the Authority, or the office or offices designated by the Authority of such other Paying Agent or Paying Agents appointed for the purpose by the Authority in a county which is in whole or in part in the Port of New York District. Semi-annual interest on this note shall be payable when due, in lawful money of the United States of America, to said registered holder by check or draft drawn on the Paying Agent or Paying Agents appointed for the purpose by the Authority and mailed to said registered holder.

This note is issued pursuant to and in full conformity with the Compact between the States of New York and New Jersey creating the Authority and the various statutes of said two States amendatory thereof and supplemental thereto, for purposes provided in said Compact and statutes, and is a direct and general obligation of the Authority for the prompt payment of the principal of and interest on which the full faith and credit of the Authority are irrevocably pledged. The provisions of the resolution of October 9, 1952, establishing an issue of Consolidated Bonds, and of the resolution of April 9, 1987, establishing the Series of which this note forms a part and authorizing the issuance of this note, constitute a contract between the Authority and the registered holder of this note, which is subject to modification as therein provided.

This note is registered as to principal and interest (but not as to either alone) and is transferable only upon the books kept by the Registrar of the Authority by the registered holder of this note or attorney duly authorized, all in accordance with the provisions of the resolution establishing the Series of which this note forms a part and authorizing the issuance of the notes of this Series. The notes of this Series are issuable only in the form of registered notes without coupons in the denominations of $5,000 or integral multiples of $5,000. The registered holder of this note or attorney duly authorized may upon application to the Registrar of the Authority exchange the same in accordance with the provisions of the resolution establishing the Series of which this note forms a part for an equal aggregate principal amount of registered notes of any other authorized denominations. The Authority shall bear the cost incurred by the Authority in connection with the registration, authentication (if any), transfer, cancellation, exchange and delivery of the notes of this Series including such fees as may be imposed by the Registrar for such services performed by the Registrar.

This note may be redeemed, at the option of the Authority, prior to maturity at one hundred per centum (100%) of its face value on any interest payment date at or subsequent to October 1, 1988. If less than all of the notes of this Series then outstanding are to be called for redemption, the notes so to be called shall be determined by lot by the Authority or the Registrar as the Authority may elect or by such other system or method as the Committee on Finance may fix and determine.

If this note shall be called for redemption, notice shall be given by the Authority by publication in a daily newspaper of general circulation in the Port of New York District. Such notice shall be published at least twice prior to the date fixed for redemption,—the first publication to be not less than thirty (30) nor more than forty-five (45) days before the date fixed for redemption; and the second publication to be not less than ten (10) nor more than twenty (20) days before the date fixed for redemption. A copy of such notice shall also be mailed, not less than thirty (30) nor more than forty-five (45) days before the date fixed for redemption, to the registered holder of this note at his last known address as appearing upon the Registry Books of the Authority; *provided, however,* that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any action with respect to the redemption of said notes. If this note shall be called for redemption, and if funds sufficient for the redemption price shall be deposited with the Paying Agent or Paying Agents of the Authority in trust for the account of the registered holder of this note, and if such funds shall be available for its redemption on the date fixed for redemption, interest shall cease to accrue on this note from and after the date fixed for redemption and this note shall not be entitled to the benefit or security of the foregoing resolutions, but shall rely solely upon the funds so deposited.

If this note is of a denomination greater than $5,000, and if less than all of the notes of the Series of which this note forms a part are to be called for redemption, then for all purposes in connection with redemption, each $5,000 of face value of this note shall be treated as though it were a separate note of the denomination of $5,000, and the word "note" as used in the foregoing redemption provisions shall be deemed to refer to each such $5,000 unit of face value.

If it is determined as above provided that one or more but not all of the $5,000 units of face value represented by this note are to be called for redemption, then upon notice of intention to redeem such $5,000 unit or units the registered holder of this note shall forthwith present this note to the registrar who will issue new notes of smaller denominations but of the same aggregate principal amount in exchange or substitution therefor, as provided in the resolution establishing the Series of which this note forms a part, including a new note or notes with the aggregate principal amount corresponding to the aggregate principal amount and number or numbers of the $5,000 unit or units called for redemption; and such new note or notes shall be deemed to be duly called for redemption without further notice to the registered holder. If the registered holder shall fail to present this note to the Registrar for the issuance of new notes of smaller denominations in exchange or substitution therefor as aforesaid, this note shall nevertheless become due and payable on the date fixed for redemption to the extent of the $5,000 unit or units of face value called for redemption (and to that extent only); and (funds sufficient for the payment of the redemption price having been deposited with the Paying Agent or Paying Agents as aforesaid, and being available as aforesaid on the date fixed for redemption) interest shall cease to accrue on the portion of the principal amount of this note represented by such $5,000 unit or units of face value on and after the date fixed for redemption and this note shall not be entitled to the benefit or security of the aforesaid resolutions to the extent of the portion of its principal amount (and accrued interest thereon to the date fixed for redemption) represented by such $5,000 unit or units, but to that extent shall rely solely upon the funds so deposited.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen or be performed, precedent to and in the issuance of this note, exist, have happened and have been performed in due time, form and manner as required by the Constitutions and statutes of the States of New York and New Jersey, the Compact creating the Authority and the aforesaid resolutions of the Authority, and that the amount of this note, together with all other indebtedness of the Authority, does not exceed any limit prescribed by said Constitutions, statutes, Compact or the Consolidated Bond Resolution.

IN WITNESS WHEREOF, The Port Authority of New York and New Jersey has caused its name to be signed hereto by its duly authorized officer, by manual or facsimile signature, and its official seal, or facsimile thereof, to be hereto affixed or printed or impressed hereon, and this note to be dated as of the first day of October, 1987.

THE PORT AUTHORITY
OF NEW YORK AND NEW JERSEY

.....
Authorized Officer

(END OF FORM OF REGISTERED NOTE)

The certificate of authentication attached to each of the notes of this Series which are executed by a facsimile signature on behalf of the Authority shall be in substantially the following form, the blank spaces being appropriately filled in:

(FORM OF CERTIFICATE OF AUTHENTICATION)

This note is one of the notes issued under the provisions of the within-named resolution and the Consolidated Bond Resolution.

Date of Authentication: .....

REGISTRAR
as Registrar of the Authority

By .....
Authorized Officer

(END OF FORM OF CERTIFICATE OF AUTHENTICATION)

Each registered note of this Series shall have provisions for assignment endorsed thereon, in substantially the following form:

(FORM OF PROVISIONS FOR ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

[ ]

. . . . . .
(Please Print or Type Name and Address of Assignee)

. . . . . .

. . . . . .
the within note and all rights thereunder and does hereby irrevocably constitute and appoint

. . . . . Attorney
to transfer such note on the books kept for the registration thereof, with full power of substitution in the premises.

Dated:

. . . . . .
(Signature of Registered Holder)

In the presence of . . . . . .
(Witness)

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within note in every particular, with such signature appropriately guaranteed.

(END OF FORM OF PROVISIONS FOR ASSIGNMENT)

In case any official of the Authority who shall have signed or whose facsimile signature shall appear on any of the notes of this Series shall cease to be such official before such notes shall have been actually issued, such notes may nevertheless be issued as though the person who signed such notes had not ceased to be such official of the Authority; and the Authority may, by issuing notes bearing coupons (if any) so executed, adopt and use the facsimile signature of any person appearing on the coupons (if any), notwithstanding the fact that such person may have ceased, at the time when the notes and coupons (if any) shall have been issued, to hold the office appearing after such person's facsimile signature on such coupons (if any).

SECTION 9. The Committee on Finance of the Authority is hereby authorized prior to the issuance of any of the notes of this Series (i) to change the date as of which the notes of this Series shall be dated to any date on or before December 31, 1988; (ii) to change the date stated in this resolution at which any of the notes of this Series shall mature and be retired; *provided*, that said date or dates shall not be more than three (3) years from the date as of which notes of this Series are dated; (iii) to adjust or change the provisions contained in this resolution relating to the payment of interest and to the redemption, retirement, and call of the notes of this Series; *provided*, that the Committee may not change the redemption, retirement and call provisions of the notes of this Series to impose a call premium; (iv) to provide for the notes of this Series to be issued on original issuance as book-entry only securities taking account of the changes and adjustments authorized in this resolution with respect to the issuance of the notes of this Series as book-entry only securities; (v) to provide for the notes of this Series to be separately registrable as to principal and interest (including any authorized incremental interest) to any one or more holders of the notes or certificates (if any) with respect to the payment of interest thereon; and (vi) to take such other action as in the opinion of the Committee will best serve the public interest.

SECTION 10. In case any note or any coupon (if any) pertaining to such a note shall at any time become mutilated or be lost or destroyed, the Authority, in its discretion, may execute and deliver a new note or coupon of like tenor and amount in exchange or substitution for and upon cancellation of said mutilated note or coupon or in lieu of or in substitution for such destroyed or lost note or coupon; or if such note or coupon shall have matured, instead of issuing a substitute note or coupon the Authority may pay the same without surrender thereof.

In case of destruction or loss, the applicant for a substitute note or coupon shall furnish to the Authority evidence satisfactory to the Authority of the destruction or loss of such note or coupon and of the ownership thereof and also such security and indemnity as may be required by the Authority. The Authority may execute and deliver any such substitute note or coupon or make any such payment; or any Paying Agent may make any such payment upon the written request or authorization of the Authority. Upon the issuance of any substitute note or coupon, the Authority, at its option, may require the payment of a sum sufficient to reimburse it for any stamp tax or other governmental charge or other reasonable expense connected therewith and also a further sum not exceeding the cost of preparation of each new note or coupon so issued in substitution. Any note or coupon (if any) issued under the provisions of this section in lieu of any note or coupon alleged to have been destroyed or lost shall constitute an original contractual obligation on the part of the Authority, whether or not the note or coupon so alleged to have been destroyed or lost be at any time enforceable by anyone, and shall be equally and proportionately entitled to the security of this resolution and of the Consolidated Bond Resolution with all other bonds, notes and coupons (if any) issued hereunder or thereunder.

SECTION 11. In the event the Committee on Finance determines that the needs of the Authority for capital funds or the public interest require allocation of the proceeds of any of the notes of this Series to purposes in connection with some but not all of the purposes authorized in Section 3 hereof, the Committee is hereby authorized, prior to the sale of said notes of this Series from time to time, to make such allocation by resolution. The adoption by said Committee of such a resolution prior to any such sale shall be sufficient to restrict the application of the proceeds of any notes of this Series included in said sale to the purposes specified by the Committee in said resolution.

SECTION 12. The provisions of this resolution shall constitute a contract with the holders of the notes issued pursuant to this resolution, and with each such holder.

Consolidated Notes, Series MM—Authorization of Sale

Pursuant to the foregoing report, the following resolution was unanimously adopted:

SECTION 1. The Committee on Finance of the Authority (hereinafter called the "Committee") is hereby authorized to sell all or any part of One Hundred Million Dollars ($100,000,000) in principal amount of Consolidated Notes, Series MM (hereinafter called the "notes of this Series"), at a price which will result in a true interest cost to the Authority not in excess of twelve per centum (12%) per annum to maturity, and to do so in the name of and on behalf of the Authority, at public or private sale, with or without advertisement, in one or more lots, at one or more times on or before December 31, 1988, and to apply the proceeds of such sale or sales as provided in the resolution establishing and authorizing the issuance of said notes of this Series; *provided, however,* that the total aggregate principal amount of Consolidated Notes, Series KK, Consolidated Notes, Series LL, Consolidated Notes, Series MM, Consolidated Notes, Series NN, Consolidated Notes, Series OO, and Consolidated Notes, Series PP, sold by the Committee shall not exceed Three Hundred Million Dollars ($300,000,000).

SECTION 2. The Committee shall have power, in connection with the notes of this Series, to fix the time or times of sale on or before December 31, 1988, to determine the terms and conditions upon which sales shall be made and to accept or reject offers in connection with such sales, and to do so in the name of and on behalf of the Authority.

SECTION 3. The Committee shall have the power in the name of and on behalf of the Authority, in connection with the notes of this Series, to enter into any appropriate contracts or agreements concerning any sales or exchanges; to fix the time or times and determine the terms and conditions of delivery of the notes of this Series; to appoint and to enter into appropriate contracts or agreements with one or more Paying Agents and a Registrar, and to designate the office or offices of any such Paying Agent or Paying Agents at which payments shall be made and the office or offices of any such Registrar at which the books for registration shall be kept; to enter into any appropriate contracts or agreements providing insurance in connection with the notes of this Series; to enter into appropriate contracts or agreements in connection with the issuance of the notes of this Series as book-entry only securities; to make any selection, designation, determination or estimate and to take or withhold any action and to formulate and express any opinions and to exercise any discretion or judgment which may be or is required to be made, taken, withheld, formulated, expressed or exercised by the Authority as a condition precedent to the issuance of the notes of this Series or for the purpose of determining whether all conditions precedent to their issuance exist, the Authority hereby adopting all such selections, designations, determinations, actions, withholdings of action, estimates and exercises of judgment and discretion, whether pursuant to Section 3 of the Consolidated Bond Resolution of October 9, 1952, or otherwise, as its own; and to authorize any of the foregoing and generally to take such other action as in the opinion of the Committee will best serve the public interest.

SECTION 4. The Committee shall have power to authorize one or more official statements in the name of and on behalf of the Authority (describing the Authority, its financial condition and the notes offered for sale, and making representations on behalf of the Authority). The Authority hereby authorizes the underwriter or underwriters purchasing the notes in offering the notes of this Series for resale to use such official statement or statements and representations as those of the Authority.

SECTION 5. No part of the proceeds of the notes of this Series shall be invested directly or indirectly in such a manner as to cause the interest on such notes of this Series to be subject to Federal income taxes under Section 148 of the Internal Revenue Code of 1986, as amended, or successor provisions of law, and the applicable regulations related thereto.

SECTION 6. The Committee; Chairman of the Authority; Vice Chairman of the Authority; Chairman of the Committee; Executive Director; Assistant Executive Director; Chief Financial Officer; Deputy Chief Financial Officer; or Treasurer of the Authority is hereby authorized, in connection with the notes of this Series, to take any action which may be necessary or desirable to assure that the notes of this Series are in conformity with the provisions of Section 103, of the Internal Revenue Code of 1986, as amended, or successor provisions of law, and the applicable regulations related thereto, and that the interest on such notes of this Series is not includible

for Federal income tax purposes in the gross income of the recipients thereof under Section 103(a) of the Code, or successor provisions of law, or regulations with respect thereto, and any such actions taken in connection therewith are hereby ratified. The Chairman of the Authority; Vice Chairman of the Authority; Chairman of the Committee; Executive Director; Assistant Executive Director; Chief Financial Officer; Deputy Chief Financial Officer; Comptroller; Assistant Comptroller; Treasurer; or Assistant Treasurer of the Authority is hereby authorized to certify on behalf of the Authority as to the need for the issuance of the notes of this Series for the purposes for which the notes of this Series are issued, as to the status of the projects for which the proceeds of the notes of this Series would be used, as to the Authority's intentions with respect to the application and investment of said proceeds, and as to such other related matters as may be authorized by the Committee and any such actions taken in connection therewith are hereby ratified.

Consolidated Notes, Series NN—Establishment and Authorization of Issuance

Pursuant to the foregoing report, the following resolution was unanimously adopted:

WHEREAS, The Port Authority of New York and New Jersey (hereinafter called the "Authority") hereby finds and determines that it is necessary to provide capital funds for the purposes hereinafter set forth; and

WHEREAS, under present circumstances it is desirable and in the public interest to provide said required capital funds in part by the issuance of short-term notes in conformity with the Consolidated Bond Resolution adopted October 9, 1952;

NOW, THEREFORE, be it resolved by The Port Authority of New York and New Jersey:

SECTION 1. As used in this resolution, any words or phrases specially defined in the aforesaid Consolidated Bond Resolution shall be read and construed in accordance with such special definitions; *provided, however*, that the term "facility" herein shall not include any railroad car owned, leased or operated pursuant to Chapter 638 of the Laws of New York of 1959 and Chapter 25 of the Laws of New Jersey of 1959 or any acts amendatory or supplemental thereto.

SECTION 2. There is hereby established a series of negotiable notes of the Authority to be known as "Consolidated Notes, Series NN" (hereinafter called the "notes of this Series") and the issuance of up to One Hundred Million Dollars ($100,000,000) in principal amount of such Series NN Notes is hereby authorized. Said notes of this Series shall be established and issued pursuant to and shall conform in all respects to the aforesaid Consolidated Bond Resolution.

The notes of this Series shall be issued in one or more lots as the Authority may hereafter determine, shall be dated as of February 1, 1988, and mature on February 1, 1991, shall be of the denominations of $5,000 or integral multiples of $5,000, and shall bear a stated rate or rates of interest, including fixed, variable or incremental rates for the term of the notes or any portion thereof, or a combination thereof, from such date as may be determined by the Committee on Finance of the Authority, not in excess of twelve per centum (12%) per annum as may be determined by the Committee on Finance. The Committee on Finance is hereby authorized to fix and determine such date upon which interest shall commence and said interest rate or rates including fixed, variable or incremental rates or a combination thereof, if any, or to determine that the notes of this Series shall not bear a stated rate of interest. If the notes of this Series shall bear a stated rate or rates of interest, interest shall be payable semi-annually commencing on August 1, 1988, and thereafter on each succeeding February 1 and August 1 until maturity or prior redemption.

Unless otherwise determined by the Committee on Finance in connection with the issuance of the notes of this Series as book-entry only securities (which said Committee is hereby authorized to fix and determine such other system or method), the notes of this Series shall be numbered upward from C(NN)-1, or they may bear such other numbers as the Chairman of the Authority; the Vice Chairman of the Authority; the Chairman of the Committee on Finance; the Executive Director; Assistant Executive Director; Chief Financial Officer; Deputy Chief Financial Officer; Comptroller; Assistant Comptroller; Treasurer; or Assistant Treasurer of the Authority may deem appropriate.

Both principal of and interest on the notes of this Series shall be payable in lawful money of the United States of America. Principal of the notes of this Series shall be payable upon presentation and surrender thereof by the registered holders, or in the case of coupon notes of this Series, if any, upon presentation and surrender thereof, at the office or offices, designated by the Authority, of the Paying Agent or Paying Agents appointed for the purpose by the Authority, in a county which is in whole or in part in the Port of New York District. Interest on the registered notes of this Series shall be payable when due to the registered holder thereof by check or draft drawn on the Paying Agent or Paying Agents appointed for the purpose by the Authority and mailed to said registered holder and interest on the coupon notes of this Series, if any, shall be payable upon presentation and surrender of the coupons appertaining thereto at such office or offices of such Paying Agent or Paying Agents. If on original issuance the notes of this Series are to be issued as book-entry only securities, subject to a book-entry system for determining interests therein, the Committee on Finance is hereby authorized to fix and determine an alternate

method for the payment of both or either of the principal of and interest on the notes of this Series to the registered holder thereof; *provided, however*, in the event that such book-entry system or any successor book-entry system is discontinued without replacement with a similar system, then the foregoing payment provisions of this paragraph shall apply to the notes of this Series.

SECTION 3. The proceeds of the notes of this Series shall be used (a) for purposes of capital expenditures in connection with any one or more of the facilities of the Authority and for purposes incidental thereto; *provided, however*, that subject to agreements with the holders of obligations of the Authority and consistent with applicable provisions of Section 103 of the Internal Revenue Code of 1986, as amended, (hereinafter called the "Code"), or successor provisions of law, and the applicable regulations related thereto, the Committee on Finance may authorize all or any portion of the unspent proceeds of the notes of this Series to be used for any purpose for which at the time of issuance thereof the Authority was authorized by law to issue its obligations, including capital expenditures in connection with facilities of the Authority certified or to be certified after issuance of the notes of this Series; (b) for the purpose of refunding, directly, by offers to exchange, or otherwise, at or before maturity, all or any part of any issue of Consolidated Bonds or Consolidated Notes issued and outstanding at the time of the sale of any of the notes of this Series; and (c) for the purpose of refunding in accordance with applicable law, regulations and contractual provisions, any of the special obligations under the Port Authority Commercial Paper Program.

SECTION 4. Notes of this Series shall be issued only in registered form without coupons, registered as to both principal and interest and not as to either alone; *provided, however*, if at any time prior to issuance of the notes of this Series, there shall be in effect a provision of the Code, or the regulations with respect thereto, which does not provide that, for the interest on the notes of this Series to be considered not includible for Federal income tax purposes in the gross income of the recipients thereof under Section 103(a) of the Code, or successor provisions of law, such notes of this Series must be issued in registered form, then the notes of this Series may also be issued in the form of coupon notes payable to bearer, in which event the Committee on Finance is hereby authorized to adopt an appropriate form of coupon note issuable only in the denomination of $5,000. If on original issuance the notes of this Series are to be issued as book-entry only securities subject to a book-entry system for determining interests therein, the Committee on Finance is hereby authorized to fix and determine an appropriate form of note or other evidence of indebtedness; *provided, however*, in the event that such book-entry system or any successor book-entry system is discontinued without replacement with a similar system then the provisions of Section 8 of this resolution shall apply to the notes of this Series.

Registered notes of this Series shall be issued in the denominations of $5,000 or integral multiples of $5,000.

SECTION 5. The Authority will keep or cause to be kept at the office or offices, designated by the Authority, of its Registrar appointed for that purpose, in a county which is in whole or in part in the Port of New York District, proper and sufficient books for the registration of notes of this Series. Each registered note of this Series shall be transferable only upon such books by the registered holder thereof in person or by such registered holder's attorney duly authorized in accordance with the provisions of this resolution.

In the event that the notes of this Series may be issued in coupon form, a coupon note or notes of this Series (if any), upon the written request of the bearer or bearers thereof and upon the surrender thereof with all unmatured coupons thereto attached, may be exchanged for a registered note or notes, registered as designated in such request, of the same aggregate principal amount and series as the surrendered note or notes, of any of the authorized denominations. A registered note or notes of this Series, upon the written request of the registered holder or holders thereof and upon surrender thereof, may be exchanged for a registered note or notes, registered as designated in such request, of any other authorized denominations, or in the event that the notes of this Series may be issued in coupon form, a coupon note or notes with appropriate coupons attached, or a combination of such coupon and registered notes, in each case of the same aggregate principal amount as the surrendered note or notes.

All requests for the registration, transfer, exchange and delivery of notes as above provided shall be filed with the Registrar of the Authority; all notes to be surrendered pursuant to such request shall be surrendered to the Registrar; and all notes delivered in exchange as aforesaid shall be delivered by the Registrar. All notes of this Series surrendered to the Registrar in exchange for other notes or for transfer as above provided shall be cancelled by the Registrar upon such surrender.

The Authority shall bear the cost incurred by the Authority in connection with the registration, authentication (if any), transfer, cancellation, exchange and delivery of notes of this Series, including such fees as may be imposed by the Registrar for such services performed by the Registrar as provided in this resolution.

Nothing contained in this resolution shall be deemed to authorize the execution and delivery of notes of this Series except in the denomination of $5,000 in the case of coupon notes (if any) or in denominations of $5,000 or integral multiples of $5,000 in the case of registered notes or to authorize the issuance of coupon notes of this Series if at any time there shall be in effect a provision of the Code or the regulations with respect thereto which provides that for the interest on the notes of this Series to be considered not includible for Federal income tax purposes in the gross income of the recipients thereof under Section 103(a) of the Code, or successor provisions of law, such notes of this Series must be issued in registered form.

SECTION 6. Notes of this Series shall be redeemable in whole or in part, at the option of the Authority, prior to maturity at one hundred per centum (100%) of their face value on any interest payment date at or subsequent to February 1, 1989. If less than all of the notes of this Series then outstanding are to be called for redemption, the notes so to be called shall be determined by lot by the Authority or the Registrar as the Authority may elect or by such other system or method as the Committee on Finance may fix and determine (which said Committee is hereby authorized to fix and determine such other system or method).

Notice of intention to redeem any notes of this Series shall be given by the Authority by publication in a daily newspaper of general circulation in the Port of New York District. Such notice shall be published at least twice prior to the date fixed for redemption, the first publication to be not less than thirty (30) nor more than forty-five (45) days before the date fixed for redemption, and the second publication to be not less than ten (10) nor more than twenty (20) days before the date fixed for redemption. A copy of such notice shall also be mailed by the Authority or the Registrar, as the Authority may elect, not less than thirty (30) nor more than forty-five (45) days prior to the date fixed for redemption to the registered holders of notes of this Series to be called for redemption, ~~at their last known addresses as appearing upon the Registry Books of the Authority;~~ *provided, however,* that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any action with respect to the redemption of said notes. If on original issuance the notes of this Series are to be issued only in registered form or are to be issued as book-entry only securities subject to a book-entry system for determining interests therein, the Committee on Finance is hereby authorized to fix and determine an alternate method by which the Authority shall give notice of intention to redeem any notes of this Series.

Before the date fixed for redemption specified in the Authority's notice of intention to redeem, the Authority will pay or cause to be paid to the Paying Agent (or Paying Agents) an amount in cash in the aggregate sufficient to redeem all of the outstanding notes which are to be redeemed, at the respective redemption prices thereof, which, in each case, shall include the accrued interest to the date fixed for redemption, such principal amount to be held by the Paying Agent (or Paying Agents) in trust for the account of the holders of the notes so called for redemption and to be paid to them respectively upon presentation and surrender of the said notes with accrued interest included in such redemption price to be paid to the registered holder in accordance with the provisions of this resolution and in the case of coupon notes (if any), such accrued interest to be paid to the holders only upon presentation and surrender of all unmatured coupons (if any) pertaining to such notes. On and after the date fixed for redemption, the notice of intention to redeem having been completed as above provided or as provided by the Committee on Finance, the notes so called shall become due and payable at the office of the Paying Agent (or Paying Agents) designated by the Authority, and if funds sufficient for payment of the redemption price shall have been deposited with the Paying Agent (or Paying Agents) in trust as aforesaid and if such funds shall be available for redemption of such notes on the date fixed for redemption, then and in any such event, interest shall cease to accrue on the notes so called from and after the date fixed for their redemption, and such notes and the unmatured coupons (if any) pertaining thereto shall not be entitled to the benefit or security of this resolution or the Consolidated Bond Resolution, but shall rely solely upon the funds so deposited.

In the case of registered notes of denominations greater than $5,000, if less than all of the notes of this Series then outstanding are to be called for redemption, then for all purposes in connection with redemption, each $5,000 unit of face value shall be treated as though it were a separate note of the denomination of $5,000, and the word "note" as used in the foregoing provisions of this Section 6 shall be deemed to refer to such $5,000 unit of face

value. If it is determined as above provided that one or more but not all of the $5,000 units of face value represented by any note are to be called for redemption, then upon notice of intention to redeem said $5,000 unit or units, the holder of said note shall forthwith present said note to the Registrar who shall issue a new note or notes of smaller authorized denominations but of the same aggregate principal amount in exchange therefor, pursuant to Section 5 of this resolution, including a new note or notes with the aggregate principal amount of the $5,000 unit or units of face value called for redemption; and such new note or notes shall be deemed to be duly called for redemption without further notice to the holder thereof. If the holder of such note of a denomination greater than $5,000 shall fail to present such note to the Registrar for the issuance of new notes of smaller denominations in exchange therefor, as aforesaid, such note shall nevertheless become due and payable on the date fixed for redemption to the extent of the $5,000 unit or units of face value called for redemption (and to that extent only); and (funds sufficient for the payment of the redemption price having been deposited with the Paying Agent or Paying Agents, as aforesaid, and being available as aforesaid on the date fixed for redemption) interest shall cease to accrue on the portion of the principal amount of such note represented by such $5,000 unit or units of face value on and after the date fixed for redemption, and such note shall not be entitled to the benefit or security of this resolution or the Consolidated Bond Resolution to the extent of the portion of its principal amount (and accrued interest thereon to the date fixed for redemption) represented by such $5,000 unit or units of face value, but to that extent shall rely solely upon the funds so deposited.

