

Torres Rojas, Genara

FOI#14311

From: kkullas@assetsearch.com
Sent: Friday, September 27, 2013 1:55 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
Zip Code: 86301
Email Address: kkullas@assetsearch.com
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Required copies of the records: Yes

List of specific record(s):

Requesting copies of the monthly minutes of the NYNJ Port Authority for the years of 1985, 1986, 1987 and 1988.

November 5, 2013

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

Re: Freedom of Information Reference No. 14311

Dear Ms. Kullas:

This is a response to your September 27, 2013 request, which has been processed under the Port Authority's Freedom of Information Code, for copies of the Port Authority monthly minutes for the years of 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/14311-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

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Thursday, January 10, 1985

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NEW YORK AIRPORT
AIRPORT MANAGER'S OFFICE

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

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MINUTES of meeting of The Port Authority of New York and New Jersey held Thursday, January 10, 1985, at the Port Authority offices, One World Trade Center, City, County and State of New York.

PRESENT:

NEW JERSEY

Alan Sagner, Chairman
 Jerry Fitzgerald English
 Philip D. Kaltenbacher
 William K. Hutchison
 Henry F. Henderson

NEW YORK

Robert F. Wagner, Vice-Chairman
 William J. Ronan
 James G. Hellmuth
 Lewis L. Glucksman
 John G. McGoldrick

Peter C. Goldmark, Jr., Executive Director
 Patrick J. Falvey, General Counsel/Assistant Executive Director
 Doris E. Landre, Secretary
 Robert J. Aaronson, Director of Aviation
 Robert F. Bennett, Assistant Executive Director/Chief Financial Officer
 Gwendolyn K. Crider, Administrative Assistant
 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
 Frank Garcia, Assistant Director, Economic Development
 Gene Gill, Acting Director of Management Services and General Services
 James Kirk, Deputy Director of Rail Transportation
 Donald R. Lee, Director of Audit
 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
 John B. McAvey, Assistant Chief Financial Officer
 Rino M. Monti, Director of Engineering/Chief Engineer
 Edward J. O'Malley, Director of Personnel
 James O'Malley, Deputy Director of Management Information Services
 Martin E. Robins, Director of Planning and Development
 Victor T. Strom, Director of Public Safety
 Anthony J. Tozzoli, Port Director
 Guy F. Tozzoli, Director of World Trade
 Joseph L. Vanacore, Director of Tunnels, Bridges and Terminals
 Barry Weintrob, Director, Finance Department/Comptroller
 Marvin Weiss, Director, Office of Minority Business Development
 Marshal L. Wilcox, Jr., Treasurer
 Thomas C. Young, Jr., Principal Information Officer, Public Affairs

The meeting was called to order by the Chairman.

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of December 13, 1984. 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 January 10, 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 January 10, 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 January 10, 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 January 10, 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 - 1/10/85)

1985 Budget - January 1 through February 28, 1985

It was recalled that the Board, at its meeting on December 13, 1984, acted to confirm the authority of the Executive Director to make expenditures and to undertake contractual commitments, in accordance with the By-Laws, all as contemplated in the proposed 1985 Budget for The Port Authority of New York and New Jersey (including Port Authority Trans-Hudson Corporation). This action was taken when it became apparent that, in connection with the review of the items constituting the proposed 1985 Budget being considered by the Board, the Governors' staffs might not complete their review of preliminary budget materials in time for the Board to consider any recommendations made by the States for possible revisions to the proposed 1985 Budget before the January 10, 1985 meeting of the Board. It was reported that the 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 1985 Budget presented to the Board on December 6, 1984. It is expected that such payments will not exceed \$150 million per month through February 28, 1985.

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 February 28, 1985 to make expenditures at a rate not to exceed \$150 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 1985 Budget for The Port Authority of New York and New Jersey (including Port Authority Trans-Hudson Corporation) presented to the Board on December 6, 1984.

(Board - 1/10/85)

Engineering Department - Retention of Professional Services on an As-Needed Basis for the 1985 Calendar Year

It was reported that since 1977, the workload necessary for the Engineering Department to accomplish the capital and expense programs of the Port Authority and PATH has steadily increased and surpassed its available permanent staffing. Work requirements have been met by a combination of the use of professional and advisory service firms, temporary help (job shop) and technical service firms, overtime, vacation deferral and rescheduling of non-critical work when possible. A review of the planned workload for 1985 has indicated an overdemand, estimated at more than \$30 million prior to budgetary adjustment, which cannot be handled by existing permanent staff. Rather than hire a significant number of additional permanent staff to meet this workload, the retention of professional services on an as-needed basis provides the required flexibility for responding to this overdemand. During the last five years, the approximate total commitments for outside professional services retained by the Engineering Department has been:

Year	Professional and Advisory Services	Temporary Help and Technical Services	Total
1980	\$ 511,000	\$ 533,000	\$1,044,000
1981	1,259,000	1,111,000	2,370,000
1982	1,127,000	2,237,000	3,364,000
1983	4,580,000 (est.)	2,825,000	7,405,000
1984	18,974,000 (est.)	4,817,000	23,791,000

For 1985, staff recommends that the Professional and Advisory Service Firm Retainer Program be authorized to allow the Chief Engineer to enter into agreements for the performance of architectural and engineering services on an as-needed basis, from a group of approximately fifteen of the most qualified professional and advisory service firms in each functional area in which forecasted work cannot be handled by in-house staff. These firms will undertake studies, perform professional inspections, provide advice and opinions, develop recommendations, prepare contract documents and perform post-award contract work. The same selection and review procedures used in 1984 will be used for the 1985 program. However, for 1985, the limit on total payments under any one agreement will be increased from the 1984 limitation of \$250,000 to \$500,000. In addition, the agreements will contain provisions for making a good faith effort to attain a goal of 10% participation by Minority Business Enterprises on multi-disciplined projects and some projects will also be set aside for Minority Business Enterprises.

Because of the dynamic nature of engineering and architectural work, the Chief Engineer will have the flexibility to amend the agreements for specific projects, such amendments not to exceed \$100,000 per agreement and the total amount of each agreement, as amended, will not exceed \$500,000. Based upon previous experience with regard to projects forecasted and actually starting in a given year, it is anticipated that during 1985 the total expenditures for all architectural and engineering services initiated under this program will be approximately \$17 million.

(Board - 1/10/85)

The second portion of this request for authority deals with the retention of various technical service firms to furnish professional and technical personnel to supplement permanent staff on an as-needed basis during 1985 at an aggregate cost presently estimated at \$4 million. In the majority of cases, these firms furnish people who work outside of Port Authority offices and are indirectly supervised by permanent staff. During 1984, the Materials and Construction Divisions of the Engineering Department were the predominate users of technical service firms for outside inspection, testing and surveying work. As has been done for the last few years, the Chief Engineer will order work from technical service firms which are known to have the required qualifications and capabilities. However, for 1985, it is recommended that payments to any one technical service firm be increased from the 1984 limit of \$100,000 to \$250,000. This increase in authority will provide continuity of services and will assure individual responsibility for some of the larger planned projects during 1985, such as the environmental subsurface investigations for Hunter's Point and Central Jersey Industries Incorporated. The selection of technical service firms will again be on the basis of capability, price and availability.

The third portion of this request for authority deals with the retention of temporary help firms to provide professional and technical personnel for the Engineering Department and various other departments. In general, the types of personnel that would be made available from these firms are: architects, engineers, estimators, inspectors, planners, testers, technicians, surveyors, designers and draftsmen. In the majority of cases these firms furnish people who work in-house and are directly supervised by permanent staff. During 1984, the Aviation, Economic Development, Port, Rail Transportation and World Trade Departments also experienced workloads in excess of their available permanent staffing for which the Board authorized \$2.5 million for the retention of temporary help under the Engineering Department Retainer Program. These temporary help services were predominantly for planning and construction inspection personnel and were essentially administered by these line departments. For 1985, these same departments as well as the Tunnels, Bridges and Terminals and the General Services Departments have indicated that they will experience workloads in excess of their available permanent staffing. These departments have requested that \$2.8 million be provided in the 1985 authorization to hire temporary help to satisfy these needs. The aggregate estimated expenditure of \$2.8 million is divided among the seven departments as follows: Aviation Department (\$1 million); Economic Development Department (\$500,000); General Services Department (\$200,000); Port Department (\$250,000); Rail Transportation Department (\$250,000); Tunnels, Bridges & Terminals Department (\$200,000) and World Trade Department (\$400,000). During 1985, these departments will hire a larger variety of professional and technical temporary help. Such help, however, will not include personnel for design work.

It was therefore recommended that the Board authorize the Chief Engineer to:

1. retain various professional and advisory service firms on an as-needed basis for architectural and engineering related work for various Port Authority and PATH projects initiated during 1985 at an aggregate amount presently estimated at \$17 million;

(Board - 1/10/85)

2. retain various technical service firms to furnish professional and technical personnel for the Engineering Department on an as-needed basis for the 1985 calendar year at an aggregate amount presently estimated at \$4 million; and

3. retain various temporary help firms to furnish professional and technical personnel on an as-needed basis for the 1985 calendar year at an aggregate amount presently estimated at \$6.8 million, consisting of \$4 million for the Engineering Department and \$2.8 million for various other departments.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Chief Engineer is authorized to:

1. retain various professional and advisory service firms on an as-needed basis for architectural and engineering related work for various Port Authority and PATH projects initiated during 1985 at an aggregate amount presently estimated at \$17 million;

2. retain various technical service firms to furnish professional and technical personnel for the Engineering Department on an as-needed basis for the 1985 calendar year, at an aggregate amount presently estimated at \$4 million; and

3. retain various temporary help firms to furnish professional and technical personnel on an as-needed basis for the 1985 calendar year at an aggregate amount presently estimated at \$6.8 million, consisting of \$4 million for the Engineering Department and \$2.8 million for other departments.

(Board - 1/10/85)

1985 Automotive Equipment Purchase Program

It was reported that the Port Authority's continuing program of replacing older units in its fleet of trucks, snow removal equipment, other special purpose vehicles, and miscellaneous mobile maintenance equipment, as well as provision of new equipment, will require the purchase of 325 units at a cost not to exceed \$6,386,000.

Replacement of existing equipment is determined by an economic and physical assessment of vehicle condition. The decision to exercise existing options or to solicit new bids is determined by an economic assessment at the time of vehicle replacement. Purchase order contracts are awarded on the basis of competitive bids. Bidding for passenger-type vehicles is limited to equivalent models of selected vehicle manufacturers.

Automotive equipment purchase order contracts, exclusive of those for passenger vehicles, which are generally for a single purchase of a fixed number of vehicles, are for periods not exceeding three years and the duration of these contracts is determined by operational and purchasing requirements.

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

1. receive bids on a series of contracts, each not to exceed a period of three years, for the purchase of operating and maintenance automotive equipment for all Port Authority departments and, in his discretion, in the case of each contract in said series either to enter into said contract with the lowest qualified bidder thereon or to reject all bids, the bids on passenger vehicles, however, to be limited to equivalent models of selected vehicle manufacturers; and

2. exercise options, in his discretion, for the purchase of such equipment under existing contracts authorized by the Board in connection with automotive equipment purchase programs for years prior to 1985; the total expenditures under (1) and (2) combined not to exceed \$6,386,000.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director to:

1. receive bids on a series of contracts, each not to exceed a period of three years, for the purchase of operating and maintenance automotive equipment for all Port Authority departments and, in his discretion, in the case of each contract in said series either to enter into said contract with the lowest qualified bidder thereon or to reject all bids, the bids on passenger vehicles, however, to be limited to equivalent models of selected vehicles manufacturers; and

2. exercise options, in his discretion, for the purchase of such equipment under existing contracts authorized by the Board in connection with Automotive Equipment Purchase Programs for years prior to 1985; the total expenditures under (1) and (2) combined not to exceed \$6,386,000.

(Board - 1/10/85)

Newark International Airport - Terminal C - International Departure Facilities - Amendments to Project Authorization Relating to Development of Portions of the Terminal and Furnishing of Lime-Cement-Flyash Pavement

It was reported that this item provides for certain construction work, for which the Port Authority is responsible, required in connection with the development by People Express Airlines Inc. of two-thirds of Terminal C at Newark International Airport, including the C-1 and C-2 portions of the Terminal. Pursuant to authorization by the Board, at its meeting on September 10, 1981, international arrival facilities were constructed in the westerly third (C-3 portion) of Terminal C at Newark International Airport and, on June 1, 1984, these facilities were the first to become operational in Terminal C. The Board, at its meeting on April 12, 1984, authorized a project at a preliminary estimated project cost of \$15 million for the construction of international departure facilities to supplement these arrival facilities, thereby providing for state-of-the-art, turn-around facilities for international carriers in the airport's Central Terminal Area. Further, at its meeting on July 12, 1984, the Board authorized (a) an increase in the preliminary estimated project cost in the amount of \$2.6 million related to the design and construction of the international departure facilities and (b) the Executive Director to award Contract NIA-110.025, Newark International Airport, Terminal C, International Departures Facility, Taxiway I and Additional Aircraft Apron Pavement; Contract NIA-110.026, Newark International Airport, Terminal C, Courtyards and Canopies; and Contract NIA-110.027, Newark International Airport, Terminal C, International Departures Facility.

At its meeting on March 15, 1984, the Board approved the major terms of a lease (Proposed Lease ANA-170) under which People Express Airlines, Inc. would expand and construct the finishes of the C-1 and C-2 portions of Terminal C. The Resolution adopted by the Board on March 15, 1984 requires that the terms and conditions of the Proposed Lease be subject to the final approval of the Committee on Finance. The Committee on Finance, at its meeting on January 10, 1985, approved said terms and conditions, including the following, which depart from the Proposed Lease as follows: the Proposed Lease will be with People Express Airlines, Inc. and not with a Trust; rental will commence no later than April 1, 1987, and the term will expire no later than 25 years from said date, with the additional capital costs of providing fuel line service over and above 19 gates no longer to be the obligation of People Express in the same manner contemplated in the aforesaid Resolution (said additional capital costs would be included under the Newark Airport Master Lease cost recovery formula, applicable to all terminal lessee airlines, with recourse against People Express in any event); People Express is to have greater control over consumer services in Terminal C and there will be no right on the part of the Port Authority to terminate the Lease based on substantial changes in ownership or control of People Express, but the Port Authority will have rights of termination for events set forth in the Lease.

People Express proposes to construct its facilities on an expedited schedule also, with completion scheduled for early 1987. In order for People's leasehold premises to become operational, certain Port Authority construction, which generally interfaces with construction within People Express' leasehold, must be completed by late 1986. Such construction includes the completion of Taxiway I, the construction of courtyard areas complete with canopies at both ends of Terminal C to accommodate ground transportation services and V.I.P. parking, the completion of a permanent storm drainage trunk line system required to dispose of storm drainage from the C-1 and C-2 aircraft ramp area, and the purchase and installation of an electrical drive centrifugal

(Board - 1/10/85)

chiller in the Central Heating and Refrigeration Plant in order to serve cooling loads in People's leasehold premises. The Port Authority will also provide hydrant carts for use in the fueling of aircraft. In addition, under the terms of the Proposed Lease, People Express will extend and upgrade the aircraft fuel distribution and hydrant system and the Port Authority will reimburse People Express for such work in the amount of approximately \$12.2 million. The expenditures for all of the foregoing construction are presently estimated at \$27.3 million, including payments to contractors, allowances for extra work, and administrative, engineering and financing expenses. It is anticipated that this additional work will be partially funded by Federal aid in the amount of approximately \$3.8 million and the remainder of the total cost will be reimbursed through existing airport cost recovery formulas and under provisions contained in the Proposed Lease with People Express.

People Express has recently requested that the Port Authority include in Contract NIA-110.025, which includes apron and taxiway pavement for the international departure facilities as well as the completion of Taxiway I, a requirement that the contractor provide approximately 125,000 tons of lime-cement-flyash (LCF) pavement from the LCF plant located at the airport. The LCF pavement is required by People Express to pave the C-1 and C-2 apron ramp within its leasehold area. The Federal Express Corporation has also requested that the Port Authority provide approximately 25,000 tons of LCF for paving work associated with its "Metroplex" project under construction at the south end of the airport. Moreover, staff anticipates that approximately 60,000 tons of LCF pavement will be required during 1985 and 1986 by various Port Authority contractors constructing taxiways and aircraft parking areas at other locations at the airport. Accordingly, staff proposes that LCF pavement be provided to People Express, Federal Express and such other Port Authority contractors under Contract NIA-110.025, at a total additional project expenditure of approximately \$4.3 million. Agreements with People Express and Federal Express covering the terms under which the LCF pavement would be provided to them, with the Port Authority being fully reimbursed, have not been finalized and appropriate authorization for such agreements will be sought as needed. Provisions for the furnishing of LCF pavement to such other Port Authority contractors will be included in their respective contracts.

In addition to revising the scope of Contract NIA-110.025 to require the contractor to furnish the 210,000 additional tons of LCF pavement, as a result of discussions with People Express related to the Terminal C lease, the scope of the work to be included in Contract NIA-110.025 will be revised to require the contractor to perform additional Taxiway I work. The bulk of the underground aviation fuel distribution mains work, which will be performed by People Express, will no longer be included in Contract NIA-110.025. Accordingly, the authorization of the Board at its meeting on July 12, 1984 to the Executive Director to award the contract requires revision to reflect these changes in scope. Funds for this additional Taxiway I and fuel distribution system work are included in the \$27.3 million additional project authorization sought herein.

Since authorization for extra work under Contracts NIA-110.025, NIA-110.026 and NIA-110.027 was not included in the authorization to award such contracts authorization is now being sought to order extra work up to 10% of the amount of the bid accepted on Contracts

(Board - 1/10/85)

NIA-110.025 and NIA-110.026 and up to 15% of the amount of the bid accepted on Contract NIA-110.027. Sufficient funds for the foregoing extra work relating to the international departure facilities (in C-3) have been included in the aforementioned Board authorizations of April 12, 1984 and July 12, 1984.

It was therefore recommended that the Board authorize:

1. an increase of approximately \$27.3 million in the estimated expenditure for the project for the construction of International Departure Facilities at Terminal C at Newark International Airport to cover work related to People Express Airlines Inc.'s planned development of two-thirds of Terminal C, including an increase of approximately \$4.3 million in the estimated project expenditure for the same project to cover the furnishing under Contract NIA-110.025 of lime-cement-flyash (LCF) pavement to People Express Airlines, Inc., Federal Express Corporation and Port Authority contractors working on other construction at Newark International Airport bringing the total authorized expenditures for such projects to approximately \$49.2 million;

2. the Executive Director to award proposed Contract NIA-110.025 as revised to reflect a change in the scope of the work; and

3. the Executive Director to order extra work under Contracts NIA-110.025 and NIA-110.026 up to 10% of the amount of the bid accepted on each contract, and to order extra work under Contract NIA-110.027 up to 15% of the amount of the bid accepted on the contract.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorizes:

1. an increase of approximately \$27.3 million in the estimated expenditure for the project for the construction of International Departure Facilities at Terminal C at Newark International Airport to cover work related to People Express Airlines Inc.'s planned development of two-thirds of Terminal C, including the C-1 and C-2 portions of the Terminal; and an increase of approximately \$4.3 million in the estimated project expenditure for the same project to cover the furnishing under Contract NIA-110.025 of lime-cement flyash (LCF) pavement to People Express Airlines, Inc., Federal Express Corporation and Port Authority contractors working on other construction at Newark International Airport, bringing the total authorized expenditures for such project to approximately \$49.2 million;

2. the Executive Director to award proposed Contract NIA-110.025 as revised to reflect a change in the scope of the work; and

3. the Executive Director to order extra work under Contracts NIA-110.025 and NIA-110.026 up to 10% of the amount of the bid accepted on each contract, and to order extra work under Contract NIA-110.027 up to 15% of the amount of the bid accepted on the contract.

(Board - 1/10/85)

Newark International Airport - Purchase of Additional Buses - Agreement with Olympia Trails Bus Co., Inc. - AN-962

It was reported that the Board, at its meeting on November 10, 1983, authorized an amendment to the agreement with Olympia Trails Bus Co., Inc., Newark's intra-airport ground transportation operator, for Olympia's purchase of six buses bringing the airport's bus fleet to fourteen, (which was accomplished by the purchase of one used and five new GMC-RTS buses and suitably modifying same), and an extension of the existing intra-airport ground transportation service contract with Olympia for an additional four years, expiring September 7, 1989, at a total estimated contract cost of \$13,485,300. The original contract with Olympia, which was awarded after public bidding, was for five years with two one-year Port Authority options to extend the contract commencing September 8, 1980.

The cost of the original eight buses and the six buses added later are amortized on a straight line basis over a seven-year period and upon termination, with or without cause, the Port Authority has the option to acquire any or all of the buses at their unamortized value and the contractor is obligated to sell them to the Port Authority. During the period September 8, 1987 through September 7, 1989, (the end of the amortization period of the original eight buses), the Port Authority has the option to repurchase any or all of the original eight buses at fair market value. At the expiration of the contract, the Port Authority has the option to acquire all fourteen buses from Olympia, the original eight at fair market value and the six additional buses for the remaining balance of the unamortized value.