SECTION 7. The Authority shall not apply any moneys in the Consolidated Bond Reserve Fund or in any special reserve fund established for the benefit of the bonds of any prior issue of bonds except for the payment of bonds secured by a pledge of the General Reserve Fund in whole or in part, the payment of debt service upon bonds so secured, the purchase for retirement of bonds so secured or the redemption of bonds so secured, or for the payment of expenses incurred for the establishment, acquisition, construction or effectuation, or for the operation, maintenance, repair or administration of any facility financed or refinanced in whole or in part by bonds secured by a pledge of the General Reserve Fund in whole or in part, or otherwise for the fulfillment of any undertakings which the Authority has assumed or may or shall hereafter assume to or for the benefit of the holders of bonds secured by a pledge of the General Reserve Fund in whole or in part; *provided, however*, that nothing herein contained shall be construed to permit the application by the Authority of moneys in the Consolidated Bond Reserve Fund or in any special reserve fund established for the benefit of the bonds of any prior issue of bonds except for purposes and upon conditions which in the case of the Consolidated Bond Reserve Fund are authorized by the Consolidated Bond Resolution or in the case of said special reserve funds are authorized by the respective resolutions establishing such prior issues of bonds.

Consolidated Bonds proposed to be issued for purposes in connection with an additional facility or a group of additional facilities in connection with which the Authority has not theretofore issued bonds which have been secured by a pledge of the General Reserve Fund in whole or in part, may be issued, and bonds other than Consolidated Bonds proposed to be issued for purposes in connection with such an additional facility or group of additional facilities may be secured by a pledge of the General Reserve Fund in whole or in part, in each case if and only if the Authority shall certify at the time of issuance (as defined in Section 3 of the Consolidated Bond Resolution) its opinion that the issuance of such Consolidated Bonds or that such pledge of the General Reserve Fund as security for such bonds other than Consolidated Bonds will not, during the ensuing ten (10) years or during the longest term of any of such bonds proposed to be issued (whether or not Consolidated Bonds), whichever shall be longer, in the light of its estimated expenditures in connection with such additional facility or such group of additional facilities, materially impair the sound credit standing of the Authority or the investment status of Consolidated Bonds or the ability of the Authority to fulfill its commitments, whether statutory or contractual or reasonably incidental thereto, including its undertakings to the holders of Consolidated Bonds; and the Authority may apply moneys in the General Reserve Fund for purposes in connection with those of its bonds and only those of its bonds which it has theretofore secured by a pledge of the General Reserve Fund in whole or in part. Expenditures in connection with an additional facility or group of additional facilities shall mean the amount of the excess, if any, of the sum of all items of expense to be considered in determining the net revenues of the additional facility or group of additional facilities plus the debt service upon the bonds proposed to be issued and upon any additional bonds which in the Authority's opinion would be required to be issued to place and maintain such facility or group of facilities upon a sound operating basis, over and above the sum of all items of revenue and income to be considered in determining such net revenues.

SECTION 8. Each note of this Series shall have the official seal of the Authority, or a facsimile thereof, affixed thereto or printed or impressed thereon, and shall be signed by any one of the following persons, to wit:—The person holding the office or exercising the duties of Chairman; Vice Chairman; Chairman of the Committee on Finance; Executive Director; Assistant Executive Director; Secretary; Assistant Secretary; Chief Financial Officer; Deputy Chief Financial Officer; Comptroller; Assistant Comptroller; Treasurer; or Assistant Treasurer of the Authority at the time of its execution; *provided*, that each note of this Series may be executed by the facsimile signature of any of the foregoing persons and, in such event, such note shall have endorsed thereon a certificate of authentication substantially in the form hereinafter set forth, manually executed by the Registrar of the Authority. No note of this Series bearing a facsimile signature of any of the foregoing persons shall be entitled to any benefit under this resolution or the Consolidated Bond Resolution or be valid or obligatory for any purpose unless and until such certificate of authentication shall have been manually executed by the Registrar of the Authority, as aforesaid, and such manually executed certificate upon such note shall be conclusive evidence that such note has been authenticated and delivered hereunder. Such certificate of authentication on any such note shall be deemed to have been executed by the Registrar of the Authority, as aforesaid, if signed by an authorized officer thereof, but it shall not be necessary that the same officer sign the certificate of authentication on all of such notes issued hereunder. Notes of this Series in coupon form (if any) shall have coupons for interest attached, bearing facsimile signatures of the Chairman and Secretary of the Authority.

The registered notes of this Series shall be in substantially the following form, the blank spaces being appropriately filled in, and, as applicable, taking account of the changes and adjustments authorized in this resolution:

(FORM OF REGISTERED NOTE)

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

CONSOLIDATED NOTE

SERIES NN

No. C(NN)- .....
Maturity Date: February 1, 1991 Interest Rate: ....% Per Annum Dated: February 1, 1988 CUSIP ....

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (formerly known as The Port of New York Authority and hereinafter called the Authority), a body corporate and politic, created by the Compact of April 30, 1921, between the State of New York and the State of New Jersey, to which the consent of the Congress of the United States was given by Public Resolution No. 17, 67th Congress, First Session, acknowledges itself indebted and for value received hereby promises to pay to the registered holder hereof, on the first day of February, 1991, upon presentation and surrender of this note, the principal amount shown below:
together with interest thereon at the rate of per centum (%) per annum from , payable semi-annually commencing on August 1, 1988, and thereafter on each succeeding February 1 and August 1 until maturity or prior redemption. The principal of this note shall be payable in lawful money of the United States of America, at maturity or prior redemption upon presentation and surrender by the registered holder hereof at the office of , Paying Agent of the Authority, or the office or offices designated by the Authority of such other Paying Agent or Paying Agents appointed for the purpose by the Authority in a county which is in whole or in part in the Port of New York District. Semi-annual interest on this note shall be payable when due, in lawful money of the United States of America, to said registered holder by check or draft drawn on the Paying Agent or Paying Agents appointed for the purpose by the Authority and mailed to said registered holder.

This note is issued pursuant to and in full conformity with the Compact between the States of New York and New Jersey creating the Authority and the various statutes of said two States amendatory thereof and supplemental thereto, for purposes provided in said Compact and statutes, and is a direct and general obligation of the Authority for the prompt payment of the principal of and interest on which the full faith and credit of the Authority are irrevocably pledged. The provisions of the resolution of October 9, 1952, establishing an issue of Consolidated Bonds, and of the resolution of April 9, 1987, establishing the Series of which this note forms a part and authorizing the issuance of this note, constitute a contract between the Authority and the registered holder of this note, which is subject to modification as therein provided.

This note is registered as to principal and interest (but not as to either alone) and is transferable only upon the books kept by the Registrar of the Authority by the registered holder of this note or attorney duly authorized, all in accordance with the provisions of the resolution establishing the Series of which this note forms a part and authorizing the issuance of the notes of this Series. The notes of this Series are issuable only in the form of registered notes without coupons in the denominations of $5,000 or integral multiples of $5,000. The registered holder of this note or attorney duly authorized may upon application to the Registrar of the Authority exchange the same in accordance with the provisions of the resolution establishing the Series of which this note forms a part for an equal aggregate principal amount of registered notes of any other authorized denominations. The Authority shall bear the cost incurred by the Authority in connection with the registration, authentication (if any), transfer, cancellation, exchange and delivery of the notes of this Series including such fees as may be imposed by the Registrar for such services performed by the Registrar.

This note may be redeemed, at the option of the Authority, prior to maturity at one hundred per centum (100%) of its face value on any interest payment date at or subsequent to February 1, 1989. If less than all of the notes of this Series then outstanding are to be called for redemption, the notes so to be called shall be determined by lot by the Authority or the Registrar as the Authority may elect or by such other system or method as the Committee on Finance may fix and determine.

If this note shall be called for redemption, notice shall be given by the Authority by publication in a daily newspaper of general circulation in the Port of New York District. Such notice shall be published at least twice prior to the date fixed for redemption,—the first publication to be not less than thirty (30) nor more than forty-five (45) days before the date fixed for redemption; and the second publication to be not less than ten (10) nor more than twenty (20) days before the date fixed for redemption. A copy of such notice shall also be mailed, not less than thirty (30) nor more than forty-five (45) days before the date fixed for redemption, to the registered holder of this note at his last known address as appearing upon the Registry Books of the Authority; *provided, however,* that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any action with respect to the redemption of said notes. If this note shall be called for redemption, and if funds sufficient for the redemption price shall be deposited with the Paying Agent or Paying Agents of the Authority in trust for the account of the registered holder of this note, and if such funds shall be available for its redemption on the date fixed for redemption, interest shall cease to accrue on this note from and after the date fixed for redemption and this note shall not be entitled to the benefit or security of the foregoing resolutions, but shall rely solely upon the funds so deposited.

If this note is of a denomination greater than $5,000, and if less than all of the notes of the Series of which this note forms a part are to be called for redemption, then for all purposes in connection with redemption, each $5,000 of face value of this note shall be treated as though it were a separate note of the denomination of $5,000, and the word "note" as used in the foregoing redemption provisions shall be deemed to refer to each such $5,000 unit of face value.

If it is determined as above provided that one or more but not all of the $5,000 units of face value represented by this note are to be called for redemption, then upon notice of intention to redeem such $5,000 unit or units the registered holder of this note shall forthwith present this note to the registrar who will issue new notes of smaller denominations but of the same aggregate principal amount in exchange or substitution therefor, as provided in the resolution establishing the Series of which this note forms a part, including a new note or notes with the aggregate principal amount corresponding to the aggregate principal amount and number or numbers of the $5,000 unit or units called for redemption; and such new note or notes shall be deemed to be duly called for redemption without further notice to the registered holder. If the registered holder shall fail to present this note to the Registrar for the issuance of new notes of smaller denominations in exchange or substitution therefor as aforesaid, this note shall nevertheless become due and payable on the date fixed for redemption to the extent of the $5,000 unit or units of face value called for redemption (and to that extent only); and (funds sufficient for the payment of the redemption price having been deposited with the Paying Agent or Paying Agents as aforesaid, and being available as aforesaid on the date fixed for redemption) interest shall cease to accrue on the portion of the principal amount of this note represented by such $5,000 unit or units of face value on and after the date fixed for redemption and this note shall not be entitled to the benefit or security of the aforesaid resolutions to the extent of the portion of its principal amount (and accrued interest thereon to the date fixed for redemption) represented by such $5,000 unit or units, but to that extent shall rely solely upon the funds so deposited.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen or be performed, precedent to and in the issuance of this note, exist, have happened and have been performed in due time, form and manner as required by the Constitutions and statutes of the States of New York and New Jersey, the Compact creating the Authority and the aforesaid resolutions of the Authority, and that the amount of this note, together with all other indebtedness of the Authority, does not exceed any limit prescribed by said Constitutions, statutes, Compact or the Consolidated Bond Resolution.

IN WITNESS WHEREOF, The Port Authority of New York and New Jersey has caused its name to be signed hereto by its duly authorized officer, by manual or facsimile signature, and its official seal, or facsimile thereof, to be hereto affixed or printed or impressed hereon, and this note to be dated as of the first day of February, 1988.

THE PORT AUTHORITY
OF NEW YORK AND NEW JERSEY

. . . . . .
Authorized Officer

(END OF FORM OF REGISTERED NOTE)

The certificate of authentication attached to each of the notes of this Series which are executed by a facsimile signature on behalf of the Authority shall be in substantially the following form, the blank spaces being appropriately filled in:

(FORM OF CERTIFICATE OF AUTHENTICATION)

This note is one of the notes issued under the provisions of the within-named resolution and the Consolidated Bond Resolution.

Date of Authentication: . . . . . .

REGISTRAR
as Registrar of the Authority

By . . . . . .
Authorized Officer

(END OF FORM OF CERTIFICATE OF AUTHENTICATION)

Each registered note of this Series shall have provisions for assignment endorsed thereon, in substantially the following form:

(FORM OF PROVISIONS FOR ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

[ ]

. . . . . .
(Please Print or Type Name and Address of Assignee)

. . . . . .

. . . . . .
the within note and all rights thereunder and does hereby irrevocably constitute and appoint

. . . . . Attorney
to transfer such note on the books kept for the registration thereof, with full power of substitution in the premises.

Dated:

. . . . . .
(Signature of Registered Holder)

In the presence of . . . . . .
(Witness)

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within note in every particular, with such signature appropriately guaranteed.

(END OF FORM OF PROVISIONS FOR ASSIGNMENT)

In case any official of the Authority who shall have signed or whose facsimile signature shall appear on any of the notes of this Series shall cease to be such official before such notes shall have been actually issued, such notes may nevertheless be issued as though the person who signed such notes had not ceased to be such official of the Authority; and the Authority may, by issuing notes bearing coupons (if any) so executed, adopt and use the facsimile signature of any person appearing on the coupons (if any), notwithstanding the fact that such person may have ceased, at the time when the notes and coupons (if any) shall have been issued, to hold the office appearing after such person's facsimile signature on such coupons (if any).

SECTION 9. The Committee on Finance of the Authority is hereby authorized prior to the issuance of any of the notes of this Series (i) to change the date as of which the notes of this Series shall be dated to any date on or before December 31, 1988; (ii) to change the date stated in this resolution at which any of the notes of this Series shall mature and be retired; *provided*, that said date or dates shall not be more than three (3) years from the date as of which notes of this Series are dated; (iii) to adjust or change the provisions contained in this resolution relating to the payment of interest and to the redemption, retirement, and call of the notes of this Series; *provided*, that the Committee may not change the redemption, retirement and call provisions of the notes of this Series to impose a call premium; (iv) to provide for the notes of this Series to be issued on original issuance as book-entry only securities taking account of the changes and adjustments authorized in this resolution with respect to the issuance of the notes of this Series as book-entry only securities; (v) to provide for the notes of this Series to be separately registrable as to principal and interest (including any authorized incremental interest) to any one or more holders of the notes or certificates (if any) with respect to the payment of interest thereon; and (vi) to take such other action as in the opinion of the Committee will best serve the public interest.

SECTION 10. In case any note or any coupon (if any) pertaining to such a note shall at any time become mutilated or be lost or destroyed, the Authority, in its discretion, may execute and deliver a new note or coupon of like tenor and amount in exchange or substitution for and upon cancellation of said mutilated note or coupon or in lieu of or in substitution for such destroyed or lost note or coupon; or if such note or coupon shall have

matured, instead of issuing a substitute note or coupon the Authority may pay the same without surrender thereof. In case of destruction or loss, the applicant for a substitute note or coupon shall furnish to the Authority evidence satisfactory to the Authority of the destruction or loss of such note or coupon and of the ownership thereof and also such security and indemnity as may be required by the Authority. The Authority may execute and deliver any such substitute note or coupon or make any such payment; or any Paying Agent may make any such payment upon the written request or authorization of the Authority. Upon the issuance of any substitute note or coupon, the Authority, at its option, may require the payment of a sum sufficient to reimburse it for any stamp tax or other governmental charge or other reasonable expense connected therewith and also a further sum not exceeding the cost of preparation of each new note or coupon so issued in substitution. Any note or coupon (if any) issued under the provisions of this section in lieu of any note or coupon alleged to have been destroyed or lost shall constitute an original contractual obligation on the part of the Authority, whether or not the note or coupon so alleged to have been destroyed or lost be at any time enforceable by anyone, and shall be equally and proportionately entitled to the security of this resolution and of the Consolidated Bond Resolution with all other bonds, notes and coupons (if any) issued hereunder or thereunder.

SECTION 11. In the event the Committee on Finance determines that the needs of the Authority for capital funds or the public interest require allocation of the proceeds of any of the notes of this Series to purposes in connection with some but not all of the purposes authorized in Section 3 hereof, the Committee is hereby authorized, prior to the sale of said notes of this Series from time to time, to make such allocation by resolution. The adoption by said Committee of such a resolution prior to any such sale shall be sufficient to restrict the application of the proceeds of any notes of this Series included in said sale to the purposes specified by the Committee in said resolution.

SECTION 12. The provisions of this resolution shall constitute a contract with the holders of the notes issued pursuant to this resolution, and with each such holder.

Consolidated Notes, Series NN—Authorization of Sale

Pursuant to the foregoing report, the following resolution was unanimously adopted:

SECTION 1. The Committee on Finance of the Authority (hereinafter called the "Committee") is hereby authorized to sell all or any part of One Hundred Million Dollars ($100,000,000) in principal amount of Consolidated Notes, Series NN (hereinafter called the "notes of this Series"), at a price which will result in a true interest cost to the Authority not in excess of twelve per centum (12%) per annum to maturity, and to do so in the name of and on behalf of the Authority, at public or private sale, with or without advertisement, in one or more lots, at one or more times on or before December 31, 1988, and to apply the proceeds of such sale or sales as provided in the resolution establishing and authorizing the issuance of said notes of this Series; *provided, however,* that the total aggregate principal amount of Consolidated Notes, Series KK, Consolidated Notes, Series LL, Consolidated Notes, Series MM, Consolidated Notes, Series NN, Consolidated Notes, Series OO, and Consolidated Notes, Series PP, sold by the Committee shall not exceed Three Hundred Million Dollars ($300,000,000).

SECTION 2. The Committee shall have power, in connection with the notes of this Series, to fix the time or times of sale on or before December 31, 1988, to determine the terms and conditions upon which sales shall be made and to accept or reject offers in connection with such sales, and to do so in the name of and on behalf of the Authority.

SECTION 3. The Committee shall have the power in the name of and on behalf of the Authority, in connection with the notes of this Series, to enter into any appropriate contracts or agreements concerning any sales or exchanges; to fix the time or times and determine the terms and conditions of delivery of the notes of this Series; to appoint and to enter into appropriate contracts or agreements with one or more Paying Agents and a Registrar, and to designate the office or offices of any such Paying Agent or Paying Agents at which payments shall be made and the office or offices of any such Registrar at which the books for registration shall be kept; to enter into any appropriate contracts or agreements providing insurance in connection with the notes of this Series; to enter into appropriate contracts or agreements in connection with the issuance of the notes of this Series as book-entry only securities; to make any selection, designation, determination or estimate and to take or withhold any action and to formulate and express any opinions and to exercise any discretion or judgment which may be or is required to be made, taken, withheld, formulated, expressed or exercised by the Authority as a condition precedent to the issuance of the notes of this Series or for the purpose of determining whether all conditions precedent to their issuance exist, the Authority hereby adopting all such selections, designations, determinations, actions, withholdings of action, estimates and exercises of judgment and discretion, whether pursuant to Section 3 of the Consolidated Bond Resolution of October 9, 1952, or otherwise, as its own; and to authorize any of the foregoing and generally to take such other action as in the opinion of the Committee will best serve the public interest.

SECTION 4. The Committee shall have power to authorize one or more official statements in the name of and on behalf of the Authority (describing the Authority, its financial condition and the notes offered for sale, and making representations on behalf of the Authority). The Authority hereby authorizes the underwriter or underwriters purchasing the notes in offering the notes of this Series for resale to use such official statement or statements and representations as those of the Authority.

SECTION 5. No part of the proceeds of the notes of this Series shall be invested directly or indirectly in such a manner as to cause the interest on such notes of this Series to be subject to Federal income taxes under Section 148 of the Internal Revenue Code of 1986, as amended, or successor provisions of law, and the applicable regulations related thereto.

SECTION 6. The Committee; Chairman of the Authority; Vice Chairman of the Authority; Chairman of the Committee; Executive Director; Assistant Executive Director; Chief Financial Officer; Deputy Chief Financial Officer; or Treasurer of the Authority is hereby authorized, in connection with the notes of this Series, to take any action which may be necessary or desirable to assure that the notes of this Series are in conformity with the provisions of Section 103, of the Internal Revenue Code of 1986, as amended, or successor provisions of law, and the applicable regulations related thereto, and that the interest on such notes of this Series is not includible

for Federal income tax purposes in the gross income of the recipients thereof under Section 103(a) of the Code, or successor provisions of law, or regulations with respect thereto, and any such actions taken in connection therewith are hereby ratified. The Chairman of the Authority; Vice Chairman of the Authority; Chairman of the Committee; Executive Director; Assistant Executive Director; Chief Financial Officer; Deputy Chief Financial Officer; Comptroller; Assistant Comptroller; Treasurer; or Assistant Treasurer of the Authority is hereby authorized to certify on behalf of the Authority as to the need for the issuance of the notes of this Series for the purposes for which the notes of this Series are issued, as to the status of the projects for which the proceeds of the notes of this Series would be used, as to the Authority's intentions with respect to the application and investment of said proceeds, and as to such other related matters as may be authorized by the Committee and any such actions taken in connection therewith are hereby ratified.

Consolidated Notes, Series OO—Establishment and Authorization of Issuance

Pursuant to the foregoing report, the following resolution was unanimously adopted:

WHEREAS, The Port Authority of New York and New Jersey (hereinafter called the "Authority") hereby finds and determines that it is necessary to provide capital funds for the purposes hereinafter set forth; and

WHEREAS, under present circumstances it is desirable and in the public interest to provide said required capital funds in part by the issuance of short-term notes in conformity with the Consolidated Bond Resolution adopted October 9, 1952;

NOW, THEREFORE, be it resolved by The Port Authority of New York and New Jersey:

SECTION 1. As used in this resolution, any words or phrases specially defined in the aforesaid Consolidated Bond Resolution shall be read and construed in accordance with such special definitions; *provided, however*, that the term "facility" herein shall not include any railroad car owned, leased or operated pursuant to Chapter 638 of the Laws of New York of 1959 and Chapter 25 of the Laws of New Jersey of 1959 or any acts amendatory or supplemental thereto.

SECTION 2. There is hereby established a series of negotiable notes of the Authority to be known as "Consolidated Notes, Series OO" (hereinafter called the "notes of this Series") and the issuance of up to One Hundred Million Dollars ($100,000,000) in principal amount of such Series OO Notes is hereby authorized. Said notes of this Series shall be established and issued pursuant to and shall conform in all respects to the aforesaid Consolidated Bond Resolution.

The notes of this Series shall be issued in one or more lots as the Authority may hereafter determine, shall be dated as of April 1, 1988, and mature on April 1, 1991, shall be of the denominations of $5,000 or integral multiples of $5,000, and shall bear a stated rate or rates of interest, including fixed, variable or incremental rates for the term of the notes or any portion thereof, or a combination thereof, from such date as may be determined by the Committee on Finance of the Authority, not in excess of twelve per centum (12%) per annum as may be determined by the Committee on Finance. The Committee on Finance is hereby authorized to fix and determine such date upon which interest shall commence and said interest rate or rates including fixed, variable or incremental rates or a combination thereof, if any, or to determine that the notes of this Series shall not bear a stated rate of interest. If the notes of this Series shall bear a stated rate or rates of interest, interest shall be payable semi-annually commencing on October 1, 1988, and thereafter on each succeeding April 1 and October 1 until maturity or prior redemption.

Unless otherwise determined by the Committee on Finance in connection with the issuance of the notes of this Series as book-entry only securities (which said Committee is hereby authorized to fix and determine such other system or method), the notes of this Series shall be numbered upward from C(OO)-1, or they may bear such other numbers as the Chairman of the Authority; the Vice Chairman of the Authority; the Chairman of the Committee on Finance; the Executive Director; Assistant Executive Director; Chief Financial Officer; Deputy Chief Financial Officer; Comptroller; Assistant Comptroller; Treasurer; or Assistant Treasurer of the Authority may deem appropriate.

Both principal of and interest on the notes of this Series shall be payable in lawful money of the United States of America. Principal of the notes of this Series shall be payable upon presentation and surrender thereof by the registered holders, or in the case of coupon notes of this Series, if any, upon presentation and surrender thereof, at the office or offices, designated by the Authority, of the Paying Agent or Paying Agents appointed for the purpose by the Authority, in a county which is in whole or in part in the Port of New York District. Interest on the registered notes of this Series shall be payable when due to the registered holder thereof by check or draft drawn on the Paying Agent or Paying Agents appointed for the purpose by the Authority and mailed to said registered holder and interest on the coupon notes of this Series, if any, shall be payable upon presentation and surrender of the coupons appertaining thereto at such office or offices of such Paying Agent or Paying Agents. If on original issuance the notes of this Series are to be issued as book-entry only securities, subject to a book-entry system for determining interests therein, the Committee on Finance is hereby authorized to fix and determine an alternate

method for the payment of both or either of the principal of and interest on the notes of this Series to the registered holder thereof; *provided, however,* in the event that such book-entry system or any successor book-entry system is discontinued without replacement with a similar system, then the foregoing payment provisions of this paragraph shall apply to the notes of this Series.

SECTION 3. The proceeds of the notes of this Series shall be used (a) for purposes of capital expenditures in connection with any one or more of the facilities of the Authority and for purposes incidental thereto; *provided, however,* that subject to agreements with the holders of obligations of the Authority and consistent with applicable provisions of Section 103 of the Internal Revenue Code of 1986, as amended, (hereinafter called the "Code"), or successor provisions of law, and the applicable regulations related thereto, the Committee on Finance may authorize all or any portion of the unspent proceeds of the notes of this Series to be used for any purpose for which at the time of issuance thereof the Authority was authorized by law to issue its obligations, including capital expenditures in connection with facilities of the Authority certified or to be certified after issuance of the notes of this Series; (b) for the purpose of refunding, directly, by offers to exchange, or otherwise, at or before maturity, all or any part of any issue of Consolidated Bonds or Consolidated Notes issued and outstanding at the time of the sale of any of the notes of this Series; and (c) for the purpose of refunding in accordance with applicable law, regulations and contractual provisions, any of the special obligations under the Port Authority Commercial Paper Program.

SECTION 4. Notes of this Series shall be issued only in registered form without coupons, registered as to both principal and interest and not as to either alone; *provided, however,* if at any time prior to issuance of the notes of this Series, there shall be in effect a provision of the Code, or the regulations with respect thereto, which does not provide that, for the interest on the notes of this Series to be considered not includible for Federal income tax purposes in the gross income of the recipients thereof under Section 103(a) of the Code, or successor provisions of law, such notes of this Series must be issued in registered form, then the notes of this Series may also be issued in the form of coupon notes payable to bearer, in which event the Committee on Finance is hereby authorized to adopt an appropriate form of coupon note issuable only in the denomination of $5,000. If on original issuance the notes of this Series are to be issued as book-entry only securities subject to a book-entry system for determining interests therein, the Committee on Finance is hereby authorized to fix and determine an appropriate form of note or other evidence of indebtedness; *provided, however,* in the event that such book-entry system or any successor book-entry system is discontinued without replacement with a similar system then the provisions of Section 8 of this resolution shall apply to the notes of this Series.

Registered notes of this Series shall be issued in the denominations of $5,000 or integral multiples of $5,000.

SECTION 5. The Authority will keep or cause to be kept at the office or offices, designated by the Authority, of its Registrar appointed for that purpose, in a county which is in whole or in part in the Port of New York District, proper and sufficient books for the registration of notes of this Series. Each registered note of this Series shall be transferable only upon such books by the registered holder thereof in person or by such registered holder's attorney duly authorized in accordance with the provisions of this resolution.

In the event that the notes of this Series may be issued in coupon form, a coupon note or notes of this Series (if any), upon the written request of the bearer or bearers thereof and upon the surrender thereof with all unmatured coupons thereto attached, may be exchanged for a registered note or notes, registered as designated in such request, of the same aggregate principal amount and series as the surrendered note or notes, of any of the authorized denominations. A registered note or notes of this Series, upon the written request of the registered holder or holders thereof and upon surrender thereof, may be exchanged for a registered note or notes, registered as designated in such request, of any other authorized denominations, or in the event that the notes of this Series may be issued in coupon form, a coupon note or notes with appropriate coupons attached, or a combination of such coupon and registered notes, in each case of the same aggregate principal amount as the surrendered note or notes.

All requests for the registration, transfer, exchange and delivery of notes as above provided shall be filed with the Registrar of the Authority; all notes to be surrendered pursuant to such request shall be surrendered to the Registrar; and all notes delivered in exchange as aforesaid shall be delivered by the Registrar. All notes of this Series surrendered to the Registrar in exchange for other notes or for transfer as above provided shall be cancelled by the Registrar upon such surrender.

The Authority shall bear the cost incurred by the Authority in connection with the registration, authentication (if any), transfer, cancellation, exchange and delivery of notes of this Series, including such fees as may be imposed by the Registrar for such services performed by the Registrar as provided in this resolution.

Nothing contained in this resolution shall be deemed to authorize the execution and delivery of notes of this Series except in the denomination of $5,000 in the case of coupon notes (if any) or in denominations of $5,000 or integral multiples of $5,000 in the case of registered notes or to authorize the issuance of coupon notes of this Series if at any time there shall be in effect a provision of the Code or the regulations with respect thereto which provides that for the interest on the notes of this Series to be considered not includible for Federal income tax purposes in the gross income of the recipients thereof under Section 103(a) of the Code, or successor provisions of law, such notes of this Series must be issued in registered form.

SECTION 6. Notes of this Series shall be redeemable in whole or in part, at the option of the Authority, prior to maturity at one hundred per centum (100%) of their face value on any interest payment date at or subsequent to April 1, 1989. If less than all of the notes of this Series then outstanding are to be called for redemption, the notes so to be called shall be determined by lot by the Authority or the Registrar as the Authority may elect or by such other system or method as the Committee on Finance may fix and determine (which said Committee is hereby authorized to fix and determine such other system or method).

Notice of intention to redeem any notes of this Series shall be given by the Authority by publication in a daily newspaper of general circulation in the Port of New York District. Such notice shall be published at least twice prior to the date fixed for redemption, the first publication to be not less than thirty (30) nor more than forty-five (45) days before the date fixed for redemption, and the second publication to be not less than ten (10) nor more than twenty (20) days before the date fixed for redemption. A copy of such notice shall also be mailed by the Authority or the Registrar, as the Authority may elect, not less than thirty (30) nor more than forty-five (45) days prior to the date fixed for redemption to the registered holders of notes of this Series to be called for redemption, at their last known addresses as appearing upon the Registry Books of the Authority; *provided, however,* that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any action with respect to the redemption of said notes. If on original issuance the notes of this Series are to be issued only in registered form or are to be issued as book-entry only securities subject to a book-entry system for determining interests therein, the Committee on Finance is hereby authorized to fix and determine an alternate method by which the Authority shall give notice of intention to redeem any notes of this Series.

Before the date fixed for redemption specified in the Authority's notice of intention to redeem, the Authority will pay or cause to be paid to the Paying Agent (or Paying Agents) an amount in cash in the aggregate sufficient to redeem all of the outstanding notes which are to be redeemed, at the respective redemption prices thereof, which, in each case, shall include the accrued interest to the date fixed for redemption, such principal amount to be held by the Paying Agent (or Paying Agents) in trust for the account of the holders of the notes so called for redemption and to be paid to them respectively upon presentation and surrender of the said notes with accrued interest included in such redemption price to be paid to the registered holder in accordance with the provisions of this resolution and in the case of coupon notes (if any), such accrued interest to be paid to the holders only upon presentation and surrender of all unmatured coupons (if any) pertaining to such notes. On and after the date fixed for redemption, the notice of intention to redeem having been completed as above provided or as provided by the Committee on Finance, the notes so called shall become due and payable at the office of the Paying Agent (or Paying Agents) designated by the Authority, and if funds sufficient for payment of the redemption price shall have been deposited with the Paying Agent (or Paying Agents) in trust as aforesaid and if such funds shall be available for redemption of such notes on the date fixed for redemption, then and in any such event, interest shall cease to accrue on the notes so called from and after the date fixed for their redemption, and such notes and the unmatured coupons (if any) pertaining thereto shall not be entitled to the benefit or security of this resolution or the Consolidated Bond Resolution, but shall rely solely upon the funds so deposited.

In the case of registered notes of denominations greater than $5,000, if less than all of the notes of this Series then outstanding are to be called for redemption, then for all purposes in connection with redemption, each $5,000 unit of face value shall be treated as though it were a separate note of the denomination of $5,000, and the word "note" as used in the foregoing provisions of this Section 6 shall be deemed to refer to such $5,000 unit of face value. If it is determined as above provided that one or more but not all of the $5,000 units of face value represented

by any note are to be called for redemption, then upon notice of intention to redeem said $5,000 unit or units, the holder of said note shall forthwith present said note to the Registrar who shall issue a new note or notes of smaller authorized denominations but of the same aggregate principal amount in exchange therefor, pursuant to Section 5 of this resolution, including a new note or notes with the aggregate principal amount of the $5,000 unit or units of face value called for redemption; and such new note or notes shall be deemed to be duly called for redemption without further notice to the holder thereof. If the holder of such note of a denomination greater than $5,000 shall fail to present such note to the Registrar for the issuance of new notes of smaller denominations in exchange therefor, as aforesaid, such note shall nevertheless become due and payable on the date fixed for redemption to the extent of the $5,000 unit or units of face value called for redemption (and to that extent only); and (funds sufficient for the payment of the redemption price having been deposited with the Paying Agent or Paying Agents, as aforesaid, and being available as aforesaid on the date fixed for redemption) interest shall cease to accrue on the portion of the principal amount of such note represented by such $5,000 unit or units of face value on and after the date fixed for redemption, and such note shall not be entitled to the benefit or security of this resolution or the Consolidated Bond Resolution to the extent of the portion of its principal amount (and accrued interest thereon to the date fixed for redemption) represented by such $5,000 unit or units of face value, but to that extent shall rely solely upon the funds so deposited.

SECTION 7. The Authority shall not apply any moneys in the Consolidated Bond Reserve Fund or in any special reserve fund established for the benefit of the bonds of any prior issue of bonds except for the payment of bonds secured by a pledge of the General Reserve Fund in whole or in part, the payment of debt service upon bonds so secured, the purchase for retirement of bonds so secured or the redemption of bonds so secured, or for the payment of expenses incurred for the establishment, acquisition, construction or effectuation, or for the operation, maintenance, repair or administration of any facility financed or refinanced in whole or in part by bonds secured by a pledge of the General Reserve Fund in whole or in part, or otherwise for the fulfillment of any undertakings which the Authority has assumed or may or shall hereafter assume to or for the benefit of the holders of bonds secured by a pledge of the General Reserve Fund in whole or in part; *provided, however,* that nothing herein contained shall be construed to permit the application by the Authority of moneys in the Consolidated Bond Reserve Fund or in any special reserve fund established for the benefit of the bonds of any prior issue of bonds except for purposes and upon conditions which in the case of the Consolidated Bond Reserve Fund are authorized by the Consolidated Bond Resolution or in the case of said special reserve funds are authorized by the respective resolutions establishing such prior issues of bonds.

Consolidated Bonds proposed to be issued for purposes in connection with an additional facility or a group of additional facilities in connection with which the Authority has not theretofore issued bonds which have been secured by a pledge of the General Reserve Fund in whole or in part, may be issued, and bonds other than Consolidated Bonds proposed to be issued for purposes in connection with such an additional facility or group of additional facilities may be secured by a pledge of the General Reserve Fund in whole or in part, in each case if and only if the Authority shall certify at the time of issuance (as defined in Section 3 of the Consolidated Bond Resolution) its opinion that the issuance of such Consolidated Bonds or that such pledge of the General Reserve Fund as security for such bonds other than Consolidated Bonds will not, during the ensuing ten (10) years or during the longest term of any of such bonds proposed to be issued (whether or not Consolidated Bonds), whichever shall be longer, in the light of its estimated expenditures in connection with such additional facility or such group of additional facilities, materially impair the sound credit standing of the Authority or the investment status of Consolidated Bonds or the ability of the Authority to fulfill its commitments, whether statutory or contractual or reasonably incidental thereto, including its undertakings to the holders of Consolidated Bonds; and the Authority may apply moneys in the General Reserve Fund for purposes in connection with those of its bonds and only those of its bonds which it has theretofore secured by a pledge of the General Reserve Fund in whole or in part. Expenditures in connection with an additional facility or group of additional facilities shall mean the amount of the excess, if any, of the sum of all items of expense to be considered in determining the net revenues of the additional facility or group of additional facilities plus the debt service upon the bonds proposed to be issued and upon any additional bonds which in the Authority's opinion would be required to be issued to place and maintain such facility or group of facilities upon a sound operating basis, over and above the sum of all items of revenue and income to be considered in determining such net revenues.

SECTION 8. Each note of this Series shall have the official seal of the Authority, or a facsimile thereof, affixed thereto or printed or impressed thereon, and shall be signed by any one of the following persons, to wit:—The person holding the office or exercising the duties of Chairman; Vice Chairman; Chairman of the Committee on Finance; Executive Director; Assistant Executive Director; Secretary; Assistant Secretary; Chief Financial Officer; Deputy Chief Financial Officer; Comptroller; Assistant Comptroller; Treasurer; or Assistant Treasurer of the Authority at the time of its execution; *provided*, that each note of this Series may be executed by the facsimile signature of any of the foregoing persons and, in such event, such note shall have endorsed thereon a certificate of authentication substantially in the form hereinafter set forth, manually executed by the Registrar of the Authority. No note of this Series bearing a facsimile signature of any of the foregoing persons shall be entitled to any benefit under this resolution or the Consolidated Bond Resolution or be valid or obligatory for any purpose unless and until such certificate of authentication shall have been manually executed by the Registrar of the Authority, as aforesaid, and such manually executed certificate upon such note shall be conclusive evidence that such note has been authenticated and delivered hereunder. Such certificate of authentication on any such note shall be deemed to have been executed by the Registrar of the Authority, as aforesaid, if signed by an authorized officer thereof, but it shall not be necessary that the same officer sign the certificate of authentication on all of such notes issued hereunder. Notes of this Series in coupon form (if any) shall have coupons for interest attached, bearing facsimile signatures of the Chairman and Secretary of the Authority.

The registered notes of this Series shall be in substantially the following form, the blank spaces being appropriately filled in, and, as applicable, taking account of the changes and adjustments authorized in this resolution:

(FORM OF REGISTERED NOTE)

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

CONSOLIDATED NOTE

SERIES OO

No. C(OO)- .....
Maturity Date: April 1, 1991 Interest Rate: .....% Per Annum Dated: April 1, 1988 CUSIP .....

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (formerly known as The Port of New York Authority and hereinafter called the Authority), a body corporate and politic, created by the Compact of April 30, 1921, between the State of New York and the State of New Jersey, to which the consent of the Congress of the United States was given by Public Resolution No. 17, 67th Congress, First Session, acknowledges itself indebted and for value received hereby promises to pay to the registered holder hereof, on the first day of April, 1991, upon presentation and surrender of this note, the principal amount shown below:
together with interest thereon at the rate of per centum (%) per annum from ,
payable semi-annually commencing on October 1, 1988, and thereafter on each succeeding April 1 and October 1 until maturity or prior redemption. The principal of this note shall be payable in lawful money of the United States of America, at maturity or prior redemption upon presentation and surrender by the registered holder hereof at the office of , Paying Agent of the Authority, or the office or offices designated by the Authority of such other Paying Agent or Paying Agents appointed for the purpose by the Authority in a county which is in whole or in part in the Port of New York District. Semi-annual interest on this note shall be payable when due, in lawful money of the United States of America, to said registered holder by check or draft drawn on the Paying Agent or Paying Agents appointed for the purpose by the Authority and mailed to said registered holder.

This note is issued pursuant to and in full conformity with the Compact between the States of New York and New Jersey creating the Authority and the various statutes of said two States amendatory thereof and supplemental thereto, for purposes provided in said Compact and statutes, and is a direct and general obligation of the Authority for the prompt payment of the principal of and interest on which the full faith and credit of the Authority are irrevocably pledged. The provisions of the resolution of October 9, 1952, establishing an issue of Consolidated Bonds, and of the resolution of April 9, 1987, establishing the Series of which this note forms a part and authorizing the issuance of this note, constitute a contract between the Authority and the registered holder of this note, which is subject to modification as therein provided.

This note is registered as to principal and interest (but not as to either alone) and is transferable only upon the books kept by the Registrar of the Authority by the registered holder of this note or attorney duly authorized, all in accordance with the provisions of the resolution establishing the Series of which this note forms a part and authorizing the issuance of the notes of this Series. The notes of this Series are issuable only in the form of registered notes without coupons in the denominations of $5,000 or integral multiples of $5,000. The registered holder of this note or attorney duly authorized may upon application to the Registrar of the Authority exchange the same in accordance with the provisions of the resolution establishing the Series of which this note forms a part for an equal aggregate principal amount of registered notes of any other authorized denominations. The Authority shall bear the cost incurred by the Authority in connection with the registration, authentication (if any), transfer, cancellation, exchange and delivery of the notes of this Series including such fees as may be imposed by the Registrar for such services performed by the Registrar.

This note may be redeemed, at the option of the Authority, prior to maturity at one hundred per centum (100%) of its face value on any interest payment date at or subsequent to April 1, 1989. If less than all of the notes of this Series then outstanding are to be called for redemption, the notes so to be called shall be determined by lot by the Authority or the Registrar as the Authority may elect or by such other system or method as the Committee on Finance may fix and determine.

If this note shall be called for redemption, notice shall be given by the Authority by publication in a daily newspaper of general circulation in the Port of New York District. Such notice shall be published at least twice prior to the date fixed for redemption,—the first publication to be not less than thirty (30) nor more than forty-five (45) days before the date fixed for redemption; and the second publication to be not less than ten (10) nor more than twenty (20) days before the date fixed for redemption. A copy of such notice shall also be mailed, not less than thirty (30) nor more than forty-five (45) days before the date fixed for redemption, to the registered holder of this note at his last known address as appearing upon the Registry Books of the Authority; *provided, however,* that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any action with respect to the redemption of said notes. If this note shall be called for redemption, and if funds sufficient for the redemption price shall be deposited with the Paying Agent or Paying Agents of the Authority in trust for the account of the registered holder of this note, and if such funds shall be available for its redemption on the date fixed for redemption, interest shall cease to accrue on this note from and after the date fixed for redemption and this note shall not be entitled to the benefit or security of the foregoing resolutions, but shall rely solely upon the funds so deposited.

If this note is of a denomination greater than $5,000, and if less than all of the notes of the Series of which this note forms a part are to be called for redemption, then for all purposes in connection with redemption, each $5,000 of face value of this note shall be treated as though it were a separate note of the denomination of $5,000, and the word "note" as used in the foregoing redemption provisions shall be deemed to refer to each such $5,000 unit of face value.

If it is determined as above provided that one or more but not all of the $5,000 units of face value represented by this note are to be called for redemption, then upon notice of intention to redeem such $5,000 unit or units the registered holder of this note shall forthwith present this note to the registrar who will issue new notes of smaller denominations but of the same aggregate principal amount in exchange or substitution therefor, as provided in the resolution establishing the Series of which this note forms a part, including a new note or notes with the aggregate principal amount corresponding to the aggregate principal amount and number or numbers of the $5,000 unit or units called for redemption; and such new note or notes shall be deemed to be duly called for redemption without further notice to the registered holder. If the registered holder shall fail to present this note to the Registrar for the issuance of new notes of smaller denominations in exchange or substitution therefor as aforesaid, this note shall nevertheless become due and payable on the date fixed for redemption to the extent of the $5,000 unit or units of face value called for redemption (and to that extent only); and (funds sufficient for the payment of the redemption price having been deposited with the Paying Agent or Paying Agents as aforesaid, and being available as aforesaid on the date fixed for redemption) interest shall cease to accrue on the portion of the principal amount of this note represented by such $5,000 unit or units of face value on and after the date fixed for redemption and this note shall not be entitled to the benefit or security of the aforesaid resolutions to the extent of the portion of its principal amount (and accrued interest thereon to the date fixed for redemption) represented by such $5,000 unit or units, but to that extent shall rely solely upon the funds so deposited.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen or be performed, precedent to and in the issuance of this note, exist, have happened and have been performed in due time, form and manner as required by the Constitutions and statutes of the States of New York and New Jersey, the Compact creating the Authority and the aforesaid resolutions of the Authority, and that the amount of this note, together with all other indebtedness of the Authority, does not exceed any limit prescribed by said Constitutions, statutes, Compact or the Consolidated Bond Resolution.

IN WITNESS WHEREOF, The Port Authority of New York and New Jersey has caused its name to be signed hereto by its duly authorized officer, by manual or facsimile signature, and its official seal, or facsimile thereof, to be hereto affixed or printed or impressed hereon, and this note to be dated as of the first day of April, 1988.

THE PORT AUTHORITY
OF NEW YORK AND NEW JERSEY

. . . . . .
Authorized Officer

(END OF FORM OF REGISTERED NOTE)

The certificate of authentication attached to each of the notes of this Series which are executed by a facsimile signature on behalf of the Authority shall be in substantially the following form, the blank spaces being appropriately filled in:

(FORM OF CERTIFICATE OF AUTHENTICATION)

This note is one of the notes issued under the provisions of the within-named resolution and the Consolidated Bond Resolution.

Date of Authentication: . . . . . .

REGISTRAR
as Registrar of the Authority

By . . . . . .
Authorized Officer

(END OF FORM OF CERTIFICATE OF AUTHENTICATION)

Each registered note of this Series shall have provisions for assignment endorsed thereon, in substantially the following form:

(FORM OF PROVISIONS FOR ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

[ ]

. . . . . .
(Please Print or Type Name and Address of Assignee)

. . . . . .

. . . . . .

the within note and all rights thereunder and does hereby irrevocably constitute and appoint

. . . . . Attorney
to transfer such note on the books kept for the registration thereof, with full power of substitution in the premises.

Dated:

. . . . . .
(Signature of Registered Holder)

In the presence of . . . . . .
(Witness)

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within note in every particular, with such signature appropriately guaranteed.

(END OF FORM OF PROVISIONS FOR ASSIGNMENT)

In case any official of the Authority who shall have signed or whose facsimile signature shall appear on any of the notes of this Series shall cease to be such official before such notes shall have been actually issued, such notes may nevertheless be issued as though the person who signed such notes had not ceased to be such official of the Authority; and the Authority may, by issuing notes bearing coupons (if any) so executed, adopt and use the facsimile signature of any person appearing on the coupons (if any), notwithstanding the fact that such person may have ceased, at the time when the notes and coupons (if any) shall have been issued, to hold the office appearing after such person's facsimile signature on such coupons (if any).

SECTION 9. The Committee on Finance of the Authority is hereby authorized prior to the issuance of any of the notes of this Series (i) to change the date as of which the notes of this Series shall be dated to any date on or before December 31, 1988; (ii) to change the date stated in this resolution at which any of the notes of this Series shall mature and be retired; *provided*, that said date or dates shall not be more than three (3) years from the date as of which notes of this Series are dated; (iii) to adjust or change the provisions contained in this resolution relating to the payment of interest and to the redemption, retirement, and call of the notes of this Series; *provided*, that the Committee may not change the redemption, retirement and call provisions of the notes of this Series to impose a call premium; (iv) to provide for the notes of this Series to be issued on original issuance as book-entry only securities taking account of the changes and adjustments authorized in this resolution with respect to the issuance of the notes of this Series as book-entry only securities; (v) to provide for the notes of this Series to be separately registrable as to principal and interest (including any authorized incremental interest) to any one or more holders of the notes or certificates (if any) with respect to the payment of interest thereon; and (vi) to take such other action as in the opinion of the Committee will best serve the public interest.

SECTION 10. In case any note or any coupon (if any) pertaining to such a note shall at any time become mutilated or be lost or destroyed, the Authority, in its discretion, may execute and deliver a new note or coupon of like tenor and amount in exchange or substitution for and upon cancellation of said mutilated note or coupon or in lieu of or in substitution for such destroyed or lost note or coupon; or if such note or coupon shall have matured, instead of issuing a substitute note or coupon the Authority may pay the same without surrender thereof.

In case of destruction or loss, the applicant for a substitute note or coupon shall furnish to the Authority evidence satisfactory to the Authority of the destruction or loss of such note or coupon and of the ownership thereof and also such security and indemnity as may be required by the Authority. The Authority may execute and deliver any such substitute note or coupon or make any such payment; or any Paying Agent may make any such payment upon the written request or authorization of the Authority. Upon the issuance of any substitute note or coupon, the Authority, at its option, may require the payment of a sum sufficient to reimburse it for any stamp tax or other governmental charge or other reasonable expense connected therewith and also a further sum not exceeding the cost of preparation of each new note or coupon so issued in substitution. Any note or coupon (if any) issued under the provisions of this section in lieu of any note or coupon alleged to have been destroyed or lost shall constitute an original contractual obligation on the part of the Authority, whether or not the note or coupon so alleged to have been destroyed or lost be at any time enforceable by anyone, and shall be equally and proportionately entitled to the security of this resolution and of the Consolidated Bond Resolution with all other bonds, notes and coupons (if any) issued hereunder or thereunder.

SECTION 11. In the event the Committee on Finance determines that the needs of the Authority for capital funds or the public interest require allocation of the proceeds of any of the notes of this Series to purposes in connection with some but not all of the purposes authorized in Section 3 hereof, the Committee is hereby authorized, prior to the sale of said notes of this Series from time to time, to make such allocation by resolution. The adoption by said Committee of such a resolution prior to any such sale shall be sufficient to restrict the application of the proceeds of any notes of this Series included in said sale to the purposes specified by the Committee in said resolution.

SECTION 12. The provisions of this resolution shall constitute a contract with the holders of the notes issued pursuant to this resolution, and with each such holder.

Consolidated Notes, Series OO—Authorization of Sale

Pursuant to the foregoing report, the following resolution was unanimously adopted:

SECTION 1. The Committee on Finance of the Authority (hereinafter called the "Committee") is hereby authorized to sell all or any part of One Hundred Million Dollars ($100,000,000) in principal amount of Consolidated Notes, Series OO (hereinafter called the "notes of this Series"), at a price which will result in a true interest cost to the Authority not in excess of twelve per centum (12%) per annum to maturity, and to do so in the name of and on behalf of the Authority, at public or private sale, with or without advertisement, in one or more lots, at one or more times on or before December 31, 1988, and to apply the proceeds of such sale or sales as provided in the resolution establishing and authorizing the issuance of said notes of this Series; *provided, however,* that the total aggregate principal amount of Consolidated Notes, Series KK, Consolidated Notes, Series LL, Consolidated Notes, Series MM, Consolidated Notes, Series NN, Consolidated Notes, Series OO, and Consolidated Notes, Series PP, sold by the Committee shall not exceed Three Hundred Million Dollars ($300,000,000).

SECTION 2. The Committee shall have power, in connection with the notes of this Series, to fix the time or times of sale on or before December 31, 1988, to determine the terms and conditions upon which sales shall be made and to accept or reject offers in connection with such sales, and to do so in the name of and on behalf of the Authority.

SECTION 3. The Committee shall have the power in the name of and on behalf of the Authority, in connection with the notes of this Series, to enter into any appropriate contracts or agreements concerning any sales or exchanges; to fix the time or times and determine the terms and conditions of delivery of the notes of this Series; to appoint and to enter into appropriate contracts or agreements with one or more Paying Agents and a Registrar, and to designate the office or offices of any such Paying Agent or Paying Agents at which payments shall be made and the office or offices of any such Registrar at which the books for registration shall be kept; to enter into any appropriate contracts or agreements providing insurance in connection with the notes of this Series; to enter into appropriate contracts or agreements in connection with the issuance of the notes of this Series as book-entry only securities; to make any selection, designation, determination or estimate and to take or withhold any action and to formulate and express any opinions and to exercise any discretion or judgment which may be or is required to be made, taken, withheld, formulated, expressed or exercised by the Authority as a condition precedent to the issuance of the notes of this Series or for the purpose of determining whether all conditions precedent to their issuance exist, the Authority hereby adopting all such selections, designations, determinations, actions, withholdings of action, estimates and exercises of judgment and discretion, whether pursuant to Section 3 of the Consolidated Bond Resolution of October 9, 1952, or otherwise, as its own; and to authorize any of the foregoing and generally to take such other action as in the opinion of the Committee will best serve the public interest.

SECTION 4. The Committee shall have power to authorize one or more official statements in the name of and on behalf of the Authority (describing the Authority, its financial condition and the notes offered for sale, and making representations on behalf of the Authority). The Authority hereby authorizes the underwriter or underwriters purchasing the notes in offering the notes of this Series for resale to use such official statement or statements and representations as those of the Authority.

SECTION 5. No part of the proceeds of the notes of this Series shall be invested directly or indirectly in such a manner as to cause the interest on such notes of this Series to be subject to Federal income taxes under Section 148 of the Internal Revenue Code of 1986, as amended, or successor provisions of law, and the applicable regulations related thereto.

SECTION 6. The Committee; Chairman of the Authority; Vice Chairman of the Authority; Chairman of the Committee; Executive Director; Assistant Executive Director; Chief Financial Officer; Deputy Chief Financial Officer; or Treasurer of the Authority is hereby authorized, in connection with the notes of this Series, to take any action which may be necessary or desirable to assure that the notes of this Series are in conformity with the provisions of Section 103, of the Internal Revenue Code of 1986, as amended, or successor provisions of law, and the applicable regulations related thereto, and that the interest on such notes of this Series is not includible

for Federal income tax purposes in the gross income of the recipients thereof under Section 103(a) of the Code, or successor provisions of law, or regulations with respect thereto, and any such actions taken in connection therewith are hereby ratified. The Chairman of the Authority; Vice Chairman of the Authority; Chairman of the Committee; Executive Director; Assistant Executive Director; Chief Financial Officer; Deputy Chief Financial Officer; Comptroller; Assistant Comptroller; Treasurer; or Assistant Treasurer of the Authority is hereby authorized to certify on behalf of the Authority as to the need for the issuance of the notes of this Series for the purposes for which the notes of this Series are issued, as to the status of the projects for which the proceeds of the notes of this Series would be used, as to the Authority's intentions with respect to the application and investment of said proceeds, and as to such other related matters as may be authorized by the Committee and any such actions taken in connection therewith are hereby ratified.

Consolidated Notes, Series PP—Establishment and Authorization of Issuance

Pursuant to the foregoing report, the following resolution was unanimously adopted:

WHEREAS, The Port Authority of New York and New Jersey (hereinafter called the "Authority") hereby finds and determines that it is necessary to provide capital funds for the purposes hereinafter set forth; and

WHEREAS, under present circumstances it is desirable and in the public interest to provide said required capital funds in part by the issuance of short-term notes in conformity with the Consolidated Bond Resolution adopted October 9, 1952;

NOW, THEREFORE, be it resolved by The Port Authority of New York and New Jersey:

SECTION 1. As used in this resolution, any words or phrases specially defined in the aforesaid Consolidated Bond Resolution shall be read and construed in accordance with such special definitions; *provided, however*, that the term "facility" herein shall not include any railroad car owned, leased or operated pursuant to Chapter 638 of the Laws of New York of 1959 and Chapter 25 of the Laws of New Jersey of 1959 or any acts amendatory or supplemental thereto.