The recent opening of Terminal C and the unanticipated opening of a temporary departure facility by Peoplexpress for its three trans-continental flights has necessitated additional bus service on the Arrivals Level, as well as the normal service between Terminal C and the North Terminal, operating on the Departure Level. Bus service between Terminal C and Long-Term Parking Lot E has had to be increased as well. Increased North Terminal activity had resulted in the weekly saturation of the long-term public parking lots at the north end of the field, thus necessitating increased bus service between Long-Term Lots D and E and the North Terminal. During these occasions of lot saturation, as many as sixteen buses (including two additional rental buses) have been in service at one time. Additional buses are needed during occasions of periodic maintenance and breakdowns. In addition, any increase in overseas traffic at the Terminal C Customs facility will require the Port Authority to provide a busing operation between the hardstand areas and Terminal C.

In addition, it is anticipated that Peoplexpress will complete its move to Terminal C by Spring 1987. The anticipated passenger levels at that time are expected to exceed 32 million as compared to 26 million in 1985, a 23% increase. As a result, traffic in the North Terminal lots will remain at saturation levels and traffic in the Central Terminal Area is expected to increase substantially. Future plans for parking lot expansion include additional space in Long-Term Lots D and E and construction of a new parking facility in the South Development Area, all of which will amount to approximately 5,000 additional spaces to be available for public parking within a few years. In order to maintain the desired level of service without increasing headway time, it will be necessary to use additional equipment on most routes, as well as operate 24-hour service to all parking lots.

(Board - 1/10/85)

Peoplexpress has indicated an increase in overseas traffic and it can safely be assumed that other overseas traffic will increase as well. Also, the Port Authority's International Departure Facility will be completed in the Summer of 1985. As a result, the Terminal C hardstand operation will expand as more international arrivals will be forced to park on Taxiway "Y".

It has come to the attention of staff that Olympia has an immediate option to purchase three GMC-RTS demonstrator model buses from General Motors and one GMC-RTS used bus at a total cost of approximately \$410,000 plus approximately \$45,000 for painting, modified seating arrangements and installation of luggage racks for airport use. Three buses will come with the factory warranties and two are equipped with wheelchair lifts which will enhance Newark's capacity to accommodate handicapped patrons.

It has been reported that negotiations have been substantially completed with Olympia for the purchase of these buses and their use under the contract for the intra-airport ground transportation services. These four buses will be amortized on a straight line basis over a seven-year period, with payment to Olympia to commence upon the date each bus is available for service presently estimated to be on or about February 8, 1985. In a manner similar to the method of payment for the existing buses, the Port Authority will pay the contractor for the four buses in monthly payments, consisting of the purchase price and modification costs divided by 84 (seven-year write off) plus 1% interest per month on the unpaid declining balance. The Port Authority would make these payments to Olympia over the remaining term of the contract period only, which will be less than 4½ years. Upon termination, with or without cause, or upon expiration of the contract, the Port Authority would have the option to acquire any or all of the four additional buses at their unamortized value as aforesaid, and the contractor would be obligated to sell them to the Port Authority.

In addition to the above, staff anticipates the possible need for up to an additional eight buses over and above the four requested above to supplement existing routes and to service new routes within the next two years. If the buses were acquired based on terms and conditions similar to the above acquisition under the existing contract, whereby the operator purchases the equipment and the Port Authority repays the operator the purchase price of the equipment plus interest and operating costs, the estimated maximum cost to the Port Authority for the eight vehicles over the remaining contract period will be approximately \$3.6 million. If the Port Authority purchases the buses itself at an estimated cost not to exceed \$220,000 per bus, makes them available to the contractor and pays the contractor only operating costs, the estimated cost to the Port Authority for the operation and purchase of the eight buses over the remaining contract period will be approximately \$4.9 million. The decision to purchase additional buses will be based upon the increase in parking lot capacity, the increase in overseas traffic at Terminal C, the increase in passenger levels and the results of a study by Operations Standards on route structure.

Under the terms of the contract, the operating cost per bus hour which would be applicable to all buses will continue to be adjusted annually according to the Consumer Price Index. Payments for fuel will be adjusted semi-annually as determined by changes in the Producer Price Index. With the addition of the four buses, the contract cost is estimated to increase to \$15,755,300, and with the possible purchase of up to eight additional buses, the total contract cost for the balance of the term of the contract is estimated to increase to \$20,655,300. It is also recommended that the Director of Aviation, in his discretion, be authorized to order extra work by the contractor at an additional payment to the contractor of not more than 15% per year of the increased presently estimated average annual cost.

(Board - 1/10/85)

It was therefore recommended that the Executive Director be authorized for and on behalf of the Port Authority to purchase buses and to enter into an agreement or agreements with Olympia Trails Bus Co., Inc. at Newark International Airport, all in accordance with the foregoing.

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 agreement with Olympia Trails Bus Co., Inc., in accordance with the foregoing, amending that company's intra-airport ground transportation service contract at Newark International Airport, whereby Olympia will purchase four GMC-RTS buses (three demonstrator model buses and one used bus), to be used in the intra-airport ground transportation service, the Port Authority to repay Olympia for the purchase of the buses and additional estimated operating costs amounting to a total estimated additional cost under the contract of approximately \$2,270,000 and a new total estimated contract cost of \$15,755,300; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized for and on behalf of the Port Authority, in accordance with the foregoing, to add to the bus fleet used by Olympia Trails in Newark's intra-airport ground transportation service, from time to time, up to eight additional buses on an as-needed basis, either by entering into an agreement with Olympia whereby Olympia will purchase such additional buses, make them a part of the intra-airport bus fleet under its contract, and the Port Authority would repay Olympia the bus purchase cost plus hourly operating costs in accordance with its agreement, or by the purchase by the Port Authority of such buses, at a purchase price for each bus not in excess of \$220,000 and making them available to Olympia for use in the intra-airport ground transportation service with the Port Authority to pay for the hourly operating costs in accordance with its agreement; the maximum estimated cost of this increased service to be \$4.9 million and the total contract cost for the remainder of the contract period estimated to be \$20,655,300; and it is further

RESOLVED, that the Director of Aviation, in his discretion, be and he hereby is authorized to order extra work by the contractor at an additional payment to the contractor of not more than 15% per year of the increased presently estimated average annual contract costs; and it is further

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

(Board - 1/10/85)

Kennedy International Airport - 150th Street Access Improvements - Phase I - Contract JFK-140.116A - Award

It was reported that the Board, at its meeting on August 31, 1983, authorized a project for the dualization of 150th Street, creating a second major access roadway to Kennedy International Airport with direct connections to the Nassau Expressway, Southern Parkway, Van Wyck Expressway and the Central Terminal roadway system, offering improved access to the cargo and hangar areas, at an estimated project cost of \$19 million, including payments to contractors, an extra work allowance and engineering, administrative and financing expenses. The award of Contract JFK-140.116A falls within the scope of this authorization.

Contract JFK-140.116A provides for the realignment of existing service roads adjacent to tenant areas at Kennedy International Airport in order to provide uninterrupted access to the airport and tenant areas during construction of a future (Phase II) main roadway system to be constructed under Contract JFK-140.117. In addition, the work under Contract JFK-140.116A includes surcharging, site work, paving, relocation of blast fences and construction of drainage, street lighting and traffic signal control systems. The work under both contracts is required in order to interface with the new Nassau Expressway.

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

In conjunction with AIP and in accordance with United States Department of Transportation regulations and the policy adopted by the Board, at its meetings on August 27, 1980 and June 14, 1984, the contract includes a provision that the bidder assure the Port Authority that it will meet the goal for Minority Business Enterprise participation of 10% for firms owned and controlled by minorities and 1% for firms owned and controlled by women.

The contract was publicly advertised and the following bids were received on December 18, 1984:

	Lump Sum Amount
All Boro Paving Corp. Flushing, New York	\$3,786,000
Land-Site Contracting Corp. Westbury, New York	3,787,497
Anthony Grace & Sons, Inc. Whitestone, New York	4,167,000
Hendrickson Bros., Inc. Valley Stream, New York	4,236,571
Naclerio Contracting Company, Inc. Bronx, New York	4,295,000

(Board - 1/10/85)

Edenwald Contracting Co., Inc. Whitestone, New York	4,314,000
Willets Point Contract Corp. Flushing, New York	4,354,000
Engineer's Estimate	\$4,100,000

All Boro Paving Corp. submitted the lowest bid and was determined by the Chief Engineering to be qualified to perform the contract.

It was therefore recommended that the Board authorize the award of Contract JFK-140.116A, Phase I, 150th Street Access Improvements, Kennedy International Airport to All Boro Paving Corp. in the amount of \$3,786,000 and to order extra work up to the amount of \$380,000.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorizes the Executive Director to award Contract JFK-140.116A, Phase I, 150th Street Access Improvements, Kennedy International Airport, to All Boro Paving Corp., in the amount of \$3,786,000 and to order extra work up to the amount of \$380,000.

(Board - 1/10/85)

The World Trade Center - Continuation of Architectural and Engineering Services

It was reported that the Board has to date authorized approximately \$38.1 million, including its last authorization of approximately \$600,000 on August 11, 1983, for architectural and engineering design services for The World Trade Center.

In order to insure continuity in the critical areas of architectural, electrical, mechanical and structural design, staff recommends that the existing firms continue to be retained. Chief among these firms are: Robertson, Fowler & Associates (formerly Skilling, Helle, Christiansen, Robertson), the Structural Engineer of Record and Joseph R. Loring & Associates, the Electrical/Mechanical Engineer of Record. In addition, expenditures will be necessary for the services of Leo Kornblath & Associates, the tenant Alteration Architect; Glenn Monigle & Associates, the advisor for The World Trade Center's continuing signage program and various other firms whose unique expertise at The World Trade Center makes it necessary to retain their services.

The major programs that are expected to require the services of these firms include miscellaneous tenant alterations, including verification of mechanical, electrical and structural loads and utilities redesign and modifications; stack effect studies; architectural/structural/mechanical and graphic interface with developments of Olympia & York in connection with The World Financial Center; interface with 7 World Trade Center; continuation of The World Trade Center Signage Program; Structural Integrity Studies for concrete slabs and ceilings; a new Concourse entrance at Vesey Street; the Dey Street underpass; the Observation Deck entrance rehabilitation and resurfacing; the development of additional masts, antennas and screens; studies related to the dynamic response of the towers; conceptual master planning for public areas; studies for exterior lighting of the towers; Concourse Rehabilitation studies; required project changes and special design studies; and design services to be reimbursed by the Fund for Regional Development in connection with the New York State move from Two World Trade Center.

Of the requested increase, approximately \$350,000 represents the costs associated with the redesign of New York State space to accommodate the needs of Aetna Casualty and Surety Corp. Upon reimbursement from the Fund for Regional Development for the design work required for the Aetna space, the authorization for architectural and engineering services will be credited with an amount equal to the expenditures for these design services.

By maintaining the continuity of these professional services, the Port Authority assures that interface projects, will be integral, maintains the firms' responsibilities as Architects and Engineers of Record and avoids the substantial financial outlay that would be necessary if other firms, which would require extensive preparation and research time were hired. This increase will bring the architectural and engineering service costs for The World Trade Center to approximately \$39.1 million, which is 4.3% of the total contract costs including extra work.

(Board - 1/10/85)

It was therefore recommended that the Board authorize the Executive Director to expend approximately \$1.0 million beyond that previously authorized for architectural and engineering services in connection with the design and construction of The World Trade Center.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to expend approximately \$1.0 million beyond that previously authorized for architectural and engineering services in connection with the design and construction of The World Trade Center.

(Board - 1/10/85)

The World Trade Center - Contract WTC-578.552 - General Construction for Aetna Casualty and Surety Company - 35th, 36th, 37th and 38th Floors - Two World Trade Center - Award

It was reported that the Board, at its meeting on November 8, 1984, authorized execution by the Port Authority, acting on behalf of the Fund for Regional Development, of a lease with the Aetna Casualty and Surety Company covering the letting of approximately 164,000 rentable square feet in Two World Trade Center to be vacated by the State of New York, such lease to provide for an initial term of ten years with options to renew for two additional five-year terms. The lease, which has been executed, also provides Aetna with an option ("the early option") to lease between 4,500 and 23,000 square feet of additional space within 60 days after execution of the lease. The lease further provides that the Fund will construct Aetna's initial 141,000 rentable square feet of space and Aetna's early option space pursuant to architectural and engineering plans prepared to meet Aetna's requirements.

Contract WTC-578.552 will require the contractor to perform all construction work necessary to prepare approximately 141,000 square feet of the Aetna space according to the plans and specifications, so as to provide an area capable of occupancy at the time for completion stated in the contract. The contract will also require the performance of certain construction items, for which the Port Authority is to be reimbursed by Aetna, in the amount of approximately \$450,000. Also included in the work to be performed is the demolition in the existing New York State office space; installation of ceilings, walls, partitions, sprinklers and carpeting, window shades and all electrical, HVAC, mechanical and structural work. The contractor will not be required to install telephone equipment. Contract WTC-578.552 includes a provision for a bonus to the contractor of \$5,000 per day for a maximum of 45 days, for early completion of the work. Awarding the contract expeditiously will enable the contractor to prepare shop drawings and order materials, so that field work can start as soon as possible after New York State vacates the floors, thereby reducing the rent credit of up to \$12,106 per day due to Aetna for each day that construction completion is delayed beyond March 31, 1985. In addition, the contract will provide that if Aetna elects to exercise its option for certain additional space, a supplemental agreement in an amount not to exceed 20% of the amount of the proposal accepted, will be executed covering performance of similar construction in this option area.

Proposals were solicited from (to be determined) contractors qualified to perform the work and are scheduled to be received on or about January 30, 1985. In order to permit construction to be commenced at the earliest possible date, staff recommends that authority to award Contract WTC-578.552 be delegated to the Executive Director.

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

1. either award Contract WTC-578.552, General Construction for Aetna Casualty and Surety Company, 35th, 36th, 37th and 38th Floors, Two World Trade Center, to the contractor who submits the lowest proposal and who, in the Executive Director's opinion, is qualified by

(Board - 1/10/85)

reason of responsibility, experience and capacity to perform the contract and whose proposal price the Executive Director deems reasonable, and to order extra work up to the amount of 10% of the proposal accepted, or to reject all proposals; and

2. enter into Supplemental Agreement No. 1 to Contract WTC-578.552 with the contractor awarded Contract WTC-578.552, the amount of such supplement not to exceed 20% of the amount of the proposal accepted.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized in his discretion to:

1. either to award Contract WTC-578.552, General Construction for Aetna Casualty and Surety Company, 35th, 36th, 37th and 38th Floors, Two World Trade Center, to the contractor who submits the lowest proposal and who, in the Executive Director's opinion, is qualified by reason of responsibility, experience and capacity to perform the contract and whose proposal price the Executive Director deems reasonable, and to order extra work up to the amount of 10% of the proposal accepted, or to reject all proposals; and

2. enter into Supplemental Agreement No. 1 to Contract WTC-578.552 with the contractor awarded Contract WTC-578.552, the amount of such supplement not to exceed 20% of the amount of the proposal accepted; and it is further

RESOLVED, that the form of said Contract and Supplemental Agreement be subject to approval of General Counsel or his authorized representative.

(Board - 1/10/85)

The World Trade Center - Contract WTC-526.00 - Sprinkler Installation - Floors 9 through 40 -
One World Trade Center

It was reported that Contract WTC-526.00 requires the contractor to furnish all structures, equipment, plant, labor, materials and other facilities necessary to install a sprinkler system in the unsprinklered areas of the 9th through the 40th floors of One World Trade Center. In addition, the contractor will be required, on a net-cost basis estimated at roughly \$360,000 to perform any adjustment or repair to the existing sprinkler piping system which may be necessary; to patch and replace certain existing patch openings in the existing partition above the ceiling line which may be required; to seal with thermafibers existing openings around pipes and ducts penetrating existing walls; to seal certain voids at the top of existing walls where they meet corrugated decking; to supply uniformed watchmen's service in tenant areas at the direction of staff; to install pre-action fire sprinkler systems in areas designated by staff and to perform miscellaneous related work. Expenditures for the pre-action system are completely recoverable from the tenants.

Proposals were solicited from 23 qualified contractors and on January 8, 1985, the following proposals were received:

Able Sprinkler Co., Inc. Maspeth, New York	\$2,381,400
Active Fire Sprinkler Corp., Brooklyn, New York	2,874,040
Triangle Fire Protection Corp., Glendale, New York	2,966,650
Richards Plumbing & Heating, Brooklyn, New York	3,161,410
S & S Fire Suppression Systems, Inc., West Nyack, New York	3,780,202
ENGINEER'S ESTIMATE	\$3,000,000

In addition, one other contractor submitted a proposal which has been deemed non-responsive.

Due to the disparity between the low bid and the Engineer's estimate the contractor's proposal was discussed with him at a post bid interview. At that time the contractor indicated that the bid price was substantially lower than other bids received due to his extensive experience in retro fitting sprinkler systems under circumstances involving certain fireproofing material. In addition the Able Sprinkler Co., Inc. proposal does not include the same contingencies contained in other proposals but the contractor reaffirmed his belief that the work will be performed with minimal problems.

(Board - 1/10/85)

Staff has determined that Able Sprinkler Co., Inc. is qualified to perform the work required under the terms of the agreement and has previously performed satisfactory work for Brooklyn Union Gas Company, Merrill Lynch, Citibank, N.A., and the New York Telephone Company.

It was therefore recommended that the Board authorize the Executive Director to award Contract WTC-526.00, Sprinkler Installation, Floors 9 through 40, One World Trade Center to Able Sprinkler Co., Inc. in the estimated amount of \$2,381,400, and to order extra work up to the amount of \$240,000, and net cost work in the approximate amount of \$360,000.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to award Contract WTC-526.00, Sprinkler Installation, Floors 9 through 40, One World Trade Center to Able Sprinkler Co., Inc. in the estimated amount of \$2,381,400, and to order extra work up to the amount of \$240,000.

(Board - 1/10/85)

The World Trade Center - Fund for Regional Development - Lease with Thacher, Proffitt & Wood

It was reported that subject to approval by the Board, staff has reached agreement with the law firm of Thacher, Proffitt & Wood for the leasing of approximately 80,000 rentable square feet on Floors 39 and 40 which are currently occupied by New York State in Two World Trade Center. Unless the tenant elects otherwise, the premises will be delivered in two stages. The 40th floor and most of the 39th floor will be delivered on March 1, 1985, subject to postponement, and the balance of the space will be delivered on the tenth anniversary of the day payment of rental for the first area commences. At the tenant's election the entire space will be delivered on March 1, 1985.

Rent for the first area would commence eleven months after the space is turned over to the tenant. This period includes time for the tenant to reconstruct the space. The rental rate for the ten-year period following the rent start date will be \$28 per rentable square foot per year, and for the five-year balance of the term it will be \$35 per rentable square foot per year. The tenant will also pay additional charges for electricity and cleaning and additional rent to cover increases in operating costs and payments in-lieu-of taxes. If The World Trade Center is sold, the tenant would be protected from major initial tax increases resulting from the sale. If the tenant elects to take the entire two floors initially, they would then be granted a right subordinate to the rights of the Aetna Casualty and Surety Company to lease any space which might become available on the 38th Floor.

The space will be delivered "as is". The tenant would receive an allowance of \$19 per rentable square foot toward the cost of reconstructing the space and installing required sprinklers.

There will be real estate broker commissions payable on this transaction at rates not to exceed the schedule authorized by the Board at its meeting on August 11, 1977.

It was therefore recommended to the Board that the Board authorize the Executive Director on behalf of the Port Authority acting for the Fund for Regional Development to enter into a lease agreement with Thacher, Proffitt & Wood on the terms and conditions outlined above.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board, on behalf of the Fund for Regional Development, authorize a lease with the law firm of Thacher, Proffitt & Wood for approximately 80,000 square feet of office space in Two World Trade Center to be vacated by the State of New York for a term expiring fifteen years and eleven months from the commencement thereof; and it is further

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

(Board - 1/10/85)

The World Trade Center - Fund for Regional Development - Lease with F. Eberstadt & Co., Inc.

It was reported that subject to approval by the Board, staff has reached agreement with F. Eberstadt & Co., Inc., an international investment banking and securities brokerage firm, for the leasing of approximately 40,000 rentable square feet of office space on the 32nd Floor of Two World Trade Center currently occupied by the State of New York.

F. Eberstadt & Co., Inc. would take over the floor after it is vacated by New York State, currently expected to be in February 1985 with the tenant having the right to cancel the lease ninety days thereafter if the space is not available to the tenant and thereafter if the space is still not available the tenant would have the right to cancel the lease at thirty day intervals. The payment of rent would commence nine months after the space is turned over to the tenant, the rent commencement date, which includes time for rebuilding. Following the rent commencement date, the rent for years 1-3 would be \$27.30 per rentable square foot per year; years 4-6, \$29.30 per rentable square foot per year; for years 7-10, \$32.30 per rentable square foot per year, exclusive of cleaning and electricity. F. Eberstadt & Co., Inc. would also pay additional rent to cover increases in operating costs and payments in-lieu-of taxes, the tenant's tax base being set at \$1.67. If The World Trade Center is sold, the tenant would be protected from major initial real estate tax increases resulting from the sale.