SECTION 2. There is hereby established a series of negotiable notes of the Authority to be known as "Consolidated Notes, Series PP" (hereinafter called the "notes of this Series") and the issuance of up to One Hundred Million Dollars ($100,000,000) in principal amount of such Series PP Notes is hereby authorized. Said notes of this Series shall be established and issued pursuant to and shall conform in all respects to the aforesaid Consolidated Bond Resolution.

The notes of this Series shall be issued in one or more lots as the Authority may hereafter determine, shall be dated as of September 1, 1988, and mature on September 1, 1991, shall be of the denominations of $5,000 or integral multiples of $5,000, and shall bear a stated rate or rates of interest, including fixed, variable or incremental rates for the term of the notes or any portion thereof, or a combination thereof, from such date as may be determined by the Committee on Finance of the Authority, not in excess of twelve per centum (12%) per annum as may be determined by the Committee on Finance. The Committee on Finance is hereby authorized to fix and determine such date upon which interest shall commence and said interest rate or rates including fixed, variable or incremental rates or a combination thereof, if any, or to determine that the notes of this Series shall not bear a stated rate of interest. If the notes of this Series shall bear a stated rate or rates of interest, interest shall be payable semi-annually commencing on March 1, 1989, and thereafter on each succeeding September 1 and March 1 until maturity or prior redemption.

Unless otherwise determined by the Committee on Finance in connection with the issuance of the notes of this Series as book-entry only securities (which said Committee is hereby authorized to fix and determine such other system or method), the notes of this Series shall be numbered upward from C(PP)-1, or they may bear such other numbers as the Chairman of the Authority; the Vice Chairman of the Authority; the Chairman of the Committee on Finance; the Executive Director; Assistant Executive Director; Chief Financial Officer; Deputy Chief Financial Officer; Comptroller; Assistant Comptroller; Treasurer; or Assistant Treasurer of the Authority may deem appropriate.

Both principal of and interest on the notes of this Series shall be payable in lawful money of the United States of America. Principal of the notes of this Series shall be payable upon presentation and surrender thereof by the registered holders, or in the case of coupon notes of this Series, if any, upon presentation and surrender thereof, at the office or offices, designated by the Authority, of the Paying Agent or Paying Agents appointed for the purpose by the Authority, in a county which is in whole or in part in the Port of New York District. Interest on the registered notes of this Series shall be payable when due to the registered holder thereof by check or draft drawn on the Paying Agent or Paying Agents appointed for the purpose by the Authority and mailed to said registered holder and interest on the coupon notes of this Series, if any, shall be payable upon presentation and surrender of the coupons appertaining thereto at such office or offices of such Paying Agent or Paying Agents. If on original issuance the notes of this Series are to be issued as book-entry only securities, subject to a book-entry system for determining interests therein, the Committee on Finance is hereby authorized to fix and determine an alternate

method for the payment of both or either of the principal of and interest on the notes of this Series to the registered holder thereof; *provided, however,* in the event that such book-entry system or any successor book-entry system is discontinued without replacement with a similar system, then the foregoing payment provisions of this paragraph shall apply to the notes of this Series.

SECTION 3. The proceeds of the notes of this Series shall be used (a) for purposes of capital expenditures in connection with any one or more of the facilities of the Authority and for purposes incidental thereto; *provided, however,* that subject to agreements with the holders of obligations of the Authority and consistent with applicable provisions of Section 103 of the Internal Revenue Code of 1986, as amended, (hereinafter called the "Code"), or successor provisions of law, and the applicable regulations related thereto, the Committee on Finance may authorize all or any portion of the unspent proceeds of the notes of this Series to be used for any purpose for which at the time of issuance thereof the Authority was authorized by law to issue its obligations, including capital expenditures in connection with facilities of the Authority certified or to be certified after issuance of the notes of this Series; (b) for the purpose of refunding, directly, by offers to exchange, or otherwise, at or before maturity, all or any part of any issue of Consolidated Bonds or Consolidated Notes issued and outstanding at the time of the sale of any of the notes of this Series; and (c) for the purpose of refunding in accordance with applicable law, regulations and contractual provisions, any of the special obligations under the Port Authority Commercial Paper Program.

SECTION 4. Notes of this Series shall be issued only in registered form without coupons, registered as to both principal and interest and not as to either alone; *provided, however,* if at any time prior to issuance of the notes of this Series, there shall be in effect a provision of the Code, or the regulations with respect thereto, which does not provide that, for the interest on the notes of this Series to be considered not includible for Federal income tax purposes in the gross income of the recipients thereof under Section 103(a) of the Code, or successor provisions of law, such notes of this Series must be issued in registered form, then the notes of this Series may also be issued in the form of coupon notes payable to bearer, in which event the Committee on Finance is hereby authorized to adopt an appropriate form of coupon note issuable only in the denomination of $5,000. If on original issuance the notes of this Series are to be issued as book-entry only securities subject to a book-entry system for determining interests therein, the Committee on Finance is hereby authorized to fix and determine an appropriate form of note or other evidence of indebtedness; *provided, however,* in the event that such book-entry system or any successor book-entry system is discontinued without replacement with a similar system then the provisions of Section 8 of this resolution shall apply to the notes of this Series.

Registered notes of this Series shall be issued in the denominations of $5,000 or integral multiples of $5,000.

SECTION 5. The Authority will keep or cause to be kept at the office or offices, designated by the Authority, of its Registrar appointed for that purpose, in a county which is in whole or in part in the Port of New York District, proper and sufficient books for the registration of notes of this Series. Each registered note of this Series shall be transferable only upon such books by the registered holder thereof in person or by such registered holder's attorney duly authorized in accordance with the provisions of this resolution.

In the event that the notes of this Series may be issued in coupon form, a coupon note or notes of this Series (if any), upon the written request of the bearer or bearers thereof and upon the surrender thereof with all unmatured coupons thereto attached, may be exchanged for a registered note or notes, registered as designated in such request, of the same aggregate principal amount and series as the surrendered note or notes, of any of the authorized denominations. A registered note or notes of this Series, upon the written request of the registered holder or holders thereof and upon surrender thereof, may be exchanged for a registered note or notes, registered as designated in such request, of any other authorized denominations, or in the event that the notes of this Series may be issued in coupon form, a coupon note or notes with appropriate coupons attached, or a combination of such coupon and registered notes, in each case of the same aggregate principal amount as the surrendered note or notes.

All requests for the registration, transfer, exchange and delivery of notes as above provided shall be filed with the Registrar of the Authority; all notes to be surrendered pursuant to such request shall be surrendered to the Registrar; and all notes delivered in exchange as aforesaid shall be delivered by the Registrar. All notes of this Series surrendered to the Registrar in exchange for other notes or for transfer as above provided shall be cancelled by the Registrar upon such surrender.

The Authority shall bear the cost incurred by the Authority in connection with the registration, authentication (if any), transfer, cancellation, exchange and delivery of notes of this Series, including such fees as may be imposed by the Registrar for such services performed by the Registrar as provided in this resolution.

Nothing contained in this resolution shall be deemed to authorize the execution and delivery of notes of this Series except in the denomination of $5,000 in the case of coupon notes (if any) or in denominations of $5,000 or integral multiples of $5,000 in the case of registered notes or to authorize the issuance of coupon notes of this Series if at any time there shall be in effect a provision of the Code or the regulations with respect thereto which provides that for the interest on the notes of this Series to be considered not includible for Federal income tax purposes in the gross income of the recipients thereof under Section 103(a) of the Code, or successor provisions of law, such notes of this Series must be issued in registered form.

SECTION 6. Notes of this Series shall be redeemable in whole or in part, at the option of the Authority, prior to maturity at one hundred per centum (100%) of their face value on any interest payment date at or subsequent to September 1, 1989. If less than all of the notes of this Series then outstanding are to be called for redemption, the notes so to be called shall be determined by lot by the Authority or the Registrar as the Authority may elect or by such other system or method as the Committee on Finance may fix and determine (which said Committee is hereby authorized to fix and determine such other system or method).

Notice of intention to redeem any notes of this Series shall be given by the Authority by publication in a daily newspaper of general circulation in the Port of New York District. Such notice shall be published at least twice prior to the date fixed for redemption, the first publication to be not less than thirty (30) nor more than forty-five (45) days before the date fixed for redemption, and the second publication to be not less than ten (10) nor more than twenty (20) days before the date fixed for redemption. A copy of such notice shall also be mailed by the Authority or the Registrar, as the Authority may elect, not less than thirty (30) nor more than forty-five (45) days prior to the date fixed for redemption to the registered holders of notes of this Series to be called for redemption, at their last known addresses as appearing upon the Registry Books of the Authority; *provided, however,* that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any action with respect to the redemption of said notes. If on original issuance the notes of this Series are to be issued only in registered form or are to be issued as book-entry only securities subject to a book-entry system for determining interests therein, the Committee on Finance is hereby authorized to fix and determine an alternate method by which the Authority shall give notice of intention to redeem any notes of this Series.

Before the date fixed for redemption specified in the Authority's notice of intention to redeem, the Authority will pay or cause to be paid to the Paying Agent (or Paying Agents) an amount in cash in the aggregate sufficient to redeem all of the outstanding notes which are to be redeemed, at the respective redemption prices thereof, which, in each case, shall include the accrued interest to the date fixed for redemption, such principal amount to be held by the Paying Agent (or Paying Agents) in trust for the account of the holders of the notes so called for redemption and to be paid to them respectively upon presentation and surrender of the said notes with accrued interest included in such redemption price to be paid to the registered holder in accordance with the provisions of this resolution and in the case of coupon notes (if any), such accrued interest to be paid to the holders only upon presentation and surrender of all unmatured coupons (if any) pertaining to such notes. On and after the date fixed for redemption, the notice of intention to redeem having been completed as above provided or as provided by the Committee on Finance, the notes so called shall become due and payable at the office of the Paying Agent (or Paying Agents) designated by the Authority, and if funds sufficient for payment of the redemption price shall have been deposited with the Paying Agent (or Paying Agents) in trust as aforesaid and if such funds shall be available for redemption of such notes on the date fixed for redemption, then and in any such event, interest shall cease to accrue on the notes so called from and after the date fixed for their redemption, and such notes and the unmatured coupons (if any) pertaining thereto shall not be entitled to the benefit or security of this resolution or the Consolidated Bond Resolution, but shall rely solely upon the funds so deposited.

In the case of registered notes of denominations greater than $5,000, if less than all of the notes of this Series then outstanding are to be called for redemption, then for all purposes in connection with redemption, each $5,000 unit of face value shall be treated as though it were a separate note of the denomination of $5,000, and the word "note" as used in the foregoing provisions of this Section 6 shall be deemed to refer to such $5,000 unit of face

value. If it is determined as above provided that one or more but not all of the $5,000 units of face value represented by any note are to be called for redemption, then upon notice of intention to redeem said $5,000 unit or units, the holder of said note shall forthwith present said note to the Registrar who shall issue a new note or notes of smaller authorized denominations but of the same aggregate principal amount in exchange therefor, pursuant to Section 5 of this resolution, including a new note or notes with the aggregate principal amount of the $5,000 unit or units of face value called for redemption; and such new note or notes shall be deemed to be duly called for redemption without further notice to the holder thereof. If the holder of such note of a denomination greater than $5,000 shall fail to present such note to the Registrar for the issuance of new notes of smaller denominations in exchange therefor, as aforesaid, such note shall nevertheless become due and payable on the date fixed for redemption to the extent of the $5,000 unit or units of face value called for redemption (and to that extent only); and (funds sufficient for the payment of the redemption price having been deposited with the Paying Agent or Paying Agents, as aforesaid, and being available as aforesaid on the date fixed for redemption) interest shall cease to accrue on the portion of the principal amount of such note represented by such $5,000 unit or units of face value on and after the date fixed for redemption, and such note shall not be entitled to the benefit or security of this resolution or the Consolidated Bond Resolution to the extent of the portion of its principal amount (and accrued interest thereon to the date fixed for redemption) represented by such $5,000 unit or units of face value, but to that extent shall rely solely upon the funds so deposited.

SECTION 7. The Authority shall not apply any moneys in the Consolidated Bond Reserve Fund or in any special reserve fund established for the benefit of the bonds of any prior issue of bonds except for the payment of bonds secured by a pledge of the General Reserve Fund in whole or in part, the payment of debt service upon bonds so secured, the purchase for retirement of bonds so secured or the redemption of bonds so secured, or for the payment of expenses incurred for the establishment, acquisition, construction or effectuation, or for the operation, maintenance, repair or administration of any facility financed or refinanced in whole or in part by bonds secured by a pledge of the General Reserve Fund in whole or in part, or otherwise for the fulfillment of any undertakings which the Authority has assumed or may or shall hereafter assume to or for the benefit of the holders of bonds secured by a pledge of the General Reserve Fund in whole or in part; *provided, however,* that nothing herein contained shall be construed to permit the application by the Authority of moneys in the Consolidated Bond Reserve Fund or in any special reserve fund established for the benefit of the bonds of any prior issue of bonds except for purposes and upon conditions which in the case of the Consolidated Bond Reserve Fund are authorized by the Consolidated Bond Resolution or in the case of said special reserve funds are authorized by the respective resolutions establishing such prior issues of bonds.

Consolidated Bonds proposed to be issued for purposes in connection with an additional facility or a group of additional facilities in connection with which the Authority has not theretofore issued bonds which have been secured by a pledge of the General Reserve Fund in whole or in part, may be issued, and bonds other than Consolidated Bonds proposed to be issued for purposes in connection with such an additional facility or group of additional facilities may be secured by a pledge of the General Reserve Fund in whole or in part, in each case if and only if the Authority shall certify at the time of issuance (as defined in Section 3 of the Consolidated Bond Resolution) its opinion that the issuance of such Consolidated Bonds or that such pledge of the General Reserve Fund as security for such bonds other than Consolidated Bonds will not, during the ensuing ten (10) years or during the longest term of any of such bonds proposed to be issued (whether or not Consolidated Bonds), whichever shall be longer, in the light of its estimated expenditures in connection with such additional facility or such group of additional facilities, materially impair the sound credit standing of the Authority or the investment status of Consolidated Bonds or the ability of the Authority to fulfill its commitments, whether statutory or contractual or reasonably incidental thereto, including its undertakings to the holders of Consolidated Bonds; and the Authority may apply moneys in the General Reserve Fund for purposes in connection with those of its bonds and only those of its bonds which it has theretofore secured by a pledge of the General Reserve Fund in whole or in part. Expenditures in connection with an additional facility or group of additional facilities shall mean the amount of the excess, if any, of the sum of all items of expense to be considered in determining the net revenues of the additional facility or group of additional facilities plus the debt service upon the bonds proposed to be issued and upon any additional bonds which in the Authority's opinion would be required to be issued to place and maintain such facility or group of facilities upon a sound operating basis, over and above the sum of all items of revenue and income to be considered in determining such net revenues.

SECTION 8. Each note of this Series shall have the official seal of the Authority, or a facsimile thereof, affixed thereto or printed or impressed thereon, and shall be signed by any one of the following persons, to wit:—The person holding the office or exercising the duties of Chairman; Vice Chairman; Chairman of the Committee on Finance; Executive Director; Assistant Executive Director; Secretary; Assistant Secretary; Chief Financial Officer; Deputy Chief Financial Officer; Comptroller; Assistant Comptroller; Treasurer; or Assistant Treasurer of the Authority at the time of its execution; *provided*, that each note of this Series may be executed by the facsimile signature of any of the foregoing persons and, in such event, such note shall have endorsed thereon a certificate of authentication substantially in the form hereinafter set forth, manually executed by the Registrar of the Authority. No note of this Series bearing a facsimile signature of any of the foregoing persons shall be entitled to any benefit under this resolution or the Consolidated Bond Resolution or be valid or obligatory for any purpose unless and until such certificate of authentication shall have been manually executed by the Registrar of the Authority, as aforesaid, and such manually executed certificate upon such note shall be conclusive evidence that such note has been authenticated and delivered hereunder. Such certificate of authentication on any such note shall be deemed to have been executed by the Registrar of the Authority, as aforesaid, if signed by an authorized officer thereof, but it shall not be necessary that the same officer sign the certificate of authentication on all of such notes issued hereunder. Notes of this Series in coupon form (if any) shall have coupons for interest attached, bearing facsimile signatures of the Chairman and Secretary of the Authority.

The registered notes of this Series shall be in substantially the following form, the blank spaces being appropriately filled in, and, as applicable, taking account of the changes and adjustments authorized in this resolution:

(FORM OF REGISTERED NOTE)

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

CONSOLIDATED NOTE

SERIES PP

No. C(PP)- . . . . . .
Maturity Date: September 1, 1991 Interest Rate: . . .% Per Annum Dated: September 1, 1988 CUSIP . .

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (formerly known as The Port of New York Authority and hereinafter called the Authority), a body corporate and politic, created by the Compact of April 30, 1921, between the State of New York and the State of New Jersey, to which the consent of the Congress of the United States was given by Public Resolution No. 17, 67th Congress, First Session, acknowledges itself indebted and for value received hereby promises to pay to the registered holder hereof, on the first day of September, 1991, upon presentation and surrender of this note, the principal amount shown below:

together with interest thereon at the rate of per centum (%) per annum from , payable semi-annually commencing on March 1, 1989, and thereafter on each succeeding September 1 and March 1 until maturity or prior redemption. The principal of this note shall be payable in lawful money of the United States of America, at maturity or prior redemption upon presentation and surrender by the registered holder hereof at the office of Paying Agent of the Authority, or the office or offices designated by the Authority of such other Paying Agent or Paying Agents appointed for the purpose by the Authority in a county which is in whole or in part in the Port of New York District. Semi-annual interest on this note shall be payable when due, in lawful money of the United States of America, to said registered holder by check or draft drawn on the Paying Agent or Paying Agents appointed for the purpose by the Authority and mailed to said registered holder.

This note is issued pursuant to and in full conformity with the Compact between the States of New York and New Jersey creating the Authority and the various statutes of said two States amendatory thereof and supplemental thereto, for purposes provided in said Compact and statutes, and is a direct and general obligation of the Authority for the prompt payment of the principal of and interest on which the full faith and credit of the Authority are irrevocably pledged. The provisions of the resolution of October 9, 1952, establishing an issue of Consolidated Bonds, and of the resolution of April 9, 1987, establishing the Series of which this note forms a part and authorizing the issuance of this note, constitute a contract between the Authority and the registered holder of this note, which is subject to modification as therein provided.

This note is registered as to principal and interest (but not as to either alone) and is transferable only upon the books kept by the Registrar of the Authority by the registered holder of this note or attorney duly authorized, all in accordance with the provisions of the resolution establishing the Series of which this note forms a part and authorizing the issuance of the notes of this Series. The notes of this Series are issuable only in the form of registered notes without coupons in the denominations of $5,000 or integral multiples of $5,000. The registered holder of this note or attorney duly authorized may upon application to the Registrar of the Authority exchange the same in accordance with the provisions of the resolution establishing the Series of which this note forms a part for an equal aggregate principal amount of registered notes of any other authorized denominations. The Authority shall bear the cost incurred by the Authority in connection with the registration, authentication (if any), transfer, cancellation, exchange and delivery of the notes of this Series including such fees as may be imposed by the Registrar for such services performed by the Registrar.

This note may be redeemed, at the option of the Authority, prior to maturity at one hundred per centum (100%) of its face value on any interest payment date at or subsequent to September 1, 1989. If less than all of the notes of this Series then outstanding are to be called for redemption, the notes so to be called shall be determined by lot by the Authority or the Registrar as the Authority may elect or by such other system or method as the Committee on Finance may fix and determine.

If this note shall be called for redemption, notice shall be given by the Authority by publication in a daily newspaper of general circulation in the Port of New York District. Such notice shall be published at least twice prior to the date fixed for redemption,—the first publication to be not less than thirty (30) nor more than forty-five (45) days before the date fixed for redemption; and the second publication to be not less than ten (10) nor more than twenty (20) days before the date fixed for redemption. A copy of such notice shall also be mailed, not less than thirty (30) nor more than forty-five (45) days before the date fixed for redemption, to the registered holder of this note at his last known address as appearing upon the Registry Books of the Authority; *provided, however,* that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any action with respect to the redemption of said notes. If this note shall be called for redemption, and if funds sufficient for the redemption price shall be deposited with the Paying Agent or Paying Agents of the Authority in trust for the account of the registered holder of this note, and if such funds shall be available for its redemption on the date fixed for redemption, interest shall cease to accrue on this note from and after the date fixed for redemption and this note shall not be entitled to the benefit or security of the foregoing resolutions, but shall rely solely upon the funds so deposited.

If this note is of a denomination greater than $5,000, and if less than all of the notes of the Series of which this note forms a part are to be called for redemption, then for all purposes in connection with redemption, each $5,000 of face value of this note shall be treated as though it were a separate note of the denomination of $5,000, and the word "note" as used in the foregoing redemption provisions shall be deemed to refer to each such $5,000 unit of face value.

If it is determined as above provided that one or more but not all of the $5,000 units of face value represented by this note are to be called for redemption, then upon notice of intention to redeem such $5,000 unit or units the registered holder of this note shall forthwith present this note to the registrar who will issue new notes of smaller denominations but of the same aggregate principal amount in exchange or substitution therefor, as provided in the resolution establishing the Series of which this note forms a part, including a new note or notes with the aggregate principal amount corresponding to the aggregate principal amount and number or numbers of the $5,000 unit or units called for redemption; and such new note or notes shall be deemed to be duly called for redemption without further notice to the registered holder. If the registered holder shall fail to present this note to the Registrar for the issuance of new notes of smaller denominations in exchange or substitution therefor as aforesaid, this note shall nevertheless become due and payable on the date fixed for redemption to the extent of the $5,000 unit or units of face value called for redemption (and to that extent only); and (funds sufficient for the payment of the redemption price having been deposited with the Paying Agent or Paying Agents as aforesaid, and being available as aforesaid on the date fixed for redemption) interest shall cease to accrue on the portion of the principal amount of this note represented by such $5,000 unit or units of face value on and after the date fixed for redemption and this note shall not be entitled to the benefit or security of the aforesaid resolutions to the extent of the portion of its principal amount (and accrued interest thereon to the date fixed for redemption) represented by such $5,000 unit or units, but to that extent shall rely solely upon the funds so deposited.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen or be performed, precedent to and in the issuance of this note, exist, have happened and have been performed in due time, form and manner as required by the Constitutions and statutes of the States of New York and New Jersey, the Compact creating the Authority and the aforesaid resolutions of the Authority, and that the amount of this note, together with all other indebtedness of the Authority, does not exceed any limit prescribed by said Constitutions, statutes, Compact or the Consolidated Bond Resolution.

IN WITNESS WHEREOF, The Port Authority of New York and New Jersey has caused its name to be signed hereto by its duly authorized officer, by manual or facsimile signature, and its official seal, or facsimile thereof, to be hereto affixed or printed or impressed hereon, and this note to be dated as of the first day of September, 1988.

THE PORT AUTHORITY
OF NEW YORK AND NEW JERSEY

. . . . . .
Authorized Officer

(END OF FORM OF REGISTERED NOTE)

The certificate of authentication attached to each of the notes of this Series which are executed by a facsimile signature on behalf of the Authority shall be in substantially the following form, the blank spaces being appropriately filled in:

(FORM OF CERTIFICATE OF AUTHENTICATION)

This note is one of the notes issued under the provisions of the within-named resolution and the Consolidated Bond Resolution.

Date of Authentication: . . . . . .

REGISTRAR
as Registrar of the Authority

By . . . . . .
Authorized Officer

(END OF FORM OF CERTIFICATE OF AUTHENTICATION)

Each registered note of this Series shall have provisions for assignment endorsed thereon, in substantially the following form:

(FORM OF PROVISIONS FOR ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

[ ]

. . . . . .
(Please Print or Type Name and Address of Assignee)

. . . . . .

. . . . . .
the within note and all rights thereunder and does hereby irrevocably constitute and appoint

. . . . . Attorney
to transfer such note on the books kept for the registration thereof, with full power of substitution in the premises.

Dated:

. . . . . .
(Signature of Registered Holder)

In the presence of . . . . . .
(Witness)

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within note in every particular, with such signature appropriately guaranteed.

(END OF FORM OF PROVISIONS FOR ASSIGNMENT)

In case any official of the Authority who shall have signed or whose facsimile signature shall appear on any of the notes of this Series shall cease to be such official before such notes shall have been actually issued, such notes may nevertheless be issued as though the person who signed such notes had not ceased to be such official of the Authority; and the Authority may, by issuing notes bearing coupons (if any) so executed, adopt and use the facsimile signature of any person appearing on the coupons (if any), notwithstanding the fact that such person may have ceased, at the time when the notes and coupons (if any) shall have been issued, to hold the office appearing after such person's facsimile signature on such coupons (if any).

SECTION 9. The Committee on Finance of the Authority is hereby authorized prior to the issuance of any of the notes of this Series (i) to change the date as of which the notes of this Series shall be dated to any date on or before December 31, 1988; (ii) to change the date stated in this resolution at which any of the notes of this Series shall mature and be retired; *provided*, that said date or dates shall not be more than three (3) years from the date as of which notes of this Series are dated; (iii) to adjust or change the provisions contained in this resolution relating to the payment of interest and to the redemption, retirement, and call of the notes of this Series; *provided*, that the Committee may not change the redemption, retirement and call provisions of the notes of this Series to impose a call premium; (iv) to provide for the notes of this Series to be issued on original issuance as book-entry only securities taking account of the changes and adjustments authorized in this resolution with respect to the issuance of the notes of this Series as book-entry only securities; (v) to provide for the notes of this Series to be separately registrable as to principal and interest (including any authorized incremental interest) to any one or more holders of the notes or certificates (if any) with respect to the payment of interest thereon; and (vi) to take such other action as in the opinion of the Committee will best serve the public interest.

SECTION 10. In case any note or any coupon (if any) pertaining to such a note shall at any time become mutilated or be lost or destroyed, the Authority, in its discretion, may execute and deliver a new note or coupon of like tenor and amount in exchange or substitution for and upon cancellation of said mutilated note or coupon or in lieu of or in substitution for such destroyed or lost note or coupon; or if such note or coupon shall have matured, instead of issuing a substitute note or coupon the Authority may pay the same without surrender thereof.

In case of destruction or loss, the applicant for a substitute note or coupon shall furnish to the Authority evidence satisfactory to the Authority of the destruction or loss of such note or coupon and of the ownership thereof and also such security and indemnity as may be required by the Authority. The Authority may execute and deliver any such substitute note or coupon or make any such payment; or any Paying Agent may make any such payment upon the written request or authorization of the Authority. Upon the issuance of any substitute note or coupon, the Authority, at its option, may require the payment of a sum sufficient to reimburse it for any stamp tax or other governmental charge or other reasonable expense connected therewith and also a further sum not exceeding the cost of preparation of each new note or coupon so issued in substitution. Any note or coupon (if any) issued under the provisions of this section in lieu of any note or coupon alleged to have been destroyed or lost shall constitute an original contractual obligation on the part of the Authority, whether or not the note or coupon so alleged to have been destroyed or lost be at any time enforceable by anyone, and shall be equally and proportionately entitled to the security of this resolution and of the Consolidated Bond Resolution with all other bonds, notes and coupons (if any) issued hereunder or thereunder.

SECTION 11. In the event the Committee on Finance determines that the needs of the Authority for capital funds or the public interest require allocation of the proceeds of any of the notes of this Series to purposes in connection with some but not all of the purposes authorized in Section 3 hereof, the Committee is hereby authorized, prior to the sale of said notes of this Series from time to time, to make such allocation by resolution. The adoption by said Committee of such a resolution prior to any such sale shall be sufficient to restrict the application of the proceeds of any notes of this Series included in said sale to the purposes specified by the Committee in said resolution.

SECTION 12. The provisions of this resolution shall constitute a contract with the holders of the notes issued pursuant to this resolution, and with each such holder.

Consolidated Notes, Series PP—Authorization of Sale

Pursuant to the foregoing report, the following resolution was unanimously adopted:

SECTION 1. The Committee on Finance of the Authority (hereinafter called the "Committee") is hereby authorized to sell all or any part of One Hundred Million Dollars ($100,000,000) in principal amount of Consolidated Notes, Series PP (hereinafter called the "notes of this Series"), at a price which will result in a true interest cost to the Authority not in excess of twelve per centum (12%) per annum to maturity, and to do so in the name of and on behalf of the Authority, at public or private sale, with or without advertisement, in one or more lots, at one or more times on or before December 31, 1988, and to apply the proceeds of such sale or sales as provided in the resolution establishing and authorizing the issuance of said notes of this Series; *provided, however,* that the total aggregate principal amount of Consolidated Notes, Series KK, Consolidated Notes, Series LL, Consolidated Notes, Series MM, Consolidated Notes, Series NN, Consolidated Notes, Series OO, and Consolidated Notes, Series PP, sold by the Committee shall not exceed Three Hundred Million Dollars ($300,000,000).

SECTION 2. The Committee shall have power, in connection with the notes of this Series, to fix the time or times of sale on or before December 31, 1988, to determine the terms and conditions upon which sales shall be made and to accept or reject offers in connection with such sales, and to do so in the name of and on behalf of the Authority.

SECTION 3. The Committee shall have the power in the name of and on behalf of the Authority, in connection with the notes of this Series, to enter into any appropriate contracts or agreements concerning any sales or exchanges; to fix the time or times and determine the terms and conditions of delivery of the notes of this Series; to appoint and to enter into appropriate contracts or agreements with one or more Paying Agents and a Registrar, and to designate the office or offices of any such Paying Agent or Paying Agents at which payments shall be made and the office or offices of any such Registrar at which the books for registration shall be kept; to enter into any appropriate contracts or agreements providing insurance in connection with the notes of this Series; to enter into appropriate contracts or agreements in connection with the issuance of the notes of this Series as book-entry only securities; to make any selection, designation, determination or estimate and to take or withhold any action and to formulate and express any opinions and to exercise any discretion or judgment which may be or is required to be made, taken, withheld, formulated, expressed or exercised by the Authority as a condition precedent to the issuance of the notes of this Series or for the purpose of determining whether all conditions precedent to their issuance exist, the Authority hereby adopting all such selections, designations, determinations, actions, withholdings of action, estimates and exercises of judgment and discretion, whether pursuant to Section 3 of the Consolidated Bond Resolution of October 9, 1952, or otherwise, as its own; and to authorize any of the foregoing and generally to take such other action as in the opinion of the Committee will best serve the public interest.

SECTION 4. The Committee shall have power to authorize one or more official statements in the name of and on behalf of the Authority (describing the Authority, its financial condition and the notes offered for sale, and making representations on behalf of the Authority). The Authority hereby authorizes the underwriter or underwriters purchasing the notes in offering the notes of this Series for resale to use such official statement or statements and representations as those of the Authority.

SECTION 5. No part of the proceeds of the notes of this Series shall be invested directly or indirectly in such a manner as to cause the interest on such notes of this Series to be subject to Federal income taxes under Section 148 of the Internal Revenue Code of 1986, as amended, or successor provisions of law, and the applicable regulations related thereto.

SECTION 6. The Committee; Chairman of the Authority; Vice Chairman of the Authority; Chairman of the Committee; Executive Director; Assistant Executive Director; Chief Financial Officer; Deputy Chief Financial Officer; or Treasurer of the Authority is hereby authorized, in connection with the notes of this Series, to take any action which may be necessary or desirable to assure that the notes of this Series are in conformity with the provisions of Section 103, of the Internal Revenue Code of 1986, as amended, or successor provisions of law, and the applicable regulations related thereto, and that the interest on such notes of this Series is not includible

for Federal income tax purposes in the gross income of the recipients thereof under Section 103(a) of the Code, or successor provisions of law, or regulations with respect thereto, and any such actions taken in connection therewith are hereby ratified. The Chairman of the Authority; Vice Chairman of the Authority; Chairman of the Committee; Executive Director; Assistant Executive Director; Chief Financial Officer; Deputy Chief Financial Officer; Comptroller; Assistant Comptroller; Treasurer; or Assistant Treasurer of the Authority is hereby authorized to certify on behalf of the Authority as to the need for the issuance of the notes of this Series for the purposes for which the notes of this Series are issued, as to the status of the projects for which the proceeds of the notes of this Series would be used, as to the Authority's intentions with respect to the application and investment of said proceeds, and as to such other related matters as may be authorized by the Committee and any such actions taken in connection therewith are hereby ratified.

Port Authority Operating Equipment — Lease Financing Program - Amendment

Pursuant to the foregoing report, the following resolution was unanimously adopted:

WHEREAS, The Port Authority of New York and New Jersey (hereinafter referred to as the "Authority") has been authorized and empowered to issue bonds, notes, securities or other obligations or evidences of indebtedness to provide funds for the financing of capital or other expenditures in connection with its facilities; and

WHEREAS, on April 11, 1985, the Authority, inter alia, authorized the Executive Director to enter into lease-financing transactions (hereinafter referred to as the "Port Authority Operating Equipment -- Lease Financing Program" or the "Lease Financing Program") no earlier than May 1, 1985, and no later than June 30, 1988, to facilitate the purchase of portions of the Authority's operating equipment in an aggregate principal amount of lease-financing transactions not to exceed $10 million at any one time; and

WHEREAS, on July 11, 1985, the Authority clarified the list of facilities of the Authority for which operating equipment could be purchased under the Lease Financing Program; and

WHEREAS, on April 10, 1986, the Authority, inter alia, authorized an increase in the aggregate principal amount of lease-financing transactions to be outstanding under the Lease Financing Program at any one time from up to $10 million to up to $25 million; and

WHEREAS, the Authority has determined to further increase the aggregate principal amount of lease-financing transactions to be outstanding at any one time under the Lease Financing Program from up to $25 million to up to $50 million and to extend the period during which lease-financing transactions may be entered into to June 30, 1990;

NOW, THEREFORE, after due consideration had, it is

RESOLVED, that the resolution of April 11, 1985 (appearing at pages 150 et seq. of the Official Minutes of that date) entitled "Port Authority Operating Equipment -- Lease Financing Program," as heretofore amended by resolutions of the Authority adopted July 11, 1985 (appearing at pages 297 et seq. of the Official Minutes of that date), entitled inter alia, "Report on Public Hearing - Lease Financing Program - Amendments," and April 10, 1986 (appearing at pages 213 et seq. of the Official Minutes of that date) entitled "Port Authority Operating Equipment -- Lease Financing Program - Amendment," is hereby further amended and supplemented to read as follows:

RESOLVED, that the Executive Director; Assistant Executive Director; Chief Financial Officer; Deputy Chief Financial Officer; or Treasurer of the Authority is hereby authorized on behalf of the Authority to enter into lease-financing transactions on and prior to June 30, 1990, to facilitate the purchase of

portions of the Authority's operating equipment including, but not limited to: automotive vehicles, telephone, radio and computer equipment, and office furnishings, all of which vehicles, equipment and furnishings may be purchased for use by the Authority or others at any of its facilities (including facilities of the Authority certified or to be certified after the date hereof); in an aggregate principal amount not to exceed $50 million of lease-financing transactions at any one time outstanding; with interest payable under the Lease Financing Program by the Authority to the lessor-investor or investors at a rate of interest not to exceed 60% of Bank of America's variable reference rate of interest, publicly announced as such, for the agreement with the proposed initial lessor-investor, and in the case of lessor-investors other than the initial lessor-investor or in the event of a significant change in market conditions as determined by the Executive Director (which in each case said Executive Director is hereby authorized to fix and determine), at a rate of interest to be fixed and determined by the Executive Director not to exceed 85% of Bank of America's variable reference rate, publicly announced as such; with the term of each letting of equipment not to exceed the useful life of the equipment included in such letting; and with the rental obligation for each letting of equipment to be divided into components of principal and interest and to be an operating expense of the Authority, payable in the same manner and out of the same revenues as all other such expenses of the Authority; and it is further

RESOLVED, that the Executive Director; Assistant Executive Director; Chief Financial Officer; Deputy Chief Financial Officer; or Treasurer of the Authority is hereby authorized on behalf of the Authority to enter into agreements with BankAmerica Trust Company of New York, or other financial services entities, and with the initial lessor-investor or other lessor-investors, to effectuate the purchases and lease-financings (and to take such other action as may be necessary or desirable in connection with such purchases and lease-financings) of the above described operating equipment; to provide for a placement fee of up to 1% of the principal amount of equipment financed by the Lease Financing Program to Wellfleet Capital Company, or other financial services entities, to be paid as funds are periodically received from the lessor-investor or investors; and to provide for the payment by the Authority of an annual administrative fee to BankAmerica Trust Company of New York, or other financial services entities, not in excess of a total amount of $5,000 per year during the term of the Lease Financing Program; with the continuing agreement with BankAmerica Trust Company of New York or any supplement thereto not to provide for any other payments, by the Authority of legal, financial or administrative charges of BankAmerica Trust Company of New York in connection with the establishment of the Lease Financing Program with the initial lessor-investor in excess of the $20,000 payment previously made; and it is further

RESOLVED, that no part of the payments by the lessor-investor or investors to the Authority shall be invested directly or indirectly in such a manner as to cause the interest payable by the Authority to the lessor-investor or investors under the Lease Financing Program to be subject to Federal income taxes under Section 148 of the Internal Revenue Code of 1986, as amended, or successor provisions of law, and the applicable regulations related thereto; and it is further

RESOLVED, that the Committee on Finance; Chairman of the Authority; Vice-Chairman of the Authority; Chairman of the Committee on Finance; Executive Director; Assistant Executive Director; Chief Financial Officer; Deputy Chief Financial Officer; or Treasurer of the Authority is hereby authorized, in connection with the Lease Financing Program, to take any action which may be necessary or desirable to assure that the lease-financing transactions included in the Lease Financing Program are in conformity with the provisions of Section 103 of the Internal Revenue Code of 1986, as amended (hereafter referred to as the "Code"), or successor or prior provisions of law to the extent applicable, and the applicable regulations related thereto, and that the interest payable by the Authority under the Lease Financing Program to the lessor-investor or investors is not includible for Federal income tax purposes in the gross income of the recipients thereof under Section 103(a) of the Code, or successor provisions of law, or regulations with respect thereto, and any such actions taken in connection therewith are hereby ratified. The Chairman of the Authority; Vice Chairman of the Authority; Chairman of the Committee on Finance; Executive Director; Assistant Executive Director; Chief Financial Officer; Deputy Chief Financial Officer; Comptroller; Assistant Comptroller; Treasurer; or Assistant Treasurer of the Authority is hereby authorized to certify on behalf of the Authority as to the need for the lease-financing transactions included in the Lease Financing Program for the purposes for which such lease-financing transactions included in the Lease Financing Program are entered into, as to the status of any projects for which the proceeds of the lease-financing transactions included in the Lease Financing Program would be used, as to the Authority's intentions with respect to the application and investment of said proceeds, and as to such other related matters as may be authorized by the Committee on Finance and any such actions taken in connection therewith are hereby ratified; and it is further

RESOLVED, that the form of the agreements hereby authorized be subject to the approval of General Counsel or his designated representative.

(Board - 4/9//87)

Port Authority Bus Terminal - Chase Manhattan Bank (National Association) - New Lease

It was recommended that the Board authorize the Executive Director to enter into a lease with Chase Manhattan Bank (National Association) at the Port Authority Bus Terminal for a branch bank containing automatic teller machines and a fully staffed office available to assist customers in opening accounts, making loan applications and other banking related services. The term of the lease is for approximately ten years, expiring on the day preceding the tenth anniversary of the date payment of rental commences. The tenant will have the right to terminate the lease at any time after the second anniversary of the date payment of rental commences under certain conditions. Rental is expected to commence no later than 180 days after the premises are delivered to the tenant. The lease provides for a rental at the annual rate of $175,000 for the first five years and $200,000 for the balance of the term. The tenant will pay for chilled water at the rate of $3.17 per square foot, subject to escalation in accordance with the Consumer Price Index. The space will be delivered in its "as is" condition and the tenant will be responsible at its sole cost, for all necessary construction to prepare the premises for its operations. It is expected that this service will benefit both the terminal's commuting population and the business community in the area.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is hereby authorized to enter into a lease with Chase Manhattan Bank (National Association) at the Port Authority Bus Terminal substantially in accordance with the terms and conditions set forth above, the form of the agreement to be subject to the approval of the General Counsel or his designated representative.

(Board - 4/9/87)

Retention of Independent Auditors for 1987

Under the By-Laws, the Audit Committee has the responsibility to recommend retention of independent accountants for designation by the Board to audit the books and accounts of the Port Authority. The Audit Committee monitors the independent auditing function and decides annually the question of which firm to recommend to the Board for retention by the Port Authority and for what period of time in light of then current circumstances.

Consistent with that policy and after a full review and discussion of the policy and the performance of Touche Ross & Co., the Audit Committee recommended that the Board retain Touche Ross & Co. to audit the accounts and financial statements of the Port Authority for the year ending December 31, 1987.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that Touche Ross & Co. be and it hereby is designated as independent auditors to audit the accounts and financial statements of the Port Authority for the year ending December 31, 1987; and it is further

RESOLVED, that, in accordance with the By-Laws of the Port Authority, the matter of arranging for such auditing by the above designated auditors and for monitoring the auditors' performance be and it hereby is referred to the Audit Committee.

(Board - 4/9/87)

Teleport - Teleport Communications - Reimbursement Agreement

The Board is requested to ratify the Executive Director's payment to Teleport Communications of the sum of $640,480, to reimburse Teleport Communications for costs incurred by it for certain work performed for the Port Authority's account and to authorize the Director, World Trade and Economic Development to enter into an agreement to reimburse Teleport Communications for the cost of performing certain additional work to be performed for the Port Authority at an estimated cost of approximately $400,000.

The lease agreement between the Port Authority and Teleport Communications obligates the Port Authority to construct a Shield Wall and related infield infrastructure as well as to construct the Telecenter Building. In order to expedite the completion of this work, staff agreed to permit the tenant to undertake portions of this work. The tenant has already performed substantial work and has been reimbursed the sum of $640,480.

The tenant is to be reimbursed for all costs incurred in the performance of the balance of the work which remains to be performed, at an estimated cost of approximately $400,000. The work involved includes electrical installations to provide an uninterruptible power system, a generator, temporary electric meters, conduits, cables and feeders, underfloor cable ducts, temporary electrical facilities for certain customers of the tenant, re-design of the Shield Wall, installation of stairways and roadway paving.

Approximately one-half of this $1 million reimbursement is recoverable as Telecenter Building rent, and based on current estimates the other half is recoverable through a combination of earth station rentals and 5% of Teleport Communications gross revenues.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board ratify the Executive Director's payment to Teleport Communications of the sum of $640,480 to reimburse Teleport Communications for the cost of certain work performed by Teleport Communications for the account of the Port Authority and authorize the Director, World Trade and Economic Development to enter into an agreement to reimburse Teleport Communications for the cost of certain additional work to be performed for the Port Authority at an estimated cost of approximately $400,000, the form of the agreement to be subject to the approval of General Counsel or his designated representative.

(Board - 4/9/87)

Newark International Airport - Central Terminal Area Additional Automobile Parking Exit Facilities Project Authorization

Significant increases in passenger volumes at Newark International Airport over the past years have resulted in a growing demand for airport parking space. In particular, the increase in Central Terminal Area (CTA) parking at Newark International Airport has led to parking lot saturation during peak periods and resultant increases in demand on the existing parking exit toll lanes. This excessive exit demand has been experienced on numerous occasions and has resulted in inordinate delays to patrons. Worsening of the situation is expected as a result of increased operations in Terminal B and the pending commencement of full passenger operations in Terminal C.

To minimize traffic congestion at the Central Tolls Plaza and increase operational effectiveness, staff recommends the construction of six additional and modification of two existing toll lanes within the CTA and the purchase and installation of associated equipment. The six additional toll lanes, together with the recently instituted manual precashiering process, is expected to significantly reduce parking lot congestion.

A publicly advertised contract or contracts will be utilized for the construction and for the purchase and installation of associated equipment.

The following resolution was unanimously adopted:

RESOLVED, that a project is authorized for the construction and modification of parking lot exiting facilities which will result in six additional toll lanes within the Central Terminal Area at Newark International Airport, at a total project cost presently estimated at approximately $2.7 million including payments to contractors, an allowance for extra work, and engineering, administrative and financing expenses; and it is further

RESOLVED, that the Executive Director is authorized, either to award a publicly advertised contract or contracts on the basis of bids received for the construction of said facilities and for the purchase and installation of equipment to, in the case of each contract, the lowest bidder who, in his opinion, is qualified by reason of responsibility, experience and capacity to perform the work and whose bid price the Executive Director deems reasonable, and to order extra work up to the amount of 10% of the amount of each bid accepted, or to reject all bids, the form of the contract or contracts to be subject to the approval of General Counsel or his authorized representative.

(Board - 4/9//87)

La Guardia Airport - Host Services of New York, Inc. and United Air Lines, Inc. - Amendment to Leases

It is recommended that the Board amend its previous resolutions authorizing the Executive Director to enter into agreements with Host Services of New York, Inc. and United Air Lines, Inc. at LaGuardia Airport covering among other things the performance by Host and United of certain construction work for the Port Authority's account.

At its meeting on February 14, 1985, the Board authorized an agreement with Host extending Host's lease of certain eating facilities at LaGuardia and also authorized Host to perform certain asbestos removal and ramp work for the Port Authority at an estimated cost of $700,000. In a related action, on January 9, 1986, the Board authorized an agreement with United Air Lines, Inc. covering among other things the performance by United of certain work for Host with the Port Authority to reimburse United in an amount not to exceed $575.000 for this work. Host would repay the Port Authority the amount paid to United.

The estimated cost of the asbestos removal work to be performed by Host has increased substantially due to the adoption of new Port Authority standards covering such work in response to new governmental regulations and guidelines. In addition staff now recommends that Host be authorized to perform interior finishing work in the West End Mall concession area for the Port Authority. The cost of the work to be performed by United has also increased over the estimated cost at the time of the Board's previous authorization. The amount that Host is to be reimbursed for all of the work it will perform for the Port Authority will be increased to an amount not to exceed $3.1 million. The amount United is to be paid for its work will be increased to an amount not to exceed $630,000.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board amend its previous resolutions authorizing the Executive Director to enter into agreements with Host Services of New York, Inc. and United Air Lines, Inc. at LaGuardia Airport substantially in accordance with the terms set forth above, the form of the agreements to be subject to the approval of General Counsel or his designated representative.

(Board - 4/9/87)

Newark International Airport - Taxiway Additions and Modifications - Project Authorization

As a result of an evaluation conducted by staff, along with the Federal Aviation Administration and various airline representatives, a need was identified to improve the runway/taxiway system at Newark International Airport. Aircraft movements have grown from approximately 197,000 in 1980 to approximately 400,000 in 1986 and are estimated to reach close to 420,000 by the late 1990s. Because of current and anticipated increases in movements and because of the transfer of most passenger flights to the Central Terminal Area (CTA), it was concluded that a taxiway construction project was necessary to provide improved runway exiting capability, departure queuing flexibility, and taxiway access to the CTA.

The taxiway additions and modifications project anticipates the construction of Taxiway "X" from Taxiway "V" to Runway 22R departure end, the extension of Taxiway "Y" from Taxiway "R" to Runway 22R and the extension of Taxiway "K" west to Taxiway "M". The project will also provide enhanced exit connections from Runway 4R-22L at Taxiway "K", and from Runway 11-29 to Taxiways "R", "S", and "P".

The construction of Taxiway "X" will permit increased flexibility of aircraft movements as well as additional departure queuing capacity to accommodate anticipated and current higher volumes of traffic. The enhanced exit connections will allow aircraft to exit at higher speeds, thus reducing runway occupancy time. The extension of Taxiway "K" will provide a direct connection to the peripheral taxiway system serving the CTA.

This project is eligible for an estimated $8.7 million dollars in Federal funding.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that a taxiway construction project is authorized at Newark International Airport at an estimated total project cost of approximately $13.7 million including payments to contractors, an allowance for extra work and administration, engineering and financing expenses; and it is further

RESOLVED, that the Executive Director is authorized to either award a publicly advertised contract or contracts on the basis of bids received for the construction of said facilities to, in the case of each contract, the lowest qualified bidder who, in his opinion, is qualified by reason of responsibility, experience and capacity to perform the work and whose bid price the Executive Director deems reasonable, and to order extra work up to the amount of 10% of the amount of each bid accepted, or to reject all bids, the form of the contract or contracts to be subject to the approval of General Counsel or his authorized representative.

(Board - 4/9/87)

Newark International Airport - People Express Airlines, Inc. - Terminal C

Under the terms of Lease ANA-170 with People Express Airlines, Inc., the carrier is constructing the finishes and other improvements of approximately two thirds of Terminal C. The Port Authority is providing the cost of the finishes and improvements, including the cost of architectural and engineering services, up to a maximum of $175 million. The Lease was recently amended to include as part of the construction work loading bridges and personal property items involving heating and power at the gate positions estimated to cost $8.85 million. The cost of construction of the annex to the North Terminal of approximately $3.85 million was also included in the cost of the construction work under the Terminal C lease and subject to its $175 million limitation. In addition, certain repair work to the Terminal C roof was included in the construction, at a cost not to exceed $2.5 million with said cost to be borne by the Port Authority.

People Express Airlines, Inc. has been acquired by Texas Air Corporation. Under the terms of Lease ANA-170 with People Express Airlines, Inc., the fixed term of the Terminal C lease changed to a month to month status because of the occurrence of certain triggering events. Port Authority staff are renegotiating the terms of the Lease with Continental Airlines, Inc., the subsidiary of Texas Air Corporation designated by it.

Meanwhile construction of Terminal C is proceeding and to date the Port Authority has paid or committed approximately $139 million of construction payments. It is currently anticipated that total construction payments will reach the authorized maximum of $175 million by the end of June 1987.

Construction is expected to be completed by the end of this year. Total cost of construction is currently estimated to be about $250 million, including the items recently included as part of the construction work. Authorization is now being requested to increase the maximum amount of the funds that may be provided by the Port Authority for the construction from $175 million to $225 million. The additional $50 million would only be used to construct general purpose airline facilities that could be utilized by any potential airline tenant. It is expected that Lease ANA-170 would be amended to change the $175 million maximum to $225 million with repayment under the existing rental formula.

Authorization is also being requested for the Port Authority to assume agreements People Express Airlines, Inc. has with certain contractors and consultants and to enter into additional agreements as may be necessary in order to complete construction of Terminal C, in the event that Lease ANA-170 is terminated or staff determines that People Express Airlines, Inc. is unable or unwilling to complete construction.

By letter dated February 26, 1987, the Executive Director advised People Express Airlines, Inc. that until May 1, 1987, that Port Authority will not exercise its remedies, including its right to terminate the Lease by notice issued and effective before May 1, 1987, based on the failure to pay rent before May 1, 1987, and/or the failure to complete the construction on or before May 1, 1987.

(Board - 4/9/87)

In view of the ongoing negotiations with Continental Airlines, Inc., the Executive Director, by letter dated March 31, 1987, advised People Express Airlines that the Port Authority will not exercise the above stated remedies before July 1, 1987.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director, for and on behalf of the Port Authority, be and he hereby is authorized to: (a) authorize an increase in the maximum amount of the funds that may be provided by the Port Authority for the construction of Terminal C at Newark International Airport as specified above from $175 million to $225 million; and (b) enter into agreements directly with certain contractors and consultants currently under agreement with People Express Airlines, Inc., and others as may be required to complete construction of Terminal C; the form of said authorization and agreements to be subject to the approval of General Counsel or his designated representative.

(Board - 4/9//87)

Kennedy International and La Guardia Airports - Extension of Ground Transportation Contracts - AYB-306 and AG-862 for Intra-Airport Bus Services - Hudson General Corporation

It was recommended that the Board authorize the Executive Director. for and on behalf of the Port Authority, to enter into agreements extending the terms of Port Authority Contracts AYB-306 and AG-862 with Hudson General Corporation for two additional years and a further option period of up to twelve months, exercisable at the discretion of the Executive Director, covering intra-airport ground transportation services at Kennedy International and LaGuardia Airports. The estimated total annual cost of the contracts during the extension and option years is $3.767,000, $3,871.000 and $4,078,000, respectively. It was further recommended that the Board authorize the Director of Aviation, at his discretion, to order additional services by the contractor during the extension at additional payments of not more than 15% of the total estimated contract price.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is hereby authorized, for and on behalf of the Port Authority, to enter into agreements with Hudson General Corporation at Kennedy International and LaGuardia Airports in accordance with the foregoing; and it is further

RESOLVED, that the Director of Aviation is hereby authorized, for and on behalf of the Port Authority, to order additional services by the contractor during the extension at additional payments of not more than 15% of the aforesaid total estimated contract price; and it is further

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

(Board - 4/9/87)

Fishport - Handling Hall and Auction Rules and Regulations and Schedule of Rates and Charges

It was recommended that the Board adopt the attached Handling Hall and Auction Rules and Regulations governing the conduct and operation of a fresh fish display auction at the Port Authority Fishport at Erie Basin and the attached Schedule of Rates and Charges for services provided at the Fishport, and that the Board authorize the Executive Director to amend such Rules and Regulations and Rates and Charges from time to time, to select and then authorize buyers of fish at auction by entering into a Permit Agreement with each, and to enter into appropriate banking arrangements with Citibank, N.A., required for the operation of the auction. The fresh fish display auction will be conducted by the Port Authority in the Handling Hall currently under construction in Building 300 which is expected to open in September 1987. Buyers of fish must be Permittees who would either be selected by a procedure to be adopted by the Executive Director, or be Fishport tenants in good standing. Under said Rules and Regulations the Port Authority will be making payment to sellers and receiving payment from buyers, which payment obligation will be backed by security from each buyer of a type and form satisfactory to and in favor of the Port Authority. Buyers' checks will be deposited in the Port Authority's main account at Citibank, N.A., while Port Authority checks issued to sellers will be drawn on the Fishport Auction sub-account or related account. Establishing a Fishport account on a zero balance basis to be a sub-account or related account to the Port Authority's main account at Citibank, N.A., and to be funded by such account was found, after extensive discussion of various alternatives, to be the most cost effective means of processing auction sales while providing for same-day payment for sellers of fish at the auction.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the attached Handling Hall and Auction Rules and Regulations governing the conduct and operation of a fresh fish display auction at the Port Authority Fishport at Erie Basin and the attached Schedule of Rates and Charges for services provided at the Fishport be and the same hereby are adopted; and it is further

RESOLVED, that the Board authorize the Executive Director, on behalf of the Port Authority, to amend such Rules and Regulations and Rates and Charges from time to time, to select and then authorize buyers of fish at auction by entering into a Permit Agreement with each, and to enter into appropriate banking arrangements with Citibank, N.A. required for the operation of the auction, the form of such amendments and Permit Agreements to be subject to the approval of General Counsel or his designated representative.