The space would be delivered "as is" and F. Eberstadt & Co., Inc. would receive an allowance of \$18 per rentable square foot toward its construction including the installation of a sprinkler system.

The lease would provide Eberstadt the right to sublease portions of the premises with a 50/50 sharing if there is sub-rent profit.

There will be a real estate brokerage commission payable on this transaction, at rates not to exceed the schedule of rates authorized by the Board at its meeting on August 11, 1977 which rates, in accordance with accepted practice in the real estate industry, will be applied against a net rental reflecting a six-month free rent period which is not attributable to construction time.

It was therefore recommended that the Board, on behalf of the Fund for Regional Development authorize a lease with F. Eberstadt & Co., Inc. on the foregoing terms and conditions.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board, on behalf of the Fund for Regional Development, authorize a lease for a term expiring ten years after the rent commencement date with F. Eberstadt & Co., Inc. for approximately 40,000 square feet of office space in Two World Trade Center to be vacated by the State of New York; and it is further

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

(Board - 1/10/85)

The World Trade Center - Lease with the Council on International Banking

It was reported that agreement has been reached, subject to the approval of the Board, for the leasing to the Council on International Banking of an unfinished unit of space on the Plaza Level of the Northeast Plaza Building, approximately 880 rentable square feet of space. The Council on International Banking, which was formed in 1924, is an association of 325 American and foreign banks, doing international banking in the United States. The Council on International Banking provides a forum for the development and refinement of operating procedures and systems related to international banking transactions of banks in the United States. The Council's counterparts in other geographical regions of the world work with the Council to improve international banking operations.

The space will be delivered to the tenant on execution of the lease on which date the term will commence. The term of the proposed lease will expire on the day preceding the tenth anniversary of the day payment of rental commences. Rental will commence no later than eight months after the date the space is turned over to the lessee for construction.

The lease will provide for a rent of \$22 per rentable square foot per year for years 1-3, \$25 per rentable square foot per year for years 4-6 and \$28 per rentable square foot per year for years 7-10, exclusive of charges for cleaning and electricity. In addition, the lessee will pay additional rental to cover increases in operating costs and in-lieu-of tax payments. The space has never been finished for tenant occupancy, and the Council on International Banking will lease the space in its "as is" condition. The Port Authority will pay for a portion of the tenant's construction work in an amount not to exceed \$120,000, with the tenant to pay additional monthly rental for each dollar of Port Authority investment in excess of \$20,000 at a rate which equates to an annual amount equal to .18273 multiplied by the amount of the Port Authority's investment which exceeds \$20,000 payable monthly over the term of the letting.

There is no brokerage commission payable in connection with this letting.

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

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize a lease with the Council on International Banking for approximately 880 rentable square feet on the Plaza Level of Five World Trade Center for a term expiring on the tenth anniversary of the day payment of rental for the space commences; and it is further

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

(Board - 1/10/85)

Port Newark - Lloyd's Underwriters and Other Foreign Insurance Companies - Settlement of Claim

It was reported that on March 10, 1980 it was discovered that a portion of Berth 63 at Port Newark had collapsed into the Elizabeth Channel and that the remaining portion had settled and shifted as a result of the collapse. At the time of the collapse, the Port Authority had in effect property damage insurance on the berth under the Fire and Allied Perils and Difference in Conditions All Risk insurance with Lloyd's Underwriters and other foreign insurance companies for the period June 1, 1978 through June 1, 1981.

Subsequent to the collapse, the Board, at its meeting on April 29, 1981, authorized: (1) a project to reconstruct the collapsed portion of Berth 63 and to perform associated paving and utilities work at an estimated project cost of \$6.2 million, which would include payments to contractors, an allowance for extra work, engineering, administrative and financial expenses and (2) as part of the \$6.2 million project, the award of Contract PN-730.019, Reconstruction of Berth 63, Port Newark, at a bid price estimated at \$3,670,000 plus authorization of \$367,000 for extra work and net cost work. Subsequently, on May 11, 1982, the Executive Director authorized the award of Contract PN-730.020, Paving and Utilities, Berth 63, Port Newark, at a lump sum bid price of \$324,298 plus an authorization of \$33,000 for extra work. Contracts PN-730.019 and PN-730.020 were awarded on May 20, 1981 and May 28, 1982, respectively.

In June 1981 a claim was presented to Underwriters in the total amount of \$6.3 million for the anticipated overall cost of repairs to Berth 63 and for the loss of revenue resulting from the collapse. Thereafter, as a result of a request by the Port Authority for a partial claim payment, in December 1981 and January 1982, Underwriters released payments to the Port Authority totalling \$3,570,000, which represented the bid price of Contract PN-730.019 less the \$100,000 policy self-insured retention.

All work associated with this project was completed in January 1983 and after the completion of an extensive review of Port Authority records by the insurance adjuster's accountant, negotiations with the adjuster commenced. As a result of eliminating a \$523,000 estimate for financial expenses, an item which is not recoverable under the insurance policy, and utilizing actual amounts for the repairs in-lieu-of the 1981 estimates, the amount of the claim was reduced to approximately \$5.4 million. The adjuster for Underwriters offered to settle for \$4.7 million after questioning various items. Subsequently, upon a detailed examination by the adjuster and staff, it was noted that there was essentially no net loss of Port Authority revenue resulting from the incident since other public berths at Port Authority facilities picked up those revenues. Accordingly, an amount of \$323,221, equal to the lost revenue claim, was withdrawn.

Negotiations on the remainder of the claim centered on internal overhead expenses and investigation costs and various other items which both parties agreed were questionable as far as recovery under the insurance policy. After discussion of each item and the related amount, the adjuster and staff have agreed that \$4,839,848 is a fair and reasonable settlement of the Port Authority's claim for the repair of actual damages sustained to Berth 63 at Port Newark.

(Board - 1/10/85)

It was therefore recommended that the Board authorize the settlement of an insurance claim of the Port Authority with Lloyd's Underwriters and other foreign companies under the Port Authority's Fire and Allied Perils and Difference in Conditions All Risk coverage, for damages incurred as a result of the collapse of Berth 63 at Port Newark, by accepting the total sum of \$4,839,848, of which \$3,570,000 has been collected.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director be and he hereby is authorized to enter into a settlement of the Port Authority's claim against Lloyd's Underwriters and other foreign companies under the Port Authority's Fire and Allied Perils and Difference in Conditions All Risk coverage, for damages incurred as a result of the collapse of Berth 63 at Port Newark, by accepting the total sum of \$4,839,848, of which \$3,570,000 has been collected, with such settlement documents subject to approval as to form by General Counsel or his designated representative.

(Board - 1/10/85)

Bathgate Industrial Park - Amendment to Lease and Financing Agreement with South Bronx Greenhouse, Inc.

It was reported that the Board, at its meeting on June 9, 1983, authorized the Executive Director to enter into a lease and financing agreement with South Bronx Greenhouse, Inc. (SBG) for a food production and processing facility on Block 2919 at the Bathgate Industrial Park, for an initial term of 25 years commencing upon completion of construction by the lessee.

The Executive Director executed the lease with SBG on October 7, 1983. The lease provides that the Port Authority would finance the major portion of the physical facilities erected and installed on Block 2919. SBG, subject to Port Authority controls and supervision, would contract for the construction and equipping of the facility. SBG would lease the facility and repay the Port Authority at a 12½% annual rate of interest for the construction monies advanced.

Construction of the facility, expected to be completed in January 1984, is now expected to be completed in January 1985. The delay in construction was caused by many factors: (1) the need to redesign the pre-engineered greenhouse structure manufactured in Holland to conform to local code requirements; (2) the Teamsters' strike in the summer of 1984 which delayed the pouring of the slab; (3) the need to completely redo electrical wiring of the greenhouse in order to conform to local electrical codes; (4) delays at the construction site caused by local minority construction group disputes; (5) delays in the delivery of materials from Europe; (6) delays in pay to sub-contractors due to cumbersome payment terms required by the Dutch contractors and (7) additional work caused by unforeseen field conditions.

Horticultural experts from Holland, Cornell University and Rutgers University have recommended that additional capital equipment be purchased in order to maximize the productivity of the growing facility. The equipment includes additional refrigeration capacity, storage capacity and a state-of-the-art propagation room to grow new plants from seed.

Therefore, it is recommended that an additional \$200,000 be advanced to SBG to pay for unanticipated extra work in the construction of the facility and for recommended additional capital equipment for facility operations. SBG to make additional rental payments, including accrued interest at a rate of return of 13½% over an approximately 23-year period to coincide with the payment of Facility Rental as defined in the lease.

The delay in completion of the facility has also had a negative effect on the ability of SBG to raise in excess of \$100,000 of private equity through the sale of tax benefits authorized by the Board, at its meeting on March 8, 1984. The lack of this private investment, expected to be in place at this time, poses a threat to the ability of the business to survive. In addition, the delay has imposed severe operational hardships on the business. The cost of sales is significantly higher than anticipated because product must be purchased from outside sources rather than grown in the new hydroponic facility. While it was originally projected that the company would be operating at a profit adequate to finance its growth by mid-1984, because of the construction delay, it is now projected that this will not occur until mid-1985. The company has been operating on a month-to-month basis deferring expenses where possible and working out extended payment terms where necessary. It is estimated that it will require about \$200,000 to cover these commitments as of December 31, 1984.

(Board - 1/10/85)

In excess of \$300,000 of additional working capital will also be required to carry the business through mid-1985. SBG has been actively seeking investors to provide the necessary financing. An affiliate of the Harriman Trust, Merchant Sterling Venture Corporation, has agreed to participate in a transaction which will provide in excess of \$300,000 to the business. Therefore, it is recommended that an amount not to exceed \$200,000 be advanced by the Port Authority to SBG on an as-needed basis to be used to satisfy its remaining working capital needs. SBG to make additional rental payments, including accrued interest, starting in January 1987 in an amount sufficient to recover the Port Authority's investment at a rate of return of 13½% over an eight-year period.

The lease currently provides for SBG to repay the Port Authority \$106,150 out of the \$965,000 advanced for the construction of the greenhouse facility prior to the completion of the construction. This repayment would be counter-productive to the objective of providing sufficient working capital to SBG. Therefore, it is recommended that the lease be amended to allow repayment beginning two years after the completion of construction whereby SBG would pay rental in four equal quarterly installments including accrued interest from the date monies are advanced until the total amount has been repaid at a rate of return to the Port Authority of 13½%.