RULES AND REGULATIONS OF THE PORT AUTHORITY HANDLING HALL AND AUCTION AT THE PORT AUTHORITY FISHPORT

I. INTRODUCTION

The Port Authority of New York and New Jersey ("the Port Authority"), a body corporate and politic created by Compact between the States of New York and New Jersey with the consent of the Congress of the United States of America, having an office and place of business at One World Trade Center, New York, New York 10048, by its officers, employees, representatives and contractors will operate a fish handling hall ("the Hall") to include a display-type fish auction ("the auction") in a portion thereof, the Hall to be located at the Port Authority Fishport ("the Fishport"), a fish landing, processing and distribution center at Erie Basin in the County of Kings, City and State of New York. The Port Authority will provide equipment and personnel for the culling, weighing, boxing, temporary storage and sale of fish, and will conduct auctions of fish at which such persons who have applied for and been accepted by the Port Authority as Permittees may bid. The Port Authority has promulgated and adopted these Rules and Regulations ("the Rules") to govern the conduct and operation of the Hall and auction and of all persons doing business thereat.

II. PERMITTEE

2.1 Permittees. All references to a "Permittee" in the Rules shall refer to a person to which permission has been granted by the Port Authority by written agreement ("the Permit") executed by both the Permittee and the Port Authority to exercise buying privileges at the auction. Sellers of fish may also apply for a Permit to exercise buying privileges at the auction.

2.2 Privileges. Subject to the provisions of the Permit and the Rules, the privileges of a Permittee shall include admission to the display floor and auction room in the Hall and the privilege to bid at the auctions conducted thereat.

2.3 Eligibility. Subject to the provisions of Section 2.5 of the Rules, Permits will be issued to dealers and wholesale purchasers of fresh fish including purchasers for commercial use who are of good credit and business standing and character as determined by the Port Authority, and who desire, expect and intend to purchase fish at the auction.

2.4. Application Procedure. Any persons interested in becoming a Permittee must complete a Fishport Permit Application Form which may be obtained by mail or in person from the Fisheries Manager, Port Department, Port Authority of New York and New Jersey, One World Trade Center, New York, New York 10048. The Port Authority shall issue as many Permits as it deems advisable for the efficient operation of the Hall and the auction thereat. All applications must be properly completed and submitted to the Port Authority as provided on the Fishport Permit Application Form. If there are more eligible applicants than available Permits the Port Authority may select from among those eligible applicants those to whom it will issue a Permit. Eligible applicants who are not offered a Permit will be placed on a waiting list in such order as may be established by the Port Authority, based on such criteria it deems appropriate, and will be notified by the Port Authority if a Permit becomes available at the address set forth in the Fishport Permit Application Form, as such may be changed by written notice to the Port Authority from the applicant. Permits shall be issued for a fixed period, subject to revocation or termination as provided therein, and the receipt of a Permit for any period does not imply or represent that such Permit will be renewed or extended, but criteria for renewal or extension may be established by the Port Authority. A Permit shall not be deemed issued to an applicant until executed by such applicant and the Port Authority and delivered to such applicant. Each tenant of the Port Authority occupying premises at the Fishport for the processing of fish who is in good standing will be offered a Permit for its execution after submitting an application therefor, and the Port Authority may extend similar treatment to such subtenants thereof as it deems appropriate.

2.5. Level of Permittee Activity. In addition to all other rights of revocation and termination set forth in the Permit, the Port Authority shall have the right to revoke on three (3) days' notice the Permit of any Permittee (including Fishport tenants, or if applicable, subtenants) who does not

purchase fish at the Fishport auction at least five (5) days out of every twenty (20) days on which auctions are conducted.

2.6. Permit Fees. Each Permittee (other than a Fishport tenant, or, if applicable, subtenant shall pay to the Port Authority a basic annual fee for the privilege set forth in the Permit in an amount established by the Port Authority from time to time. For the first year of the Hall's operation, the basic annual fee shall be One Thousand Dollars and No Cents ($1,000.00). In addition to the basic annual fee, all Permittees shall pay to the Port Authority an auction purchase fee, and such other fees and charges as may be established by the Port Authority from time to time, by published Schedule, or otherwise. All fees so established shall be posted in the Manager's office.

2.7. Telephone Installation. Permittees may, at their sole cost and expense, install telephone equipment at their auction post. All maintenance and other costs and expenses in connection with such equipment shall be the responsibility of the Permittee. The nature, time and manner of performance of all installation and maintenance work shall be subject to the prior written approval of the Port Authority, which approval may require the submission by the Permittee of an alteration application. The Port Authority reserves the right to perform or arrange for the performance of such work, at the Permittee's expense, and the right to require a fee from installers of such equipment.

2.8. Representatives. Each representative of each Permittee who is to have access to the Hall is subject to the prior and continuing approval of the Port Authority. No Permittee shall have more than two (2) representatives in the Hall at any one time. Only one (1) representative of each Permittee may occupy a seat in the auction room at any one time. Each Permittee shall designate its representatives on the Permit and shall supply such background information regarding such persons as may be requested by the Port Authority. Permittees shall give the Port Authority prior written notice before changing their designated representatives, and all such changes shall be subject to Port Authority approval. All representatives shall be issued representatives' photo I.D. cards, which they shall carry with them at all times while in the Hall and elsewhere at the Fishport. Such cards shall be not be transferable and shall be used only to admit the person

designated thereon. Representatives shall show their cards and other requested documentation to Port Authority personnel in order to obtain access to the Hall and the auction room. The Port Authority retains at all times the right to deny access to the Hall and the auction room or remove therefrom all unauthorized personnel.

III. PRE-AUCTION PROCEDURES

3.1 Types of Fish Accepted. The Port Authority will accept for sale at the auction such species of fresh fish and shellfish it may deem acceptable and will post a list of such species in the Hall. The Port Authority reserves the right to refuse to permit the sale of any fish at the auction if in its opinion the proposed sale would violate the Rules. All fish delivered to the Hall by vessel or truck must comply with all federal, state and local laws and regulations, which are applicable, including, without limitations, all laws and regulations relating to size and species of fish. All sellers of fish shall procure all licenses and pay all fees required by such laws or regulations in connection therewith. The foregoing shall not be construed as a submission by the Port Authority to the application to itself of such requirements, but, no immunity or exemption of the Port Authority from any of the foregoing requirements shall excuse compliance or be grounds for noncompliance on the part of any seller.

3.2 Fish by Species. All fish delivered to the Hall by vessel or truck must be separated by species. Port Authority specifications for boxing of fish may be obtained from the Manager's office.

3.3 Gutted and Gilled Fish. All cod, haddock, pollock, cusk, hake, and halibut delivered to the Hall must be gutted. All cod, haddock, and pollock delivered to the Hall during the period from March 1 through December 1 of each year must be gilled.

3.4 Hailing by Vessels. All Masters of vessels must hail the Manager's office at least twelve (12) hours in advance of arrival. On hailing, the vessel's Master must identify himself, the name of the vessel, and the vessel's owner and provide the following information: (i) the estimated time of arrival of the vessel at the Fishport; (ii) the estimated amount, in pounds, of each species of fish to be unloaded from the

vessel; (iii) the amount of fish, if any, boxed-on-board; (iv) the minimum acceptable bid for each species, if any, and (v) such other information as the Port Authority may request. Hailing shall be accomplished by radio or other communication acceptable to the Port Authority to the Manager's office.

3.5 Notification by Trucked-in Sellers. All owners wishing to deliver fish to the Hall by truck for sale at the auction must designate a representative who will be authorized to sell the product on behalf of the owner, and must supply such information regarding their designated representative as the Port Authority shall request. Only such designated representative will be permitted to arrange for the sale of fish trucked to the Hall. The owner of fish to be delivered to the Hall by truck for sale at the auction should notify the Manager at least twelve (12) hours before the truck arrives at the Fishport, identifying himself, the trucking company delivering the fish, the license plate and registration numbers of the truck, the name and other requested information regarding his designated representative if not previously provided, and must provide the following additional information: (i) the estimated time of arrival of the truck at the Fishport; (ii) the estimated amount, in pounds, of each species of fish to be delivered for sale and the port of origin of the fish; (iii) the minimum acceptable bid for each species, if any, and iv such other information as the Port Authority may request. Fish delivered by truck may not be accepted for sale at the auction if the procedures set forthherein have not been complied with, unless any such procedures are specifically waived for a particular sale by the Manager.

3.6 Berthing of Vessel. Vessels will be permitted to berth only at such times, and for such duration and in such order as directed by the Manager. All berthing will be performed solely at the risk of the vessel owner.

3.7 Check-In of Vessels. Upon arrival at the Fishport the Master of a vessel shall check in at the Manager's office where he will complete a hail sheet/berth application certifying (a) the accuracy of the information hailed-in by the Master as provided in Section 3.4 as such information may be amended, if necessary, and (b) such other information the Port Authority may request.

3.8 Check-in of Trucks. When a truck delivering fish to be sold at the auction arrives at the Fishport, the seller's designated representative shall check in at the Manager's office, where he will complete a hail sheet certifying (a) the accuracy of the information hailed-in by the owner as provided in Section 3.5 as such information may be amended, if necessary, and (b) such other information the Port Authority may request.

3.9 Responsiblity for Hail-sheet. It is the responsibility of the person completing the hail sheet to assure that the information thereon is complete and accurate. The Port Authority assumes no responsibility for incomplete or inaccurate information.

3.10 Numbering of Hail-sheet. The Port Authority will number each hail sheet in sequence at the time the person completing it checks in at the Manager's office. Product will be handled in this order except that in times of great demand for offloading services the Manager may give priority to vessel-landed fish.

3.11 Seller Codes. After the hail sheet is completed a seller code will be assigned to the product. This code will apply to all product on the vessel or truck that will be going into the auction. The codes will be posted in the sorting area along with information from the hail sheet.

3.12 Unloading of Vessels. If a vessel is equipped with a hoist such hoist may be used by the vessel's crew to unload the vessel; otherwise a Port Authority hoist will be used. The Port Authority's hoist will be operated by its employees or contractors, but the Master must arrange for the delivery of the vessel's catch to the Port Authority hoist. Unloading activities may be slowed or stopped from time to time at the discretion of the Manager.

3.13 Unloading of Trucks. It is the responsibility of the truck operator to move fish to the truck's tailgate for unloading by the Port Authority.

3.14 Culling. Unboxed fish brought to the Fishport by vessel will be culled, weighed and boxed by the Port Authority in accordance with a schedule of species, sizes and quality, to be established from time to time by the Port Authority, which schedule will be displayed at the Manager's office. As a

shipment of fish is culled the Port Authority will record the amount in pounds of each species of fish in such shipment on a Hall Layout/Lot Sheet, and will also assign the shipment a place on the display floor of the Hall ("the display floor"). The Master of the vessel must be present at the culling and weighing or the Port Authority will not perform same, unless the Master's presence at that particular culling and weighing has been specifically waived by the Manager for that particular sale. After the fish are culled and weighed the Master must review the information recorded on the Hall Layout/Lot Sheet, may add or amend any minimum acceptable bid which the Seller wishes to have programmed into the auction clock, and must execute the Hall Layout/Lot Sheet confirming the data and instructions recorded thereon.

The Port Authority reserves the right to reject all fish or shipments of fish which it deems to be unacceptable for sale without liability to the Master of the vessel, the owner of the fish, or any other person.

3.15 Labeling Vessel-landed Fish. When fish brought to the Fishport by vessel is boxed by the Port Authority, each box will be labeled with: seller code/lot number/box number and species/species size or count/weight; such label may also provide the home port of the vessel and the length of trip. It is the responsibility of Master to determine that the labels, as completed, are accurate, and to approve same by execution of the Hall Layout/Lot Sheet.

3.16 Trucked-in Fish. Fish trucked-in will not be re-culled, weighed or boxed by the Port Authority. Fish trucked-in may not be accepted for sale at the auction unless they are packed and delivered in boxes meeting Port Authority standards. The Port Authority reserves the right to spot-check box weights and cull at any time and if it finds improper weights or inconsistent quality to reject the shipment without liability to the owner of the fish, his designated representative or any other person. The Seller's designated representative must be present at such spot check. As a shipment of fish is received, or after the spot-check, if any, the Port Authority will record the amount in pounds of each species of fish in such shipment on a Hall Layout/Lot Sheet, and will also assign the shipment a place on the display floor. The Seller's designated representative must review the information recorded on the Hall Layout/Lot Sheet, may add or amend any minimum acceptable bid which the seller wishes

to have programmed into the auction clock, if any, and must execute the Hall Layout/Lot Sheet confirming the data and instructions recorded thereon.

3.17 Movement of Fish on the Display Floor. Fish shall not be moved onto the display floor less than one hour prior to each auction without the approval of the Manager. The Manager shall determine the order and method of movement of fish on and off the display floor.

3.18 Display of Fish. After culling, an entire seller code of vessel-landed fish will be displayed together on the display floor. An entire seller code of trucked-in fish will be displayed together at a separate area of the display floor reserved therefor and will be clearly identified as such.

3.19 Inspection of Fish. Inspection of fish will be permitted during the display period preceding each auction or at such other time as may be determined by the Manager.

3.20 Information Board. The Port Authority will display in the auction room such items of the information provided by the Master of a vessel or in the case of trucked-in fish by the seller's representative as it deems appropriate regarding the fish to be offered for sale at the auction. The Port Authority assumes no responsibility for the accuracy of any such information.

IV. THE AUCTION

4.1 Time of Auction. Auctions will be conducted Monday through Friday at 12:00 noon, or on such other days or at such other times as may be announced from time to time by the Manager. There will be no auctions on such holidays or other days as may be designated by the Manager.

4.2 Start of Auction and Conditions of Sale. The start of the auction shall be announced by a loud warning signal followed by a start signal. The Auctioneer shall thereupon describe the order of the sale for the day. The conditions of the auction shall include the following:

(a) that the highest bidder will be determined by the action of the auction clock;

(b) that the Rules and, to the extent not inconsistant with the Rules, Title 11, Section 2-328 of the New York Uniform Commercial Code, shall govern the auction;

(c) that in the event of any inconsistency between the Rules and the provisions of any municipal law, rule or regulation the provisions of the Rules shall govern.

(d) that sales, use tax and customs charge requirements will apply;

(e) that all fish are sold without any representations or warranties by the Port Authority, including, but not limited to, warranties, express or implied, as to title, quality, legality, merchantability or fitness for purpose, and any oral or written representations to the contrary by any Port Authority representatives shall be without effect;

(f) that by bidding at the auction, each Permittee certifies that: (a) the price of his bid has been arrived at independently without collusion, consultation, communication or agreement for the purpose of restricting competition, as to any matter relating to such prices with any seller or any other Permittee; (b) the prices quoted in his bid have not been and will not be knowingly disclosed, directly or indirectly, by the Permittee prior to the actual bid to any seller or any other Permittee; and (c) no attempt has been made and none will be made by the Permittee to induce any other Permittee to submit or not to submit a bid for the purpose of restricting competion; and

(g) such other conditions as may from time to time be established by the Port Authority or announced by the auctioneer.

4.3 First Sale. After announcing the order of the sale and making other announcements, if any, the Auctioneer shall proceed to the first lot to be sold, describe the product and announce the start of bidding for that lot by starting the auction clock.

4.4 Bidding. After a lot is announced, the auction clock will be set at a price determined by the Auctioneer and will be allowed to run down. As the bidder activates his key pad to stop the auction clock, he will indicate the number of boxes in the lot that he wishes to purchase, from "one" to "all". No

minimum bid is required unless otherwise announced by the Auctioneer. Bids shall be entered on a price per pound basis. The auction clock price will then be adjusted upward to the originally set price and the process will be repeated until the entire lot is sold or withdrawn as provided in the Rules. No bid, once transmitted to the auction clock, may be retracted by the bidder for any reason whatsoever. No absentee or telephonic bids shall be permitted.

4.5 Minimum Acceptable Bid. A minimum acceptable bid for a lot may be indicated by the seller and programmed into the auction clock prior to the bidding on that lot in accordance with the Rules or at such other times as the Port Authority may accept same. The minimum acceptable bid for the lot must be stated on a price per pound basis.

In the event that the clock reaches a minimum acceptable bid without a sale having been made, it shall be reset. If no sale is made on the second setting, the lot shall be withdrawn. The clock shall continue to be reset so long as a sale is made on the previous setting and fish from that lot remain unsold.

4.6 Further Sales. After the entire lot is sold, the Auctioneer shall offer the balance of the lots from the same seller code. When all of the lots from such seller code have been sold, the Auctioneer shall proceed to the next numbered seller code displayed on the display floor and repeat the process.

4.7 Labeling of Boxes. At the close of the sale of each lot the Port Authority shall label the number of boxes in that lot purchased by a buyer with that buyer's label. The buyer labels will be affixed by lot box number. The buyer may not choose from the lot; the boxes will be assigned consecutively by the Port Authority by number to the buyer based on the order and quantity of purchase.

4.8 Withdrawal Procedure. In the event that an entire lot is not sold after two consecutives clock settings, the unsold portion of that lot shall be withdrawn from the auction. Floor personnel shall mark the unsold lot as having been withdrawn from the sale. At the election of the seller and subject to Section 7.2 the withdrawn lot may be placed in storage until the next auction, provided, however, that no lot may be offered for sale

at auction more than twice unless expressly permitted by the Manager. If an unsold lot is not placed in storage for the next auction the seller must remove such unsold lot from the Hall in accordance with the removal procedures described in Section 4.14.

4.9 Sale is Final. Upon the sale signal of the clock, and subject only to the buyer not exceeding his purchase limit described in Section 5.5, the buyer shall be deemed to have purchased the number of boxes indicated by his bid for that lot at the clock's registered price. In the event that the Port Authority determines that the buyer has exceeded his purchase limit, then no sale shall have occurred and the Port Authority shall so advise the seller. The opportunity of the buyer to inspect the fish prior to the auction as described in Section 3.19 shall conclusively be deemed adequate opportunity to determine any defects. Nothing contained herein shall be deemed a waiver by a seller of any claims or causes of action that such seller may have against a buyer.

4.10 Additional Security Deposits at Check-in. When the buyer's representatives check into the auction, they shall present their credentials to the Manager, along with any acceptable security deposit to be added to the buyer's established security as provided in Section 5.4. The purchase limit of each buyer will be computed at that time. Copies of this information will given to the buyers and to auction personnel. It is the responsibility of each buyer to continuously calculate his current purchase limit as purchases are made.

4.11 Payment Amounts for Buyers. At the conclusion of the day's auction (or, in the event of very large volumes of sales as determined by the Manager, during intermissions) a transaction summary will be delivered to the buyer. The transaction summary shall set forth (i) the gross purchase amount equal to the accepted bid price multiplied by the gross number of pounds of fish purchased, (ii) the applicable fees and charges due the Port Authority at the then current rates as set forth in the Schedule and (iii) the applicable sales or use tax and customs charge. The buyer will then make payment to the Port Authority as provided in Section 5.1.

4.12 Payment of Seller. At the conclusion of the day's auction, the Master of each vessel or, in the case of trucked-in fish, the seller or the seller's designated representative, shall

receive a transaction summary and shall take such transaction summary to the Manager's office. The transaction summary shall set forth (i) the gross sale amount equal to the accepted bid price multiplied by the gross number of pounds of fish sold and (ii) the applicable fees and charges due the Port Authority at the then current rates as set forth in the Schedule. The Port Authority shall thereafter issue a check payable to the order of the seller in the amount of the aforesaid gross sale amount less such fees and charges as set forth in the transaction summary, and less any other monies due and owing to the Port Authority by the seller. Appropriate arrangements may be made with a local bank or banks for the cashing of such checks.

4.13 Sold Product Removal. No portion of a lot which has been sold shall, under any circumstances, be removed from the display floor by a buyer. After a lot has been labeled by the Port Authority in accordance with the labeling procedure described in Section 4.7 and after the buyer has presented a check to the Port Authority in accordance with the provisions of Section 5.1, the Port Authority shall move the buyer's purchase to the tailgate of the buyer's truck. Each buyer shall be responsible for placing the fish purchased by it on the proper truck. Any purchased fish remaining on the loading dock more than a reasonable time after the completion of the auction, as determined by the Manager, may be placed in storage by the Port Authority at the expense of the seller as provided in Section 7.2. Port Authority movement of sold fish shall be after the day's auction has ended, provided, however, that in the event that due to a large volume of sales more space is required than is available in the Hall, the Port Authority may move purchases during the auction at intermissions to be designated by the Manager in order to allow for additional lots to be displayed.

Buyers must not under any circumstances whatsoever separate or divide purchases at the Handling Hall or re-sell such purchases at the Handling Hall.

4.14 Unsold Product Removal. Fish withdrawn from the auction pursuant to Section 4.8 or unsold for any other reason and not placed in storage for the next auction must be removed promptly from the Hall by the seller, in which event the seller shall pay to the Port Authority, in addition to all other

applicable fees, a withdrawal fee at the current rate as set forth in the Schedule. The Port Authority will move such unsold fish to the truck loading dock or to the vessel berthing area, whichever is applicable. Any unsold fish remaining on the truck loading dock or at the vessel berthing area more than a reasonable time (as determined by the Manager) after the completion of the auction may be placed in storage by the Port Authority in accordance with Section 7.2. All fish placed in storage pursuant to this Section shall be subject to storage fees at the then current rate as set forth in the Schedule.

4.15 Title. Title to and risk of loss of the fish shall pass to the buyer at the time of sale. Prior thereto title to and risk of loss of the fish shall be on the seller.

V. PAYMENT BY BUYERS, SECURITY AND PURCHASE LIMIT

5.1 Payment by Buyer. Promptly after receipt of a transaction summary as provided in Section 4.12 the buyer shall deliver its check to the Manager's office payable to "The Port Authority of New York and New Jersey" in a sum equal to the total of the amounts set forth in the transaction summary plus any other monies due and owing to the Port Authority, which payment shall not exceed the buyer's purchase limit.

5.2 Security for Payment. As security for checks delivered to the Port Authority representing payment for purchases made at the auction and fees and charges in connection therewith, each buyer shall deposit with the Port Authority, or shall establish in favor of the Port Authority, security in the minimum sum of One Hundred Thousand Dollars and No Cents ($100,000.00). The type and form of such security shall be as provided in the Permit and shall be subject to all the provisionsthereof, including, but not limited to, the right of the Port Authority to draw on all or a portion of such security.

5.3 Security for Payment by Fishport Tenants or Subtenants. The provisions of Section 5.2 shall apply to Permittees who are also tenants, or if applicable, subtenants of the Port Authority in good standing who occupy premises at the Fishport for the processing of fish, except that there shall be no minimum security required of such Permittees who may each deposit or establish security in a sum determined in their discretion, which sum shall, however, determine their purchase limit in accordance with Section 5.5.

5.4 Additional Security for Payment. In addition to the security to be deposited with the Port Authority in accordance with Sections 5.2 and 5.3, each buyer upon checking into the auction may deposit with the Port Authority additional security in favor of the Port Authority of a type and form provided in the Permit.

5.5 Purchase Limit. A buyer may purchase fish at the auction in an amount not to exceed its "purchase limit" which shall be a sum equal to ninety percent (90%) of the following: the sum of (i) the security deposited with, or in favor of the Port Authority, as provided in Section 5.2 or 5.3, whichever is applicable, and (ii) any additional deposits accepted by the Port Authority as provided in Section 5.4, less the sum of (i) any uncollected checks issued to the Port Authority by a buyer as payment for a purchase, and (ii) any and all other amounts due the Port Authority from such buyer.

5.6 Prohibited Purchases. All buyers are strictly prohibited from bidding for fish in excess of their purchase limit.

VI. SANCTIONS

Permittees, sellers, or any other persons in default under the Rules or, in the case of Permittees, under any terms or conditions of their Permits, may have their respective privileges at the Hall or other Fishport facilities suspended or revoked at the discretion of the Port Authority.

VII. MISCELLANEOUS

7.1 Boxes. The Port Authority shall sell fish handling boxes to sellers and buyers at the then current rate as set forth in the Schedule.

7.2 Storage. Fish withdrawn from auction by the seller for the first time may be placed in storage by the seller until the next auction without incurring storage fees. Any fish arriving on the display floor prior to the permitted time therefor or, if sold, remaining at the Hall more than a reasonable time after the conclusion of an auction (both as determined by the Manager) shall be deemed to have been placed in storage by the seller. Storage fees shall thereupon

automatically commence on account of such fish at the then current rates as set forth in the Schedule. The Port Authority will issue a receipt to the seller of any fish to be stored hereunder, which receipt shall contain such terms and conditions as the Port Authority may deem appropriate and which terms and conditions shall be deemed agreed to by the seller by its delivery of such fish to the display floor, including, but not limited to, terms which may limit any liability of the Port Authority in connection with storage to a specified amount. The Port Authority shall be deemed to have been granted a possessory lien and security interest having the attributes of, and to secure such obligations of the seller of the fish as are described in Article 7, Section 7-209 of the New York Uniform Commercial Code, and such lien shall further secure any and all other present or future obligations of the seller to the Port Authority. If fish placed in storage are not offered for sale by the seller at the first auction following the commencement of the storage period and are not removed from the Hall, or if any fish remain at the Hall in violation of the Rules, the Port Authority may, without prior notice, sell such fish at the next auction (regardless of how many times the fish have previously been at auction), or elsewhere, the proceeds of such sale to be applied first to the expenses of the Port Authority in connection with the removal, storage and sale including, but not limited to, a removal fee at the then current rate as provided in the Schedule, second to any other obligations of the seller to the Port Authority, with any balance remaining to be paid or credited to the seller. If the expenses of such removal, storage and sale shall exceed the proceeds of sale, the seller shall pay such excess to the Port Authority upon demand. If it is unable to sell the fish at such auction, the Port Authority may in itsdiscretion continue to store or discard the fish (at the seller's expense) or attempt again to sell them at the next auction.

7.3 Additional Handling Hall Services. The Port Authority may, in the discretion of the Manager, provide fish handling services at the Handling Hall for product not to be sold at auction, such services to be provided at the then current fees and charges as set forth in the Schedule.

7.4 Sellers. Sellers and their representatives may be barred from access to any portions of the Fishport, including,

but not limited to, the Handling Hall, for failure to observe the Rules.

7.5 Visitors. Visitors shall not be admitted to the Hall without the prior written consent of the Port Authority and in accordance with the terms of such consent.

7.6 Manager's Discretion. The Rules contemplate that the Manager shall retain discretion in order to direct the daily operations of the Hall. In addition to the discretion granted elsewhere in the Rules, the Manager is vested with authority to close the Hall, alter the timing of the auctions or otherwise cancel or suspend operations for causes deemed by him to be appropriate.

7.7 Release and Indemnity of Port Authority. Each Permittee and seller by its participation in the auction shall be deemed to have agreed that the Port Authority, its Commissioners, officers, employees and representatives, shall not be held liable, and each Permittee and seller waives and releases any claim or cause of action against the Port Authority, its Commissioners, officers, employees, agents, representatives and contractors, now or hereafter arising as a direct or indirect result of the Port Authority's operation of the auction, Hall or Fishport. Each Permittee and seller shall indemnify and hold harmless the Port Authority, its Commissioners, officers, employees, agents, representatives and contractors from and against all claims and demands, just or unjust, of third persons arising or alleged to arise out of the operation of the auction, the Hall or the Fishport by the Port Authority and for all expenses incurred by it and by them in the defense, settlement or satisfaction thereof, including without limitation thereto, claims and demands for death, for personal injury or for property damage, direct or consequential, whether they arise from the acts or omissions of a Permittee or seller or their designated representatives, of the Port Authority, or of third persons, or from acts of God or otherwise, excepting only claims and demands which result solely from affirmative wilful acts done by the Port Authority, its Commissioners, officers, employees, agents, representatives and contractors with respect to the operation of the auction, the Hall or the Fishport.