The lease also provides that the not-for-profit parent, GLIE, maintain a majority common stock interest in SBG. GLIE is currently in serious financial trouble (independent of the SBG situation) and is attempting to sell its stock for cash and other considerations to SBG which will in turn sell the stock as part of the transaction with the Harriman Trust for approximately \$562,000. Of that amount, \$250,000 will be paid to GLIE and SBG will retain \$312,000 in the business.

It was therefore recommended that the Board authorize the Executive Director to enter into an agreement with South Bronx Greenhouse, Inc. amending the existing lease and financing agreement in accordance with the foregoing.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director to amend the existing lease and financing agreement with South Bronx Greenhouse, Inc. (SBG) to provide for the Port Authority to:

1. advance to SBG an additional sum of \$200,000 for the purchase of additional capital equipment for the greenhouse facility on Block 2919 at the Bathgate Industrial Park and unanticipated extra work associated with the construction of said facility;
2. advance to SBG an additional amount not to exceed \$200,000 for its working capital requirements; and
3. defer SBG's repayment of \$106,150 representing its share of the facility construction cost for approximately two years;

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

Signature of Checks, Safe Deposit Boxes and Depository Service Agreements

It was reported that on August 11, 1983 the Board adopted a resolution (amending prior resolutions) concerning, in part, the signature of checks, safe deposit boxes, and depository service agreements, which resolution requests, authorizes and directs any depository with which The Port Authority of New York and New Jersey establishes an account (other than a payroll account) to honor checks or drafts (other than Transfer Warrants) drawn on such account in the amount of \$25,000 or less, when bearing an authorized signature (without counter-signature). This monetary limit on such non-payroll checks is insufficient to cover present and anticipated needs. Due to the increase in volume of checks, it is now desirable to raise this limit to the amount of \$50,000. Suitable controls are in place to protect the Port Authority if the increase is authorized. In connection with this recommended increase in the monetary limit for such non-payroll checks, checks (other than a Transfer Warrant) for which a counter-signature would be required would now be in an amount in excess of \$50,000.

The above-mentioned resolution also requests, authorizes and directs (i) any depository with which The Port Authority of New York and New Jersey establishes an account (other than a payroll account) to honor checks drawn on such account, in the amount of \$2,000 or less, and bearing or purporting to bear the facsimile signature of certain authorized signatories and (ii) any depository with which The Port Authority of New York and New Jersey establishes a payroll account to honor checks drawn on such account in the amount of \$3,000 or less and bearing or purporting to bear the facsimile signature of certain authorized signatories. These limits are insufficient to cover present and anticipated needs. Due to increases in the volume and dollar amount of checks, it is now desirable to raise the aforesaid limits of \$2,000 and \$3,000 in each case to the amount of \$5,000. Suitable controls are in place to protect the Port Authority if the increases are authorized.

In order to maintain adequate check signing authority in light of the new titles and staffing changes established by the reorganization of the financial functions of the Port Authority in March 1984, it is also desirable that current check signing authority be changed, primarily by including references to new titles in connection with authorization for signature of transfer warrants, signature of checks, countersignature of checks, use of facsimile signatures on certain payroll and non-payroll checks, endorsement for collection or deposit of checks, drafts, certificates of deposit and other negotiable and non-negotiable commercial paper, access to safe deposit boxes and authorization to enter into night depository agreements and other special service agreements with depositories designated by the Committee on Finance.

It was therefore recommended that the Board:

1. increase to \$50,000 the current monetary limit of \$25,000 on any check or draft (other than a Transfer Warrant or a check or draft issued only for the purpose of making payroll expenditures) drawn (without counter-signature) in the name of The Port Authority of New York and New Jersey on any depository with which the Port Authority shall have established an account for purposes other than payroll expenditures;

(Board - 1/10/85)

2. increase to \$5,000 the current monetary limit of \$3,000 on all checks bearing authorized facsimile signatures, drawn in the name of The Port Authority of New York and New Jersey on any depository with which the Port Authority shall have established a "Payroll Account";

3. increase to \$5,000 the current monetary limit of \$2,000 on all checks bearing authorized facsimile signatures, drawn in the name of The Port Authority of New York and New Jersey on any depository with which the Port Authority shall have established an account not for the purpose of payroll expenditures;

4. change all references to "the Treasury Department", to "Treasury", change all references to "the Manager, Accounting Division" to "the Manager of General Accounting" and "the Manager of Financial Accounting" and delete all references to "Assistant Manager Accounting Division"; and

5. change current check signing authority primarily by including references to new titles in connection with authorization for signature of transfer warrants, signature of checks, counter-signature of checks, use of facsimile signatures on certain payroll and non-payroll checks, endorsement for collection or deposit of checks, drafts, certificates of deposit and other negotiable and non-negotiable commercial paper, access to safe deposit boxes and authorization to enter into night depository agreements and other special service agreements with depositories designated by the Committee on Finance.

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

RESOLVED, that the resolution of August 11, 1983, (appearing at pages 341 et seq. of the Official Minutes of that date), relating to signature of contracts and other documents in the absence of the Executive Director, signature of checks, safe deposit boxes, and depository service agreements be and it hereby is revoked and rescinded in its entirety; and it is further

RESOLVED, that in all cases where the Executive Director has been or shall hereafter be authorized to sign contracts, agreements, instruments, documents or papers on behalf of The Port Authority of New York and New Jersey (other than checks, drafts or commercial papers), and the Executive Director is unable to act because of absence or disability, then the Deputy Executive Director, Assistant Executive Director and the Director of Administration or any of them, or their successors in office or duties, shall be authorized to sign, and in all cases where any such contracts, agreements, instruments, documents or papers are signed by the Deputy Executive Director, Assistant Executive Director or the Director of Administration, or their successors in office or duties, all persons whatsoever shall be entitled to rely thereon without proof of the Executive Director's absence or disability; and it is further

RESOLVED, that checks and drafts drawn on behalf of The Port Authority of New York and New Jersey upon any and all banks, trust companies and other banking institutions in which any funds may at any time stand to the credit of The Port Authority of New York and New Jersey shall be signed as follows:

(Board - 1/10/85)

1. Transfer Warrants, being checks or drafts bearing upon their face substantially the following phraseology, "Transfer Warrants – This check is issued only for the purposes of transferring funds from one Port Authority of New York and New Jersey depositor to another", may be signed by the Chief Financial Officer, the Assistant Chief Financial Officer, the Director, Finance Department/Comptroller, the Treasurer, the Assistant Director, Finance Department, the Assistant Treasurer, the Senior Financial Analyst in Treasury, the Staff Financial Analyst in Treasury, the Financial Analyst in Treasury, the Assistant Financial Analyst in Treasury or the Associate Financial Analyst in Treasury, without co-signature and without limitations as to amount.

2. Any check or draft (other than a Transfer Warrant) the amount of which shall be in excess of Fifty Thousand Dollars (\$50,000), shall be signed by either the Executive Director, the Deputy Executive Director, the Assistant Executive Director, the Chief Financial Officer, the Assistant Chief Financial Officer, the Treasurer or the Assistant Treasurer and shall be countersigned by the Executive Director, the Deputy Executive Director, the Assistant Executive Director, the Chief Financial Officer or the Assistant Chief Financial Officer, (if they shall not have signed same), the Comptroller, the Deputy Comptroller, the Director, Finance Department/Comptroller or the Assistant Director, Finance Department; provided, however, that the Executive Director, Treasurer or Director, Finance Department/Comptroller, respectively, as appropriate, may delegate such authority to sign such checks or drafts in his absence to the Director of Administration, the Senior Financial Analyst in Treasury or the Staff Financial Analyst in Treasury, or the Manager of General Accounting or the Manager of Financial Accounting, respectively.

3. Any check or draft, the amount of which shall be Ten Thousand Dollars (\$10,000) or less and which is issued only for the purpose of making payroll expenditures, shall be signed by either the Comptroller, Director, Finance Department/Comptroller, Assistant Director, Finance Department, Deputy Comptroller, or the Manager of General Accounting or Manager of Financial Accounting without co-signature.

4. Any check or draft (other than a Transfer Warrant or a check or draft issued only for the purpose of making payroll expenditures), the amount of which shall be Fifty Thousand Dollars (\$50,000) or less, shall be signed either by the Chief Financial Officer, the Assistant Chief Financial Officer, the Director, Finance Department/Comptroller, the Treasurer, the Assistant Director,

Finance Department, the Assistant Treasurer, the Senior Financial Analyst in Treasury, the Staff Financial Analyst in Treasury, the Financial Analyst in Treasury or the Assistant Financial Analyst in Treasury, the Associate Financial Analyst in Treasury, (but only if drawn on the bank with which there is on deposit the petty cash fund of a particular Port Authority trade development office, regional sales office or the Port Authority's Washington Office) by the Manager or the Assistant Manager of such trade development office, regional sales office and for the Washington Office, by the Port Authority's Washington Representative, without co-signature; and it is further

RESOLVED, that any depository designated by the Committee on Finance with which The Port Authority of New York or New Jersey shall have established a "Payroll Account" be and it hereby is requested, authorized and directed to honor all checks, drawn in the name of The Port Authority of New York and New Jersey on said bank (including those drawn to the individual order or any person or persons whose names appear thereon as signer or signers thereof) in the amount of \$5,000 or less, when bearing the phrase "Payroll Account" and when bearing or purporting to bear the facsimile signature of any one or more of the following officers of The Port Authority of New York and New Jersey:

Director, Finance Department
Comptroller
Deputy Comptroller
Assistant Director, Finance Department
Manager of General Accounting
Manager of Financial Accounting

and such depository shall be entitled to honor and to charge The Port Authority of New York and New Jersey for all such checks, regardless of by whom or by what means the actual or purported facsimile signature or signatures thereon may have been affixed thereto, if such facsimile signature or signatures resemble the facsimile specimens from time to time filed with the bank by the Secretary or other officer of The Port Authority of New York and New Jersey; and it is further

RESOLVED, that any depository designated by the Committee of Finance with which The Port Authority of New York and New Jersey shall have established an account be and it hereby is requested, authorized and directed to honor all checks, drawn in the name of The Port Authority of New York and New Jersey on said bank in the amount of \$5,000 or less, when not drawn on a Payroll Account and when bearing or purporting to bear the facsimile signature of any one or more of the incumbents of the following positions at The Port Authority of New York and New Jersey:

(Board - 1/10/85)

Senior Financial Analyst in Treasury
or
Staff Financial Analyst in Treasury
or
Financial Analyst in Treasury
or
Assistant Financial Analyst in Treasury
or
Associate Financial Analyst in Treasury

and such depository shall be entitled to honor and to charge The Port Authority of New York and New Jersey for all such checks, regardless of by whom or by what means the actual or purported facsimile signature or signatures thereon may have been affixed thereto, if such facsimile signature or signatures resemble the facsimile specimens from time to time filed with the bank by the Secretary or other officer of The Port Authority of New York and New Jersey; and it is further

RESOLVED, that any and all banks, trust companies and other banking institutions in which funds may at any time stand to the credit of The Port Authority of New York and New Jersey be and they hereby are authorized to honor all checks and drafts signed on behalf of The Port Authority of New York and New Jersey in accordance with the terms of this resolution; and it is further

RESOLVED, that the Treasurer, the Assistant Treasurer, the Senior Financial Analyst in Treasury, the Staff Financial Analyst in Treasury, the Financial Analyst in Treasury, the Assistant Financial Analyst in Treasury, the Associate Financial Analyst in Treasury and the Senior Cashier in Treasury be and each of them hereby is separately authorized to endorse for collection or deposit to the credit of The Port Authority of New York and New Jersey any and all checks, drafts, certificates of deposit and other negotiable and non-negotiable commercial paper to be credited to the account of The Port Authority of New York and New Jersey in any bank, trust company or other banking institution; and it is further

RESOLVED, that the Executive Director, and the Deputy Executive Director or the Assistant Executive Director, be and they hereby are authorized to rent or discontinue rental or safe deposit boxes in any bank, trust company or safe deposit company in the Port of New York District, and that access thereto may be had, subject to the rules and regulations of said bank, trust company or safe deposit company, by and of the following officers, to wit:

(a) The Treasurer, the Assistant Treasurer, the Senior Financial Analyst in Treasury, the Staff Financial Analyst in Treasury, the Financial Analyst in Treasury, the Assistant Financial Analyst in Treasury, the Associate Financial Analyst in Treasury, the Cashier,
or

(b) The Comptroller, the Deputy Comptroller, the Manager of General Accounting, the Manager of Financial Accounting,

(Board - 1/10/85)

provided, that no one of the foregoing officers shall have access thereto except in the presence of another of the foregoing officers, and provided, further, that at least two of the officers having access thereto as above provided shall be listed in different subdivisions in the above list of officers by whom such access may be had; and it is further

RESOLVED, that the Chief Financial Officer, the Assistant Chief Financial Officer, the Director, Finance Department/Comptroller, the Treasurer, the Assistant Director, Finance Department and the Assistant Treasurer be and each of them hereby is separately authorized to enter into night deposit agreements and other such special service agreements with any depository designated by the Committee on Finance; and it is further

RESOLVED, that the foregoing authority shall be granted to the successors in office or duties of all the positions named herein.

(Board - 1/10/85)

Kennedy International, Newark International and LaGuardia Airports - Police Professional Liability Insurance

It was reported that pursuant to Federal Airport Security Regulations, Title 14, Code of Federal Regulations, Part 107, promulgated by the Federal Aviation Administration of the United States Department of Transportation, the Board, at its meeting on August 8, 1974, authorized agreements with domestic airlines at Kennedy International, Newark International and LaGuardia Airports under which the Port Authority would provide police security services for the airlines at the passenger boarding gates of the three airports and the airlines would reimburse the Port Authority for the costs of such services. At its meeting on July 12, 1979, the Board authorized agreements to provide similar services to foreign-flag and supplemental air carriers at the three airports.

At its meeting on November 10, 1983, the Board authorized the purchase of Police Professional Liability Insurance for a three-year term effective December 5, 1983, covering Port Authority police security service for the airlines at the passenger boarding gates of Kennedy International, Newark International and LaGuardia Airports, in limits of \$2 million per occurrence through the broker Hamond & Regine, Inc. In early December 1984, the broker advised that, as a result of the tightening of world insurance markets and severe reinsurance market capacity contraction, one of the insurers of the Police Professional Liability Insurance program, Transit Casualty Co., would cancel its three-year policy effective January 5, 1985, while the other carrier, Granite State Insurance Co., declined to renew its participation, effective December 5, 1984.

As a result, brokers Hamond & Regine, Inc. and Frank B. Hall of New York, Inc. were requested to seek insurers which might be interested in providing replacement coverage. Frank B. Hall of New York, Inc. subsequently advised that none of the carriers it contacted had the underwriting capacity to provide the coverage, while Hamond & Regine, Inc. indicated that it was able to secure Police Professional Liability Insurance for a one-year term in limits of \$500,000, per occurrence effective January 5, 1985, through the National Sheriff's Association, with coverage underwritten by The Imperial Casualty and Indemnity Co. at a total premium cost of \$93,307. Imperial Casualty and Indemnity Co. holds a Best's Policyholder Rating of "A+," and a financial size rating of Class XIII.

Hamond & Regine, Inc. is presently continuing discussions with domestic and London insurers in order to arrange additional Police Professional Liability Insurance coverage, up to a limit of \$1.5 million excess of the \$500,000 coverage, per occurrence. The purchase of such additional coverage will be made provided the premium is reasonable in light of current market conditions and in comparison to the premium for the coverage to be provided by Imperial Casualty and Indemnity Co. for the primary \$500,000, per occurrence, of insurance. Until such additional Police Professional Liability Insurance is purchased, the Port Authority will self-insure this exposure, on its own behalf and for its own liability, above the primary insurance provided through the National Sheriff's Association.

(Board - 1/10/85)

Staff has evaluated the one-year premium of \$93,307 quoted by Imperial Casualty and Indemnity Co. for \$500,000 of coverage as acceptable in light of the recent severe tightening of world insurance capacity. While the quoted premium is significantly higher than the premium cost for the coverage approved by the Board at its meeting on November 10, 1983, that cost reflected six years of declining marketplace cashflow underwriting. In fact, on an inflation-adjusted basis, the currently quoted premium is comparable to the 1977 premium for this coverage. In view of the protection afforded the airlines as additional insureds under this coverage, staff believes the purchase of coverage is warranted. Premium for this insurance is reimbursed to the Port Authority by the airlines.

Recommendation was made that the Board authorize:

1. the purchase of Police Professional Liability Insurance from Imperial Casualty and Indemnity Co., through the broker, Hamond & Regine, Inc., in a limit of \$500,000 per occurrence for a one-year term effective January 5, 1985, at a total premium cost of \$93,307; and

2. the Executive Director to purchase additional Police Professional Liability Insurance as may become available, in limits up to \$1.5 million, per occurrence, excess of \$500,000, at a premium considered reasonable in light of current market conditions and in relation to the premium charged for the primary \$500,000 of insurance.

Approved.

Whereupon, the meeting was adjourned.

Secretary

THE PORT AUTHORITY OF NEW YORK

MINUTES

Thursday, February 14, 1985

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MINUTES of meeting of The Port Authority of New York and New Jersey held Thursday, (37)
February 14, 1985, at the Port Authority offices, One World Trade Center, City, County and
State of New York.

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
James G. Hellmuth
John G. McGoldrick
H. Carl McCall

Peter C. Goldmark, Jr., Executive Director
Patrick J. Falvey, General Counsel/Assistant Executive Director
Doris E. Landre, Secretary
Robert J. Aaronson, Director of Aviation
Gwendolyn K. Crider, Administrative Assistant
Sidney Frigand, Assistant Executive Director/Director of Public Affairs
Louis J. Gambaccini, Assistant Executive Director/Director of Administration
Gene Gill, Director of Management Services and General Services
James Kirk, Deputy Director of Rail Transportation
Philip LaRocco, Director, Economic Development Department
Donald R. Lee, Director of Audit
Lillian C. Liburdi, Director of Management and Budget
Cornelius J. Lynch, Deputy Director of World Trade
Katharine B. MacKay, Assistant Executive Director/Director of State Relations
Mark Marchese, Assistant Director, Information Services, Public Affairs
John B. McAvey, Assistant Chief Financial Officer
Rino M. Monti, Director of Engineering/Chief Engineer
Edward J. O'Malley, Director of Personnel
James O'Malley, Deputy Director of Management Information Services
Martin E. Robins, Director of Planning and Development
Victor T. Strom, Director of Public Safety
Anthony J. Tozzoli, Port Director
Joseph L. Vanacore, Director of Tunnels, Bridges and Terminals
Barry Weintrob, Director, Finance Department/Comptroller, Acting Chief Financial Officer
Marvin Weiss, Director, Office of Minority Business Development
Marshal L. Wilcox, Jr., Treasurer
Thomas C. Young, Jr., Principal Information Officer, Public Affairs

The meeting was called to order by the Chairman.

Commissioner H. Carl McCall

Chairman Sagner welcomed Commissioner McCall to his first Board meeting and expressed the pleasure of his fellow Commissioners at having Commissioner McCall join them as a colleague in the work and programs of the Authority.

(Board - 2/14/85)

Tribute to Honorable Lewis L. Glucksman

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 Lewis L. Glucksman.

WHEREAS, during the years since his appointment as a Commissioner of The Port Authority of New York and New Jersey by Governor Hugh L. Carey in 1976 and his reappointment by Governor Carey in 1979, the Honorable Lewis L. Glucksman has given unstintingly of his time, energy and abilities to the continued development and progress of the Port of New York/New Jersey and the entire region of the Port District; and

WHEREAS, in his various capacities as a member of the Board of Commissioners, as Vice Chairman and Chairman of the Committee on Finance, member and Chairman of the Audit Committee, and as a member of the Committee on Construction, the Committee on Operations, and the Committee on Port Planning, Commissioner Glucksman has contributed his judgment and guidance and his rich background of financial and business experience to the formulation of the financial policies and programs of The Port Authority of New York and New Jersey; and

WHEREAS, his fellow Commissioners and the staff have greatly valued his help and advice in all areas of the planning, management and particularly the financing of this public enterprise;

NOW, THEREFORE, be it

RESOLVED, that the Commissioners of The Port Authority of New York and New Jersey do hereby express to Lewis L. Glucksman their deep appreciation for his outstanding service to the Port Authority and their highest respect for him 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 Lewis L. Glucksman as a token of the high esteem and deep respect 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 January 10, 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 February 14, 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 February 14, 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 February 14, 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 February 14, 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 - 2/14/85)

1985 Budget - January 1 through March 31, 1985

It was recalled that the Board, at its meeting on December 13, 1984, acted to confirm the authority of the Executive Director to make expenditures and to undertake contractual commitments, in accordance with the By-Laws, all as contemplated in the proposed 1985 Budget for The Port Authority of New York and New Jersey (including Port Authority Trans-Hudson Corporation). This action was taken when it became apparent that, in connection with the review of the items constituting the proposed 1985 Budget being considered by the Board, the Governors' staffs might not complete their review of preliminary budget materials in time for the Board to consider any recommendations made by the States for possible revisions to the proposed 1985 Budget before the January 10, 1985 meeting of the Board. It was reported that the 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 1985 Budget presented to the Board on December 6, 1984. It is expected that such payments will not exceed \$150 million per month through March 31, 1985.