7.8 Definitions. The following terms, when used in these Rules, shall have the respective meanings below:

(a) "Fishport" shall mean the real property, land, land under water, buildings, structures, fixtures, improvements and other property located in the Borough of Brooklyn, in the County of Kings, in the City and State of New York, transferred to the Port Authority under the provisions of the following:

(i) a deed from Beard's Erie Basin, Inc. dated December 15, 1958, recorded in the Office of the City Register, Kings County, on December 16, 1958 in Liber 8686 of Conveyances on pages 311 et seq.;

(ii) a deed from The United States of America, acting by and through the Administrator of General Services, dated August 31, 1959, recorded in the Office of the City Register, Kings County, on September 2, 1959 in Liber 8756 of Conveyances on pages 260 et seq.;

(iii) a deed from Piers 45 and 46 Brooklyn Corp., formerly known as Piers 45 and 46 Realty Corp. dated May 22, 1961 and recorded in the Office of the City Register, Kings County, on May 23, 1961, in Liber 8923 of Conveyances, on pages 525 et seq.;

(iv) a deed from Conover Street Realty Corporation, dated June 29, 1961, and recorded in the Office of the City Register, Kings County, on July 5, 1961 in Liber 8924 of Conveyances, on pages 407 et seq.;

and such additional property contiguous or adjacent thereto as the Port Authority may have heretofore or may hereafter acquire for marine terminal purposes, and additional buildings, structures, fixtures, improvements and other property which may have been heretofore or may hereafter be installed or constructed for marine terminal puposes on any property or properties heretofore mentioned, but not including real property the title to which was acquired by the Port Authority by virtue of resolutions of its Board of Commissioners accepting the offers of the State of New York contained in Chapter 410 of the Laws of 1944 and in Chapter 899 of the Laws of 1945, of the State of New York.

(b) "Manager" shall mean the person from time to time designated by the Port Authority to exercise the powers and functions vested in the said Manager by the Rules, or his or her duly designated representative.

(c) "Person" shall mean not only a natural person, corporation or other legal entity, but also two or more natural persons, corporations or other legal entities acting jointly as a firm, partnership, unincorporated association, consortium, joint venture or otherwise. The obligations of any two or more persons, corporations, firms or other legal entities acting jointly shall be deemed to be the joint and several obligation of each participant therein.

(d) "Seller" or "owner" shall mean a person who brings or causes to be brought fish owned by such person to the Fishport for purposes of selling such fish at auction.

(e) "Master" shall mean the person having command of a vessel, its crew and cargo and shall be deemed to have the authority under the Rules to act as agent for the owner or operator of such vessel, including, but not limited to, the authority to sell and store fish brought to the Fishport auction, to receive payment therefor and to pay fees in connection therewith.

(f) "Buyer" shall mean a Permittee issued a Permit by the Port Authority granting it the privilege to purchase fish at the auction.

(g) "Lot" shall mean all fish from one shipment code of the same species and of comparable size and quality.

(h) "Auctioneer" shall mean such employee or contractor of the Port Authority designated by the Port Authority to conduct the auction.

(i) "Fishport tenant" shall mean an occupant of premises at the Fishport pursuant to a written agreement with the Port Authority.

(j) "Auction clock" shall mean such electronic device as may be used by the Port Authority to facilitate the conduct of the auction.

(k) "Schedule" shall mean the Port Authority Schedule of Rates and Charges applicable at the Fishport, as amended or supplemented from time to time.

(l) "Product" or "catch" shall mean fish.

7.9 Amendments. The Rules (including any fees, rates or charges included or incorporated by reference herein) may be amended or supplemented by the Port Authority from time to timeat any time with or without prior notice to Permittees, sellers, their designated representatives, or any other persons.

7.10 Other Rules and Regulations. The Rules are in addition to FMC SCHEDULE NO. PA-9 naming Rules and Regulations applying at Port Authority Marine Terminals and Rates and Charges applicable for the use of Public Areas at Port Authority Marine Terminals, including all revisions thereto, which Schedule remains in full force and effect.

7.11 Severability. Wherever possible each provision of the Rules shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of the Rules shall be prohibited by, unenforceable or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition, unenforceability or invalidity, without invalidating the remainder of such provision or the remaining provisions of the Rules.

7.12 Headings. The Section headings in the Rules are inserted only as a matter of convenience and for reference, and they in no way define or limit or describe the scope or intent of any provision hereof.

7.13 Assignment. No Permittee or seller shall assign or transfer any privileges it may have in connection with its activities at the Fishport, whether such privileges are by virtue of a Permit or otherwise.

7.14 Non-liability of Individuals. Neither the Commissioners of the Port Authority nor any of them, nor any officer, agent or employee thereof, shall be charged personally by a Permittee or seller or any other person subject to the Rules with any liability, or held liable to them, in connection with or under any term or provision of the Rules.

7.15 Posting. Copies of the Rules and Schedule shall be available to buyers and sellers or their designated representatives at the Manager's office.

THE FISHPORT - DEFINITIONS

THE FISHPORT: Definition of

The Fishport is such pier(s), wharves, or other locations designated from time to time by the Port Authority for the purpose of handling commercial fishing vessels.

FISHING VESSEL: Definition of

A commercial fishing vessel is a vessel actively engaged in a commercial fishing operation and holds a valid federal or state fishing vessel license where applicable.

FISH: Definition of

All species of finfish and shellfish taken from marine or inland waters.

BERTHING NOTIFICATION: Definition of

All fishing vessels wishing to berth and/or discharge fish must notify the Fishport Manager prior to arrival.

FISHPORT MANAGER: Definition of

The Fishport Manager shall mean the person or persons, from time to time, designated by the Manager, New York Marine Terminals, to exercise the powers and functions of the Fishport Manager as set forth in the schedule of Fishport Rates and Charges, or his successor in office or duties, acting either personally or through his duly authorized representative.

DOCKAGE - RULES

BERTH ASSIGNMENT: Definition of

Berth assignment permits the use of a berth at a location designated by the Fishport Manager, at the Fishport, by a commercial fishing vessel.

DOCKAGE - CHARGES

The charges assessed against a vessel for berthing at The Fishport:

A. No dockage shall be assessed against landing at the Handling Hall any commercial fishing vessel during the time such vessel is actually discharging fish and taking on stores and supplies up to a limit of 24 hours from the recorded time of a vessel's arrival.

B. Commercial fishing vessels not discharging fish shall be charged $0.10/foot/day.

C. At completion of discharge, the vessel shall be subject to vacating the berth for other vessels awaiting unloading of their fish. Port Authority shall make an effort to provide a lay berth for vessels having completed discharging.

D. If a berth is desired by other water craft on a temporary basis, application shall be made to the Fishport Manager and is subject to special agreement with the Port Authority

ANNUAL DOCKAGE CHARGE

If a berth is desired by an active commercial fishing vessel on an annual basis, application shall be made to the Fishport Manager and shall be charged $7.50/foot/year with a minimum annual charge of $600/vessel/year.

WHARFAGE CHARGES & RULES

Wharfage:

A charge shall be assessed against all fish passing or conveyed over, onto, or under wharves or between vessels. Wharfage is solely the charge for the use of the wharf and does not include other services. Wharfage charge shall be $.01 per pound of fish and/or shellfish.

AUCTION AND HANDLING HALL CHARGES

1. Sellers Fee - An auction charge which includes wharfage shall be assessed against fish and/or shellfish sold at auction. Charges shall be equal to 1.6% of the gross value of the fish and/or shellfish.

2. Buyer's Fee - An auction charge shall be assessed against fish purchased at the auction. Charges shall be equal to 1.6% of the value of the fish and/or shellfish purchased. Buyers pay, in addition, the cost of the box.

3. Storage Fee - A fee may be assessed for fish and/or shellfish stored at the handling hall. This fee shall be equal to $.03 per pound per day of fish and/or shellfish.

4. Withdrawal Fee - A fee shall be assessed against fish which has been withdrawn from sale and which has been thereafter sold or intended to be sold through negotiation rather than at the next auction. The charge shall be equal to $.03 per pound of fish and/or shellfish and the cost of the box. In addition, a wharfage charge shall be assessed against fish landed by vessels.

5. Removal Fee - A charge shall be assessed against fish which has been placed for sale at subsequent auctions but has not been sold and has not been removed by seller. The charge shall be equal to $.03 per pound of fish and/or shellfish and the cost of the box. In addition a wharfage charge shall be assessed against fish landed by vessels.

6. Services and rates, not specifically provided in the schedule of charges, shall be the subject of special arrangements with the Port Authority.

OTHER CHARGES

Discharging of Fish

For all vessels requiring discharging only services, and not selling product at the auction, the discharge services and charges will be at the discretion of the Manager.

Any other costs associated with the handling of fish at The Fishport will be agreed upon prior to discharge.

The Port Authority may provide additional services at rates to be specified by the Fishport Manager.

LUMPERS: Furnishing of

The Port Authority will furnish lumpers at the vessel's request to unload all species of fish or shellfish. Charges for this service are available from the Fishport Manager upon request.

ICE TO VESSELS: Furnishing of

The Port Authority shall furnish all ice for vessels docked at the Fishport. The charge per ton of ice will be available from the Fishport Manager upon request by the vessel. The icing of vessels shall be done at hours set by the Port Authority upon prior notification by the vessel operator.

FUEL FOR VESSELS: Furnishing of

The Port Authority shall furnish all fuel for vessels docked at the Fishport. The charge per gallon of fuel will be available from the Fishport Manager upon request. The fueling of vessels shall be done at hours set by the Fishport Manager upon prior notification by the vessel.

BOXES: Furnishing of

The Port Authority shall sell fish handling boxes at charges to be specified by the Fishport Manager.

F.M.C. SCHEDULE NO. PA-9

Users of the facility at the Erie Basin - Port Authority Marine Terminals (EBMT) are subject to all applicable sections of F.M.C. Schedule No. PA-9, naming rules and regulations applying at Port Authority Marine Terminals. A copy of F.M.C. Schedule No. PA-9 can be obtained in the Fishport Manager's office.

(Board - 4/9/87)

1987 Budget

It was reported that copies of the Budget for the year 1987 have been in the hands of all the Commissioners for their review, having first been presented to the Commissioners on October 29, 1986. The 1987 Budget is a product of the Port Authority's internal planning process and represents the estimated expenditures necessary to achieve the organization's objectives. These objectives are: to strengthen the Port Authority's capacity; to strengthen the competitive position of the Port of New York-New Jersey region; to provide a level of service that is responsive to current and projected changes in demand; and to expand the range of economic opportunities available to businesses in and residents of the region. The Budget is a financial planning tool which outlines the estimated expenditures for programs already authorized or to be considered by the Commissioners. Approval of these recommendations will enable the Port Authority to accomplish its mission.

The 1987 Budget for The Port Authority of New York and New Jersey, including the anticipated expenditures of subsidiary corporations, totals $2.1 billion. It consists of approximately $761 million in capital program expenditures and $1.1 billion of operating expenses (including $50 million, in addition to amounts previously authorized, related to retention, subject to approval by the Chairman of the Committee on Operations in accordance with selection guidelines filed with the Committee, of professional, technical or advisory services), $190 million of debt service charged to operations and reserves, $53 million of expenditures for the Fund for Regional Development and $64 million of other expenditures, mostly related to future years (all exclusive of certain amounts which are reimbursable under the New York State Commuter Railroad Car Program).

The 1987 capital expenditures are for projects related to the Port Authority's Aviation, Interstate Transportation Network, Port, Economic Development and World Trade facilities and include a provision of $10 million for emergency repairs. The Budget also includes $75 million for expenditures on projects identified by the States of New York and New Jersey from funds made available for regional economic development pursuant to the Governors' agreement of 1983, and an allowance of $50 million for projects in development. Expenditures for construction contracts included in the 1987 Budget are shown in Exhibit A-2.

In 1987, Aviation's activities will be devoted to improving the capacity of the regional system of airports to meet current and future growth in passenger and air cargo traffic, and ensure the competitive position of the region's airports. Major investments in 1987 include the completion of Terminal C and expansion of parking lots at Newark International Airport, as well as on-airport improvements at LaGuardia Airport. At Kennedy International Airport, expenditures are related to the Nassau Expressway, additional air cargo facilities and implementation of a computerized air cargo inventory and clearance system. The Budget also provides for project development related to the major redevelopment of central terminal facilities and on-airport circulation systems at Kennedy International Airport (JFK 2000), and the substantial upgrading of ground access and circulation systems and parking at Newark International Airport (NIA 2000).

For Interstate Transportation Network facilities, the 1987 Budget provides for continued rehabilitation and modernization of the PATH system and tunnel and bridge facilities to increase their capacity, safety, security and structural integrity and to develop new interstate capacity by advancing a project to provide ferry service from Hoboken to lower Manhattan. PATH's plans provide for rehabilitation and the purchase of cars, station improvements and continuation of safety upgrading. The Budget also provides for the purchase of buses for use in the States of New York and New Jersey under the Port Authority Bus Programs.

(Board - 4/9/87)

The Port Authority's marine terminal facilities will be modernized and expanded to provide capacity and to improve the competitive position of the port. Deepening of the Kill Van Kull and Newark Bay channels will be started, property will be acquired and construction of distribution buildings will be begun in Elizabeth, a new automobile import distribution facility will be developed in Bayonne and Jersey City, and the Fishport project in Brooklyn will be substantially completed.

Consistent with applicable legislation, the 1987 Budget provides for the Port Authority to expand business and employment opportunities in the region's inner cities. Provision is made for the expansion or acquisition of industrial parks in Yonkers, the Bronx and Newark and the Resource Recovery Facility in Essex County, New Jersey. Expenditures to substantially complete the Teleport on Staten Island and the Newark Legal and Communications Center, as well as advancing the Hoboken Waterfront Redevelopment Projects, are included in the Budget.

A provision of $400,000 is also included to reimburse the States of New York and New Jersey for expenses incurred by each State, including staff costs in reviewing the Port Authority's annual Budget and any amendments thereto.

The Board, at its meeting on December 11, 1986, acted to confirm the authority of the Executive Director to continue to make payments for expenses and to undertake contractual commitments through March 31, 1987, in accordance with the By-Laws, for continuing operations and professional services, all as contemplated in the proposed 1987 Budget presented to the Commissioners on October 29, 1986. The Board also acted to authorize the Executive Director to implement the annual salary range adjustment, including minor revisions in benefit programs to approve and authorize the appropriation for the purpose of capital expenditures to be made in 1987 of funds paid into and available in the Consolidated Bond Reserve Fund; and to continue the Port Authority's practice of annually setting aside amounts towards covering self-insured contingent losses. On March 12, 1987, the Board again acted to confirm the authority of the Executive Director to continue to make payments for expenses and to undertake contractual commitments through April 30, 1987.

It was therefore recommended that the 1987 Budget be approved. The Executive Director's authority, pending final adoption and approval of the annual Budget, to make operating expenditures and undertake contractual commitments for continuing operations and professional services would also be confirmed.

Whereupon, the following resolution was unanimously adopted: Commissioner Schulman stating that, "As I have previously stated, I dissent from so much of the proposed Budget approval which would provide for Port Authority operation of a significant deficit Trans-Hudson ferry passenger service, which I regard as financially imprudent, considering the surrounding facts and circumstances, particularly the history of a most substantial continuing operating deficit for PATH passenger service":

> **RESOLVED,** that the following Budget for The Port Authority of New York and New Jersey be and the same hereby is approved and adopted for the year 1987, including authority for the Executive Director to retain, in accordance with appropriate procedures, professional, technical or advisory services, which is hereby recognized:

THE PORT AUTHORITY OF NEW YORK AND NEW JEW JERSEY
Including Subsidiary Port Authority Trans-Hudson Corporation

1987 BUDGET
(Thousands of Dollars)

Item	Total Expenditures	Personal Services	Materials & Services	Other
Executive Offices				
Office of the Executive Director	$2,872	$1,000	$1,872	
General Administration	511		511	
Office of the Secretary	4,321	1,572	2,749	
Office of Minority Business	1,187	715	472	
Office of Capital Programs	486	380	106	
Chief Financial Officer	761	460	301	
Audit Department	6,517	4,876	1,641	
Finance Department	42,624	13,302	29,221	$101
Insurance Costs	42,238		42,238	
Debt Service	248,595			248,595
Expenditures on Behalf of Fund for Regional Development	52,913			52,913
Management and Budget Department	11,807	7,068	4,739	
Payments of City Rent & In Lieu of Taxes	141,536			141,536
Office of Administration	601	376	225	
General Services Department	58,582	23,402	6,359 *	28,821
Personnel Department	22,671	13,383	9,288	
Office of Medical Services	4,292	2,350	1,942	
Management Information Services Department	25,150	14,355	(11,384)*	22,179
Government, Community and Public Affairs	7,441	3,661	3,780	
Law Department	15,923	9,762	6,161	
Planning and Development Department	18,057	9,366	8,691	
Public Safety Department	31,640	23,817	7,808	15
Engineering Department	142,472	60,808	66,471	15,193
Construction Contracts	220,289			220,289
Office of Interstate Transportation Network	980	506	474	
Ferry Transportation Services	8,648	1,524	7,124	
Construction Contracts	18,000			18,000
Tunnels, Bridges and Terminals				
Administrative and Planning	17,463	8,928	8,035	500
Holland Tunnel	19,334	15,522	3,812	
Lincoln Tunnel	21,822	17,170	4,652	
George Washington Bridge	22,173	17,145	5,028	
Staten Island Bridges	12,536	9,873	2,663	
Port Authority Bus Terminal	31,156	18,592	12,564	
Construction Contracts	2,850			2,850
Rail Transportation Department				
Administration, Planning and Construction	24,264	9,641	7,445	7,178
PATH	98,213	72,365	25,848	
Journal Square Transportation Center	4,312	658	3,654	
Construction Contracts	2,780			2,780
Port Department				
Administration Planning and Construction	21,827	6,552	8,775	6,500
Port Newark	6,698	4,277	2,421	
Howland Hook-P.A. Marine Terminal	322	255	67	
Elizabeth-P.A. Marine Terminal	2,854	2,002	852	
Greenville Yards- P.A. Marine Terminal	306	192	114	
Columbia Street Marine Terminal	141	58	83	
Erie Basin- Fishport	1,711	695	1,016	
Brooklyn- P.A. Marine Terminal	2,802	1,666	1,136	
New York City Passenger Ship Terminal	4,776	1,045	3,731	
Red Hook Container Terminal	242	231	11	
Port Promotion	6,239	3,082	3,157	
Construction Contracts	79,460			79,460
Aviation Department				
Administrative and Planning	34,959	13,246	21,713	
LaGuardia Airport	36,910	19,899	17,011	
Newark International Airport	78,059	29,868	48,191	
John F. Kennedy International Airport	106,828	47,358	59,470	
Port Authority Heliports	5,463	1,129	1,544	2,790
Construction Contracts	211,319			211,319
World Trade Department				
Administration, Planning and Construction	13,871	7,731	6,140	
The World Trade Center	108,185	12,334	90,591	5,260
Trade Programs, including Foreign Trade Development Offices	7,321	3,556	3,765	
Newark Legal and Communications Center	927	424	503	
The Teleport	3,622	1,067	2,555	
Construction Contracts	47,415			47,415
Economic Development Department	26,622	7,443	12,562	6,617
Construction Contracts	90,412			90,412
Bus Programs	50,700			50,700
Bank for Regional Development	75,000			75,000
Projects in Development	50,000			50,000
Provisions for Delays	(335,000)			(335,000)
Total Port Authority Budget	$2,128,008	$526,687	$549,898	$1,051,423
Agency Accounts (Reimbursable)				
Railroad Equipment Program	$13,763			

*Net after charges to other departments.

1987 BUDGET
CONSTRUCTION CONTRACTS
(Thousands of Dollars)

ENGINEERING DEPARTMENT	
PATH	$74,309
Holland Tunnel	34,670
Hoboken Waterfront Development	33,819
Essex County Resource Recovery Facility	12,126
Port Authority Industrial Park at Elizabeth	10,190
Bathgate Industrial Park	9,430
Lincoln Tunnel	8,958
Port Authority Industrial Park at Yonkers	8,393
Port Authority Bus Terminal	6,615
George Washington Bridge & Bus Station	5,350
Outerbridge Crossing	4,650
John F. Kennedy International Airport	3,500
Newark South Ward Industrial Park	2,314
Journal Square Transportation Center	2,165
Elizabeth - P. A. Marine Terminal	1,000
World Trade Center	1,000
Bayonne Bridge	950
Goethals Bridge	850
Total	220,289
FERRY TRANSPORTATION SERVICES	
Ferry Transportation	18,000
TUNNELS, BRIDGES & TERMINALS DEPARTMENT	
Bayonne Bridge	2,450
Holland Tunnel	200
George Washington Bridge	200
Total	2,850
PORT DEPARTMENT	
Elizabeth - P. A. Marine Terminal	16,437
Howland Hook - P.A. Marine Terminal	14,160
Erie Basin - P. A. Marine Terminal	11,700
Oak Point Rail Freight Link	10,200
Port Newark	9,538
Greenville Yards - P.A. Marine Terminal	6,000
United States Navy Homeport	5,000
New Jersey Marine Development	4,000
Autoport	1,000
Brooklyn - P. A. Marine Terminal	860
NYC Passenger Ship Terminal	565
Total	79,460
AVIATION	
John F. Kennedy International Airport	75,000
Newark International Airport	118,719
LaGuardia Airport	15,100
P.A. Downtown Manhattan Heliport	2,500
Total	211,319
WORLD TRADE DEPARTMENT	
Newark Legal and Communications Center	$33,300
World Trade Center	7,320
The Teleport	6,795
Total	47,415
RAIL TRANSPORTATION DEPARTMENT	
Bus Programs	50,700
PATH	2,780
Total	53,480
ECONOMIC DEVELOPMENT	
Essex County Resource Recovery	83,787
Port Authority Industrial Park at Elizabeth	3,325
Bathgate Industrial Park	2,300
Port Authority Industrial Park at Yonkers	1,000
Total	90,412
Total Construction Contracts	$723,225

(Board - 4/9/87)

RESOLVED, that, based upon a requisition of the Governor of the State of New York or the Governor of the State of New Jersey, or the duly authorized designee of each, the Port Authority shall pay to the State of New York or the State of New Jersey, or both, upon receipt of an appropriate expenditure plan from said State, an amount not in excess of $200,000 to each said State to reimburse said State or States for expenses incurred by said State or States, including staff costs, in reviewing the 1987 annual Budget of the Port Authority and any amendments thereto.

Whereupon, the meeting was adjourned.

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Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES
Thursday, April 14, 1988

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MINUTES of Annual meeting of The Port Authority of New York and New Jersey held Thursday, April 14, 1988 at the Port Authority offices, One World Trade Center, City, County and State of New York.

PRESENT:

NEW JERSEY	NEW YORK
Philip D. Kaltenbacher, Chairman	Robert F. Wagner, Vice-Chairman
Henry F. Henderson, Jr.	James G. Hellmuth
Robert Van Buren	Howard Schulman
Hazel Frank Gluck	John G. McGoldrick
Richard C. Leone	H. Carl McCall

Stephen Berger, Executive Director
Patrick J. Falvey, General Counsel/Deputy Executive Director
Doris E. Landre, Secretary
Robert J. Aaronson, Director of Aviation
John J. Collura, Deputy Director of Management and Budget
Henry I. DeGeneste, Director of Public Safety
Sidney J. Frigand, Assistant Executive Director/Government, Community & Public Affairs
David J. Gallagher, Assistant Director, Tunnels, Bridges and Terminals
Frank Garcia, Deputy Director of World Trade and Economic Development
Gene C. Gill, Director of General Services
Francis A. Gorman, Comptroller
John E. Haupert, Treasurer
Charles L. Hirsch, Executive Assistant to the Executive Director
Leon Katz, Supervising Information Officer, Public Affairs
Richard R. Kelly, Director of Rail Transportation
James J. Kirk, Port Director
Louis J. LaCapra, Deputy Director of Personnel
Donald R. Lee, Director of Audit
Lillian C. Liburdi, Director of Management & Budget
Emily C. Lloyd, Director, Office of Business Development
Katharine B. MacKay, Assistant Executive Director/Administration
Mark Marchese, Assistant Director, Information Services, Government, Community & Public Affairs
Rino M. Monti, Director of Engineering/Chief Engineer
James J. O'Malley, Director of Management Information Services
Hugh O'Neill, Assistant Executive Director/Policy Planning and Business Development
David Z. Plavin, Director of Aviation Redevelopment Programs
Richard T. Roberts, Director, Office of Transportation Planning
Sally Sakin, Administrative Assistant
Morris Sloane, Director of Aviation Operations
Joseph L. Vanacore, Assistant Executive Director/Capital Programs
Barry Weintrob, Chief Financial Officer
Jeffrey Breen, Partner, Touche Ross & Co.
David B. Jones, Senior Audit Manager, Touche Ross & Co.

The meeting was called to order by the Chairman.

Election of Officers

Chairman Philip D. Kaltenbacher announced that in accordance with the requirements of the By-Laws the annual election of officers was in order and requested Commissioner Hellmuth to take the chair as Acting Chairman.

The Chairman Hellmuth submitted the following report:

"On behalf of the Nominating Committee, I desire to report that at its meeting held earlier today, in accordance with the provisions of the By-Laws, the Committee, by unanimous action, submits the nominations for election to the office of Chairman of The Port Authority of New York and New Jersey of Commissioner Philip D. Kaltenbacher, and for the office of Vice-Chairman of The Port Authority of New York and New Jersey of Commissioner Robert F. Wagner.

"By unanimous action, the Committee also submits the nominations of Stephen Berger as Executive Director and of Patrick J. Falvey as General Counsel.

"By unanimous action, the Committee also submits the nominations of Barry Weintrob as Director of Finance, Francis A. Gorman as Comptroller, Doris E. Landre as Secretary, John E. Haupert as Treasurer and Donald R. Lee as Director of the Audit Department."

Commissioner Schulman thereupon moved the adoption of the report of the Nominating Committee. The motion was seconded by Commissioner Van Buren and carried.

On motion of Commissioner Schulman seconded by Commissioner Van Buren it was voted that nominations be closed and that the Secretary be directed to cast one ballot for the election of Commissioner Philip D. Kaltenbacher as Chairman, Commission Robert F. Wagner as Vice-Chairman, Stephen Berger as Executive Director, Patrick J. Falvey as General Counsel, Barry Weintrob as Director of Finance, Francis A. Gorman as Comptroller, Doris E. Landre as Secretary, John E. Haupert as Treasurer and Donald R. Lee as Director of the Audit Department.

The Secretary reported that the ballot had been cast, whereupon Commissioner Hellmuth announced the election of the following: Philip D. Kaltenbacher as Chairman, Robert F. Wager as Vice-Chairman, Stephen Berger as Executive Director, Patrick J. Falvey as General Counsel, Barry Weintrob as Director of Finance, Francis A. Gorman as Comptroller, Doris E. Landre as Secretary, John E. Haupert as Treasurer and Donald R. Lee as Director of Audit Department.

(Board - 4/14/88)

Memorial to Vice-Chairman Hoyt Ammidon

The Chairman addressed the Board upon the death of Hoyt Ammidon. The following Minute was unanimously adopted by a rising vote:

> The Commissioners of The Port Authority of New York and New Jersey note with deep sorrow the death of former Vice-Chairman Hoyt Ammidon on March 13, 1988 at Huntington Hospital on Long Island.
>
> Hoyt Ammidon was appointed a Commissioner of the Port Authority in 1968 to succeed Commissioner and former Chairman S. Sloan Colt, who had resigned, by Governor Nelson A. Rockefeller and was reappointed by Governor Rockefeller in 1969. He served as a member of the Board until his resignation in May 1972. During this period he was elected Vice-Chairman of the Port Authority and also served as a member and Vice-Chairman of the Committee on Finance and as a member and Chairman of the Committee on Operations. Vice-Chairman Ammidon was also an active member of the Board's Committee on Art.
>
> At the time of his appointment to the Board, Vice-Chairman Ammidon was Chairman of the Board and Chief Executive Officer of The United States Trust Company of New York. He was also on the Board of Directors of many corporations, including the American Express Company, the Commercial Credit Corporation, the General American Transportation Corporation, the Howard Johnson Company and the Perkin-Elmer Corporation, and also was a Trustee of the Greenwich Savings Bank.
>
> Vice-Chairman Ammidon was a Director of Lincoln Center for two decades, beginning in the early 1960's. As Chairman of the consolidated Lincoln Center Fund from 1964 to 1970, he led the drive that raised the money to complete the center's principal halls. He was also chairman of the Music Theater of Lincoln Center. His philanthropic interests were wide. He was a Director of the Boys' Club of America, a trustee of the American Academy of Rome and of Cooper Union here, President of the American Friends of Canada, President of the Business Committee for the Arts, a Director of the American Red Cross of Greater New York and Chairman of its building fund, a Director of the Memorial Hospital for Cancer and Allied Diseases, and a board member of the English Speaking Union and of the American Cancer Society's New York division.
>
> Throughout his service on the Board, Vice-Chairman Ammidon gave unstintingly of his time, his energy and his abilities to the formulation of the policies and programs of the Port Authority. His fellow Commissioners and the staff greatly valued his judgment and guidance because of his rich background of financial and business experience.
>
> The Commissioners of the Port Authority, now, therefore, in expressing both personal and official regret upon the death of a dedicated and distinguished public servant, direct that this tribute shall be spread in full upon the proceedings of the Board, and that a copy shall be suitably engrossed and sent to the family of former Vice-Chairman Hoyt Ammidon.

(Board - 4/14/88)

Tribute to Honorable Jerry Fitzgerald English

The following resolution was unanimously adopted, expressing the appreciation of the Commissioners of The Port Authority of New York and New Jersey to the Honorable Jerry Fitzgerald English.

WHEREAS, during the years since her appointment as a Commissioner of The Port Authority of New York and New Jersey by Governor Brendan T. Byrne in 1979 and her reappointment by Governor Byrne in 1981, the Honorable Jerry Fitzgerald English has given unstintingly of her time, energy and abilities to her work as a Commissioner; and

WHEREAS, Commissioner English has served as Vice-Chairman and Chairman of the Committee on Construction, as a member and Vice-Chairman of the Committee on Port Planning and as a member of the Committee of Finance; and

WHEREAS, Commissioner English's public service has included service as Assistant Counsel to the New Jersey Senate, Legislative Counsel to the Governor of the State of New Jersey, Commissioner of the New Jersey Department of Environmental Protection, member of the Gateway National Recreation Area Advisory Commission, member of the Board of Directors of the Center for Molecular Medicine and Immunology of the University of Medicine and Dentistry of New Jersey, Honorary Trustee of the Passaic River Coalition and Trustee of the New Jersey Harvard Law School Association; and

WHEREAS, Commissioner English has given generously of her time and efforts to the work of the Port Authority both here and abroad;

NOW, THEREFORE, be it

RESOLVED, that the Commissioners of The Port Authority of New York and New Jersey do hereby express to Jerry Fitzgerald English their deep appreciation for her outstanding service to the Port Authority and their highest respect for her as a valued colleague; and be it further

RESOLVED, that the Commissioners do hereby direct that this resolution be suitably engraved and presented to Commissioner Jerry Fitzgerald English as a token of the high esteem and deep respect in which she is held by her fellow Commissioners and by the staff.

(Board - 4/14/88)

Tribute to Honorable Robert V. Van Fossan

The following resolution was unanimously adopted, expressing the appreciation of the Commissioners of The Port Authority of New York and New Jersey to the Honorable Robert V. Van Fossan.

WHEREAS, since his appointment as a Commissioner of The Port Authority of New York and New Jersey by Governor Brendan T. Byrne in June 1980, the Honorable Robert V. Van Fossan has been a loyal and valued member of the Board; and

WHEREAS, Commissioner Van Fossan has served as a member and Chairman of the Committee on Operations, as Vice-Chairman and Chairman of the Committee on Finance and as a member and Chairman of the Audit Committee; and

WHEREAS, Commissioner Van Fossan has brought to the deliberations of the Board the benefits of his broad experience and distinguished career in business as President and Chairman of the Board and Chief Executive Officer of The Mutual Benefit Life Insurance Company and as a Director of Amerada Hess Corporation, Mutual Benefit Life, MBL Life Assurance Corporation, Nova Pharmaceutical Corporation, Public Service Enterprise Group, Incorporated and the Squibb Corporation; and

WHEREAS, Commissioner Van Fossan's dedication to the public good is also evidenced by his service as Chairman of the Greater Newark Industry Capital Fund Campaign Committee, Trustee of the Newark Museum, Chairman of the Newark Performing Arts Corporation, Trustee of the New Jersey Historical Society, Chairman of the New Jersey Chamber of Commerce, Trustee of The Partnership for New Jersey, a Director of the Regional Plan Association, Chairman of Renaissance Newark, Inc., member of the Princeton University Council on New Jersey Affairs and as a member of the Advisory Board of the Community Foundation of New Jersey; and

WHEREAS, Commissioner Van Fossan has given to the Port Authority a full measure of his time, his talent and his effort;

NOW, THEREFORE, be it

RESOLVED, that the Commissioners of The Port Authority of New York and New Jersey do hereby express to Robert V. Van Fossan their deep appreciation for his outstanding service to the Port Authority and their warmest respect and affection for him as a friend and valued colleague; and be it further

RESOLVED, that the Commissioners hereby direct that this resolution be suitably engraved and presented to Commissioner Robert V. Van Fossan as a token of the high esteem and warm friendship in which he is held by his fellow Commissioners and by the staff.

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of March 10, 1988. She reported that copies of these Minutes were sent to all the Commissioners and to the Governors of New York and New Jersey and that the time for action by the Governors of New York and New Jersey has expired.

The Secretary also reported that there was a typographical error in the February 11, 1988 Board Minutes. On page 68, second paragraph in the eighth line "$375,000" should read "357,000".

Whereupon, the Board unanimously approved these Minutes.

Report of Committee on Construction

The Committee on Construction submitted a report, for information, of action taken at its meeting on April 14, 1988, in addition to matters separately reported to the Board of Commissioners at this meeting of the Board, and the report was received.

Report of Committee on Finance

The Committee on Finance submitted a report, for information, of action taken at its meeting on April 14, 1988, in addition to matters separately reported to the Board of Commissioners at this meeting of the Board, and the report was received.

Report of Committee on Operations

The Committee on Operations submitted a report, for information, of action taken at its meeting on April 14, 1988, in addition to matters separately reported to the Board of Commissioners at this meeting of the Board, and the report was received.

Report of Committee on Port Planning

The Committee on Port Planning submitted a report, for information, of action taken at its meeting on April 14, 1988, in addition to matters separately reported to the Board of Commissioners at this meeting of the Board, and the report was received.

Report of Audit Committee

Commissioner John G. McGoldrick, Chairman of the Audit Committee, presented the report of the Audit Committee. The report which follows was ordered spread upon these Minutes of the Board.

Consistent with our By-Laws requirement that the Audit Committee report to the Board from time to time on the results of its supervisory, auditing and other activities, I am pleased to present this report with respect to fiscal year 1987.

During 1987 the Audit Committee held nine meetings.

The Committee reviewed in detail the Audit Department's quarterly reports on internal functions and external relationships, and the quarterly accounts receivable reports. We also reviewed, and continue to monitor, unresolved audit findings and recommendations -- to assure that the recommendations of the Audit Department are appropriately implemented in a timely manner.

During 1987 we met on three different occasions with representatives of Touche Ross & Co., the Authority's independent auditors. We also met on three occasions with Mitchell/Titus Co., the independent auditors for the Fund for Regional Development, which the Authority manages for the States of New Jersey and New York.

We had regular discussions with only the outside auditors present -- consistent with the policy that the outside auditors and the Audit Committee have direct and unrestricted access to each other. In addition, as Chair of the Audit Committee I periodically communicated with the outside auditors.

Similarly, there were frequent communications with Don Lee, Director of our internal Audit Department. Our Committee meets privately with Don, and he and I meet from time to time, and talk by telephone regularly. I mention this to highlight the relative autonomy of the Audit Department within the Authority. While functioning as an integral part of the Finance Department, the Audit Department must and does perform its important responsibilities independently, with both a perceived and a real independence, and with direct access to the Board, and accountability to the Audit Committee.

We have continued to monitor compliance with the Authority's financial disclosure filing requirements. Each spring the Committee reviews the individual filings of all senior management. We are concerned with both the completeness and the timeliness of the filings, as well as with the contents of the disclosure statements.

Our By-Laws also provide that the Audit Committee "shall keep informed regarding the management of the Port Authority" -- a mandate which extends the scope of the Committee's responsibilities beyond what might be considered the typical audit committee role.

Without going into detail, I would like to note some of the management related matters which the Audit Committee focused on during 1987:

- expenditures of the Board of Governors Fund of the Club at the World Trade Center;
- controls over improper payments to security guards to facilitate parking at entrances to the airport terminals;
- timeliness of the execution of contracts and amendments;
- use of outside law firms, and the fees paid for their services;
- the collaterization of the Authority's bank deposits;
- the interrelationship of the Port Authority and PATH retirement systems;
- the status of the development of the Authority's new electronic data processing general ledger system;
- the timeliness of our payment of bills to vendors;
- the use of personal computers off premises, and the adequacy of controls on access to our computer data;
- the information required on applications for employment;
- our policies with respect to outside employment, and concerning the retention of retired personnel as consultants; and
- Freedom of Information issues, focusing on the procedures established to assure that the public has appropriate access to information without hampering our ability responsibly to conduct the business of the agency.

The Audit Committee has taken a special interest in the Authority's programs for the development of minority and women-owned businesses, and in our internal and external Affirmative Action Programs. We continue to monitor the active implementation of these policies within the Authority and by those third parties who undertake affirmative action obligations in their contracts with us.

As Chair of the Audit Committee I review the expense reports of the Executive Director and of the Chairman and other Commissioners, as well as the use of vehicles by members of the Board. Also our Committee examines potential conflicts situations involving Board members and present or former employees.

We also review the use of certain privileges which are available to employees -- for example, passes and parking privileges, focusing on the proper use of these privileges which are legitimate benefits of employment.

Finally, because the Board has delegated to the Audit Committee the task of making an annual recommendation concerning the retention of auditors, the Committee focused on the level of performance and the degree of responsiveness of the independent auditors retained for fiscal year 1987 by the Authority and by the Fund for Regional Development.

As a result of our evaluation and recommendation, today's agenda includes, as action items, the retention for fiscal year 1988 of Touche Ross & Co. as independent auditors for the Authority, and of Mitchell/Titus Co. as independent auditors for the Fund.

I know I speak also for the other members of the Audit Committee -- Commissioners Henderson, Hutchison and Ronan -- when I thank the professional staff with whom we deal for their cooperation and responsiveness.

Finally, I want to commend what we discern as a general awareness within the Authority of the responsibility of each individual to conduct the business of the Authority solely in the public interest, and to maintain the Authority's reputation for ethical conduct and integrity.

(Board - 4/14/88)

Report of Independent Auditors

The Board received a report of Touche Ross & Co., Independent Auditors, as presented by Mr. Jeffrey R. Breen. The report which follows was ordered spread upon these Minutes of the Board.

We have completed our examination of the consolidated financial statements of The Port Authority of New York and New Jersey, and its subsidiary, Port Authority Trans-Hudson Corporation, for the year ended December 31, 1987. Our opinion dated February 26, 1988, appears on Page 33 of the Port Authority's 1987 Annual Report. Our examination was conducted in accordance with generally accepted auditing standards. Our opinion states that the Port Authority's financial statements are fairly presented in conformity with generally accepted accounting principles applied on a consistent basis. Our opinion also states that Schedules A, B and C are fairly presented in conformity with the requirements of law and the Port Authority's bond resolutions which have been applied on a basis consistent with that of the preceding year.

Concurrently with our examination of the annual financial statements, we also performed a study of the Port Authority's system of internal accounting control. Our opinion dated November 25, 1987, on the adequacy of the Port Authority's system of internal accounting control, appears on Page 32 of the Annual Report.

We also issued net revenue reports in accordance with the lease agreements between the Port Authority and the City of New York and the Port Authority and the City of Newark, reports of Federal assistance programs in accordance with OMB circular A-128 and a report on the UMTA Section 15.

During the year, we had unrestricted access to the Audit Committee and met with the Audit Committee to discuss our audit plan, comments and recommendations on internal control and the financial statements.

We received the complete cooperation of Port Authority management and employees. There were no restrictions placed on our approach or the scope of our examination. We were given access to all individuals, records, documents and other supporting data which we requested and our inquiries were satisfactorily answered.

We appreciate the opportunity to appear before you and would be pleased to answer any questions you may have pertaining to the financial statements, our approach to the 1987 audit and the reports which we issued.

(Board - 4/14/88)

Retention of Independent Auditors for 1988

Under the By-Laws, the Audit Committee has the responsibility to recommend retention of independent accountants for designation by the Board to audit the accounts and financial statements of the Port Authority. The Audit Committee monitors the independent auditing function and decides annually the question of which firm to recommend to the Board for retention by the Port Authority and for what period of time in light of then current circumstances.

Consistent with that policy and after a full review and discussion of the performance of Touche Ross & Co., the Audit Committee recommended that the Board designate Touche Ross & Co. as independent auditors to audit the accounts and financial statements of the Port Authority for the year ending December 31, 1988.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that Touche Ross & Co. be and it hereby is designated as independent auditors to audit the accounts and financial statements of the Port Authority for the year ending December 31, 1988; and it is further

RESOLVED, that Touche Ross & Co. be and it hereby is designated to perform an evaluation of the system of internal accounting controls, and to provide other audit services, including the review of financial and statistical data reports submitted to the Urban Mass Transportation Administration and of financial disclosures required under the Single Audit Act of 1984 for recipients of Federal financial assistance; and it is further

RESOLVED, that, in accordance with the By-Laws of the Port Authority, the matter of arranging for such auditing by the above designated auditors and for monitoring the auditors' performance be and it hereby is referred to the Audit Committee.

(Board - 4/14/88)

The Fund for Regional Development - Retention of Independent Auditors for 1988

Under the agreements among the States of New York and New Jersey and the Port Authority creating the Fund for Regional Development, the Port Authority acts as agent for the Fund and, as such, negotiates and executes leases, manages the Fund's operations, and prepares quarterly and annual financial statements for the States. The Fund pays the Port Authority a management fee for these services.

The Fund's rapid growth during 1986 made it appropriate to have its books and accounts audited for the first time for the year ending December 31, 1986. The revenue and transactions of the Fund for Regional Development are such that an annual independent audit of the accounts and financial statements of the Fund is appropriate. The Audit Committee has reviewed and discussed the performance of Mitchell/Titus & Co., a minority public accounting firm, since 1986 and recommended that the Board retain Mitchell/Titus as independent auditors of the Fund for Regional Development for the year ending December 31, 1988.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that Mitchell/Titus & Co. be and it hereby is designated, on behalf of the Fund for Regional Development, as independent auditors to audit the accounts and financial statements of the Fund for the year ending December 31, 1988; and it is further

RESOLVED, that Mitchell/Titus & Co. be and it hereby is designated, on behalf of the Fund for Regional Development, to perform an evaluation of the system of internal accounting controls of the Fund; and it is further

RESOLVED, that the matter of arranging for such auditing by the above designated auditors and for monitoring the auditors' performance be and it hereby is referred to the Audit Committee.

(Board - 4/14/88)

New York City Passenger Ship Terminal - Pier 40 - Express Industries & Terminal Corp. - Lease Amendments and Brooklyn Port Authority Marine Terminal - Lease of Pier 1

It was recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into agreements amending leases with Express Industries & Terminal Corp., a warehouse tenant which occupies the main deck and portions of the second deck at Pier 40, part of the New York City Passenger Ship Terminal, in settlement of the Port Authority's claim against the tenant arising out of the tenant's subletting of space on the main deck without remitting to the Port Authority the payments called for under the lease in the event of such subletting, and in settlement of the tenant's claim for damages arising out of the closing of Pier 40. It is further recommended that as part of this settlement, the Board authorize the Executive Director for and on behalf of the Port Authority to enter into a lease agreement with Express Industries & Terminal Corp. at Pier 1, Brooklyn Port Authority Marine Terminal for a term expiring May 31, 1992.

Under the existing lease the tenant pays a rental to the Port Authority for the main deck at Pier 40 at the rate of approximately $539,000 per year and a rental for the second deck at Pier 40 at the rate of approximately $291,000 per year. Under the main deck lease the tenant also has exclusive berthing rights on Pier 40 on the north and west berths. The tenant states that because of a reduction in the maximum floor load on the main deck of Pier 40, which resulted in a significant reduction in the revenue available from the tenant's storage operations and increased expenses, because the tenant was required to lease space from the Port Authority elsewhere in order to make up for the loss of storage capacity at Pier 40, it sublet space to others without paying to the Port Authority the amounts called for under the Lease. The tenant also sublet portions of the space it occupies on the second deck of Pier 40. On August 29, 1987, pending resolution of the subletting dispute, the Port Authority closed Pier 40 because of structural problems, based on the recommendations of its consultant. Express filed suit against the Port Authority seeking damages as a result of its being deprived of the full use of its premises. To expedite the removal of cargo from Pier 40 in accordance with the evacuation plan recommended by the consultant, the Port Authority offered the tenant space at Pier 1 in Brooklyn as of September 1, 1987.

The proposed settlement provides that all current subleases would be consented to by the Port Authority and the tenant would have the right to sublease additional space on the main deck. Effective June 1, 1987 the tenant would pay rental for the main deck space at the rate of $619,000 per year. Effective March 1, 1988 the rental rate would increase to $669,758 per year. The Port Authority would become entitled to $330,000 in settlement of its claim for retroactive rent based upon occupancy of the main deck by subtenants for the period prior to June 1, 1987. The tenant would also pay additional rent equivalent to $2.10 per square foot per year for any space on the main deck in excess of 108,000 square feet that is sublet and would pay for electricity consumed above what is required for normal warehousing operations. All rentals will remain in effect whether or not any sublease terminates or expires or the Port Authority revokes its consent thereto as provided in the Consent Agreement. The tenant will surrender its exclusive berthing privileges but will retain the right to berth barges without charge. In return for a release of all claims arising out of the closing of Pier 40 the rental for the main deck will be abated to a rate of approximately $132,000 per year for the period from September 1, 1987 to February 29, 1988 and the rental for the second deck would be abated in full for such period. Rental for the second deck would be payable at the rate of $96,000 per year for the period from March 1, 1988 to July 31, 1988. Full rental for the second deck space will be payable effective August 1, 1988. In addition, the Port Authority will reimburse the tenant for the costs of moving its cargo from Pier 40 to Pier 1 and redistributing cargo within Pier 40 in the amount of $474,849 and will credit the tenant approximately $725,000 in payment for damages. The retroactive subtenant rental payable by the tenant to the Port Authority will be offset against this amount and the balance will be credited against the tenant's future rental obligations under the Pier 40 main deck lease.

The tenant will pay a rental for Pier 1 at the rate of $429,524 per year effective December 1, 1987. This rental will be reduced by approximately 75% for September, 1987, 50% for October, 1987 and 25% for November, 1987. Effective as of March 1, 1988 the rent will increase to a rate of approximately $475,820 per year, and would be subject to annual escalation. The Port Authority would reimburse the tenant for repairs to Pier 1 in the amount of $76,834 which would be credited against the rental payable for the space. The Port Authority will have the right to terminate the letting on 90 days' notice if the Pier is needed for purposes other than warehousing.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into an amendment of the Port Authority's leases with Express Industries & Terminal Corp. at Pier 40 and to enter into a lease with Express Industries & Terminal Corp. at the Brooklyn Port Authority Marine Terminal substantially in accordance with the terms and conditions set forth above, the form of the agreements to be subject to the approval of General Counsel or his designated representative.

(Board - 4/14/88)

The Teleport - Increase in Project Authorization - Authority to Enter into Contracts and Authority to Enter into Lease Agreements

The Board at its meeting on May 12, 1983 authorized the development of The Teleport at a total project cost of $57.5 million. In addition, the Board authorized the Executive Director to enter into the necessary project agreements with the City of New York, Merrill Lynch Telecommunication, Inc., New York City Public Development Corporation and Landauer Associates.

In June 1984, the Port Authority executed a lease with the City of New York for 100 acres of developable land on Staten Island for a term of 40 years.

The requested increase in project authorization is the result of overruns in costs due to the following.

1. Construction on the Telecenter Building and shield wall was performed by the Port Authority instead of others. This resulted in an increase in engineering costs which were not included in the original economics.

2. The decision to use less costly New York Power Authority energy instead of Con Edison energy resulted in the Port Authority's designing and constructing the on-site electrical distribution system.

3. A two-year delay in the project schedule as a result of delays in negotiations of final agreements with the City of New York and Teleport Communications.

This requested increase in project authorization will permit the original scope of the project to be completed. Board authorization would be sought for any further additions to the project.

With the closing of the Telehouse International Corporation of America land lease agreement, which was approved by the Board at its meeting on November 12, 1987, land under lease and option totals more than 75% of Teleport's projected 1.1 million square feet of building space, with leases accounting for 526,500 square feet and options accounting for 310,000 square feet.

Staff deems it to be appropriate now to establish a procedure for the approval of leases for the areas of The Teleport which remain to be leased to tenants. It is recommended that in addition to the existing authority of the Board and the Executive Director, the Executive Director be given authority to enter into long term leases on terms he deems reasonable so long as the land rental equals the greater of the then market rate or the full amortization of Port Authority capital investment and electricity, if provided, is paid for by the tenant at the Port Authority's cost of supply plus 15% and the leases are otherwise financially self-sustaining. The material terms of leases at The Teleport will continue to be subject to the approval of the Mayor of the City of New York. Brokerage payments, if any, will be made in accordance with the standard World Trade Center authorized brokerage commission rate schedule.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize:

1. an increase of $16.0 million in the project authorization for The Teleport from $57.5 million to a total project authorization of $73.5 million;

2. the Executive Director to: (a) take such action with respect to award of remaining purchase or construction contracts, contracts for professional and advisory services and contracts for construction management services for The Teleport project as he deems in the best interest of the Port Authority, including without limitation, award to the contractor submitting the lowest proposal, who in his opinion, is qualified by reason of responsibility, experience and capacity to perform the work and whose proposal price the Executive Director deems reasonable, rejection of all proposals, solicitation of new proposals on revised or the same requirements, or negotiation with one or more contractors; and (b) to execute contracts and supplemental agreements with such contractors as he deems in the best interest of the Port Authority and to order extra work and net cost work in connection with each project contract, including supplemental agreements;

3. the Executive Director to negotiate and enter into agreements with State, municipal and other public or private entities as may be appropriate and required to carry out the remainder of the project, including agreements relating to the installation and relocation of public and private utilities; and

4. the Executive Director to enter into all future leases and any ancillary agreements in connection therewith, covering the leasing by the Port Authority to tenants of areas at The Teleport substantially in accordance with the terms and conditions set forth above; the form of such leases and ancillary agreements to be subject to the approval of General Counsel or his authorized representative.

Newark International Airport - Implementation of Satellite Airport Ground Transportation Terminal - Ridgewood, New Jersey

It is recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into an agreement with Air Brook Express, Inc. covering the establishment and operation of a Satellite Airport Ground Transportation Terminal in Ridgewood, New Jersey serving Newark International Airport and to enter into an agreement with El Dorado Motor Corporation for the purchase of eight mid-sized buses at a cost of approximately $70,000 each. Under the agreement with Air Brook the Port Authority would make available the eight buses to Air Brook for use in performing ground transportation services between the Airport and the Satellite Terminal. In addition, the Port Authority would expend up to $200,000 for marketing, advertising and promotional support of the Satellite Terminal during the first year of its operation. The cost of the buses would be partially recouped from Air Brook according to an escalating payment schedule based on agreed upon ridership or gross receipts levels. A ground transportation percentage fee permit to be issued in conjunction with the agreement with Air Brook would provide for the phased implementation of percentage fees to be paid to the Port Authority based on agreed upon ridership or gross receipts levels. Approximately 80 companies were sent requests to submit proposals regarding such Satellite Terminals in New Jersey. Six responses were received from which the Air Brook proposal was chosen as worthwhile with respect to the Central Bergen County area.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is hereby authorized, for and on behalf of the Port Authority, to enter into an agreement for the purchase of eight mid-sized buses from El Dorado Motor Corporation, substantially on the terms set forth above; and it is further

RESOLVED, that the Executive Director is hereby authorized, for and on behalf of the Port Authority, to enter into an agreement with Air Brook Express, Inc. covering the establishment and operation of a Satellite Airport Ground Transportation Terminal in Ridgewood, New Jersey, substantially on the terms set forth above; and it is further

RESOLVED, that the form of both agreements shall be subject to the approval of General Counsel or his designated representative.

Commissioner Gluck and Commissioner Leone

Commissioner Kaltenbacher welcomed Commissioner Gluck and Commissioner Leone to their first Board meeting as Commissioners of the Port Authority and expressed the Board's pleasure in having Commissioner Gluck and Commissioner Leone participating in the work of the Board.

Whereupon, the meeting was adjourned.

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Secretary

(Board - 4/14/88)

La Guardia Airport - Project Authorization - Central Terminal Building - West Wing and Finger 1 Expansion and Modernization; Including Reimbursement to American Airlines

It is recommended that the Board authorize a project for the westerly expansion of the LaGuardia Airport Central Terminal Building arrivals level and expansion and modernization of concessions and common use areas in the West Wing and Finger 1 of the Central Terminal Building at a currently estimated total project cost of approximately $5.0 million, and amend the Board's prior resolution of October 8, 1987 to increase the maximum compensation to the professional engineering firm of Tibbetts, Abbett, McCarthy & Stratton, from $3.0 million to $3.3 million, to reflect design changes to accommodate the westerly expansion project; and authorize the Executive Director, for and on behalf of the Port Authority, to enter into an agreement with American Airlines, Inc. supplemental to the lease covering its Central Terminal Building premises, to reimburse American in an amount not to exceed the foregoing project cost for construction work related to this project which will be performed by American for the Port Authority in conjunction with its modernization program of approximately $27 million in which American will renovate its premises and related areas, and providing that in the event the Port Authority does not renew or extend American's lease, other than for cause, the Port Authority will pay American for its unamortized capital investment in said program based on a fifteen year amortization period in an amount not to exceed $27 million.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize a project for the westerly expansion and modernization of the Central Terminal Building arrivals level, the West Wing and Finger 1 at LaGuardia Airport, and an increase in the maximum compensation to the professional engineering firm of Tibbetts, Abbett, McCarthy & Stratton from $3.0 million to $3.3 million, substantially on the terms set forth above; and it is further

RESOLVED, that the Executive Director is hereby authorized, for and on behalf of the Port Authority, to enter into a supplemental agreement with American Airlines, Inc. substantially on the terms set forth above, the form of the agreement to be subject to the approval of General Counsel or his designated representative.