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 March 31, 1985 to make expenditures at a rate not to exceed \$150 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 1985 Budget for The Port Authority of New York and New Jersey (including Port Authority Trans-Hudson Corporation) presented to the Board on December 6, 1984.

Fund for Regional Development - Former New York State Leasehold in Two World Trade Center - Retention of Appraisal Services

It was reported that pursuant to the Agreement among the State of New York, the State of New Jersey and the Port Authority, a Fund for Regional Development has been established for the purpose of making available to the States the capital value resulting from the vacation of space presently held by the States in Two World Trade Center. The Fund's income is provided by subleasing space formerly occupied by New York State, less certain costs including brokerage commissions, construction allowances, payment to the Port Authority of base rent plus rental for other costs, and payment to New York State for its move-out cost, and payment of an administrative fee to the Port Authority.

Recent discussions have been held with both States regarding the possibility of a Port Authority "buy-out" of the Fund's leasehold interest. The advantages of such a proposal would be to ease the Fund's administrative burden and to make the Fund's assets available to the States for projects as expeditiously as possible. These discussions have progressed to the point where it is now necessary to determine the value of the assets of the Fund for Regional Development.

In consultation with both States, staff has determined that it is necessary and desirable that two separate and independent appraisals be obtained. One appraisal will be for the use of the Port Authority as potential purchaser of the leasehold. The purpose of that evaluation would be to assist the Port Authority in setting a price at which it would be willing to acquire the lease from the Fund for Regional Development. A separate appraisal will be sought for the use of the Fund, which would be in the position of seller.

Staff has interviewed and is considering Brooks-Harvey as a firm well-qualified to perform services for the Port Authority. Brooks-Harvey & Company, Inc., has substantial experience in arranging appraisal and real estate financing for large-scale transactions involving office buildings. As a Morgan Stanley affiliate, Brooks-Harvey supplements its own resources with full access to Morgan Stanley's substantial knowledge and experience in real estate finance.

The Fund has informed the Port Authority that they have selected Bear, Sterns & Company as the firm most qualified to appraise and report on the value of the Fund's assets.

It is estimated that the performance of these services can be completed within 30 days from the initiation of the work.

It was therefore recommended that the Board authorize the Executive Director to enter into agreements with two outside consultants to provide real estate appraisal services to appraise the value of the leasehold in Two World Trade Center held by the Fund for Regional Development.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director be and he hereby is authorized to enter into agreements with two outside consultants to provide real estate appraisal services to appraise the value of the leasehold in Two World Trade Center held by the Fund for Regional Development; and it is further

RESOLVED, that the form of said agreements be approved by General Counsel or his authorized representative.

(Board - 2/14/85)

**LaGuardia Airport - Host Services of New York, Inc., a Subsidiary of Marriott Corporation -
Amendment to Lease AG-700**

It was reported that the Board, at its meeting on May 10, 1973, authorized a 15-year lease agreement with Host International, Inc., which agreement was subsequently assigned to Host Services of New York, Inc., its wholly owned subsidiary, covering the operation of various food and beverage facilities at LaGuardia Airport. As a necessary service improvement, it is now proposed that Host, now a subsidiary of Marriott Corporation, relocate, upgrade and refurbish certain of the existing food and beverage facilities and construct new ones. The proposed rehabilitation and expansion is consistent with the anticipated expansion of the Central Terminal Building and will require an investment of approximately \$5,080,000. In consideration of this new investment, a five-year extension of the term of the lease from October 1, 1989 to September 30, 1994 is recommended. This will allow the tenant a further period in which to amortize its new investment.

The current percentage rental arrangement set forth in the lease produced \$708,000 in revenues to the Port Authority for the calendar year 1983. Under the proposed new arrangement, the tenant will pay a percentage rental for the balance of its current term equivalent to the sum of 14.5% of all annual gross receipts arising from the sale of alcoholic beverages, 10.5% of annual gross receipts arising from airport terminal food sales and 5% of employees' cafeteria food sales. If the total rental paid by the tenant in any year reaches \$1,350,000, the Port Authority will grant the tenant a rental credit equivalent to 5% of the gross receipts arising from sales in the employees' cafeteria. These increases in percentage rentals will be effective with respect to the main Terrace restaurant and bar and the Central Fast Food Cafeteria as of April 1, 1985. The increase will become effective with respect to all other restaurants and bars upon substantial completion of the construction, relocation and refurbishing work therein. It is contemplated that during construction, certain temporary facilities will be required and the existing percentage rentals, not the increased ones, will apply to these. It is estimated that this new arrangement will produce approximately \$1,350,000 in revenues to the Port Authority for the 1987 lease year. For the period October 1, 1989 through September 30, 1994, the tenant will pay an annual percentage rental equivalent to the sum of 16.5% of all annual gross receipts arising from the sale of alcoholic beverages, 12.5% of annual gross receipts arising from airport terminal food sales and 5% of employees' cafeteria food sales. Host will continue to be entitled to the credit of 5% of employees' cafeteria food sales if annual rental exceeds \$1,350,000.

In view of the extremely large investment by the tenant and the substantial increase in rentals, the Port Authority has agreed as part of this arrangement to a capital investment formula which will provide the tenant with a further credit against the rentals due the Port Authority in an annual amount not to exceed \$100,000, which amount will be reduced proportionately if the amount of the tenant's investment is less than \$5,080,000. If less than \$4,173,000 is invested, the tenant would not be entitled to this credit. This credit will be applied in equal monthly installments against monthly payments of rental due until exhausted.

The lease with Host would continue to be subject to termination by the Port Authority at any time without cause on thirty days' notice during the term of the extension, in which event the tenant would be reimbursed for the then unamortized portion of its actual construction and installation costs, and such reimbursement would also be made in the event Host's lease is not renewed for any reason other than for cause, upon its expiration on September 30, 1994.

(Board - 2/14/85)

It was therefore recommended that the Board authorize the Executive Director on behalf of the Port Authority to enter into an agreement with Host Services of New York, Inc. on the terms and conditions outlined above.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized for and on behalf of the Port Authority to enter into agreements with Host Services of New York, Inc. providing for Host to invest approximately \$5,080,000 to rehabilitate and expand the food and beverage facilities being operated by it at LaGuardia Airport under its lease with the Port Authority, amending the percentage rental provisions of the lease and extending the term of the letting under the lease for a five-year period commencing October 1, 1989, such agreement also to provide for the tenant to perform certain environmental and ramp work for the Port Authority's account and to be reimbursed for the cost thereof in an estimated amount of \$700,000; and it is further

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

(Board - 2/14/85)

Newark International Airport - Butler Aviation-Newark, Inc. - Supplement to Lease AN-998 for Aircraft Service Center

It was reported that the Board, at its meeting on December 9, 1982, authorized the Executive Director to enter into an agreement of lease with Butler Aviation-Newark, Inc. (hereinafter called "Butler") covering the letting of a site of approximately 37 acres of land at Newark International Airport on which Butler would design, construct and operate a major Aircraft Service Center. The Lease (AN-998) was fully executed by the Port Authority and Butler on November 7, 1983 and is for a term to expire approximately 30 years from completion of construction on Area I but no later than August 31, 2014. The leased premises are divided into Area I and Area II for the purpose of phased and obligated construction. Under the lease, the Port Authority will make payments to Butler for the construction of its facilities including those of approved sublessees in an amount not to exceed \$28 million for construction which will have started not later than August 31, 1985. Under the existing terms of the lease, Butler is to pay to the Port Authority, effective when construction is completed in Area I but no later than September 1, 1984, an initial annual ground rental of approximately \$401,237, the said annual ground rental to increase to approximately \$809,682 effective upon any occupancy of any facility constructed in Area II but no later than September 1, 1985.

At the time of the December 9, 1982 Board authorization it was anticipated that construction would commence by mid-1983 and that it would take approximately 24 to 36 months to complete facilities representing an ultimate construction investment of approximately \$40 million. The various dates contained in the lease covering completion of construction, payment of rental and Port Authority payments for construction were based on staff's desire to move the project as quickly as possible and apparently overly optimistic information. The complexity of the project, its two stage development, its financial considerations, such as permitting a subtenant to invest its own funds in structures within the Butler leasehold and the special relationship established therefrom required almost a year of negotiation resulting in several redraftings of lease provisions. Consequently, negotiations between the Port Authority and Butler's representatives were not completed until November 1983. In addition, Butler advised that its construction plans called for a firm commitment of at least one major subtenant which was not obtained until June 1984 after lengthy negotiations among Butler, its major subtenant and the Port Authority. As a result of these delays the project's design and construction schedule was revised and the estimated completion of Area I construction originally scheduled for early 1985 was set back to October 15, 1986.

It is recommended that specific dates contained in the lease be revised to more realistically reflect Butler's development and occupancy of the site. Tentative agreement has been reached with Butler whereby the lease would be supplemented to postpone the payment of the initial ground rental to provide that Butler would pay an initial ground rental of \$809,682 effective when there is completion of construction in Area I or occupancy of any facility which has been constructed in Area II but no later than September 1, 1985. The annual ground rental consists of a fixed amount of \$166,452 based on \$4,500 per acre (the constant factor) and a variable amount of \$643,230 (the Airport Services Factor). It should be pointed out that the variable amount represents the Airport Services Factor which through the workings of the Airline Master Lease formula does not become payable until the site is revenue producing to the Port Authority. Therefore, in actuality, by postponing the commencement of ground rental there would be no payment of only the constant portion of the ground rental for Area I which amounts to \$81,630.

(Board - 2/14/85)

Under the proposed amendment to the lease effective the tenth year instead of the eleventh year, after the initial ground rental commences, the constant factor will be increased to \$221,928 based on \$6,000 per acre, and effective the twentieth year instead of the 21st year after ground rental commences, the constant factor will be increased again to \$277,410 based on \$7,500 per acre. The Airport Services Factor, which will be adjusted at the time ground rental commences, and will be subject to annual adjustment thereafter, is based on the Airline Master Lease Adjustment at the airport for the calendar year 1981 amounting to approximately \$17,400 per acre.

The other terms and conditions of the lease previously approved by the Board, at its meeting on December 9, 1982, will remain unchanged.

Under the terms of the lease, the Port Authority is obligated to provide paving and utilities to the perimeter of the site, including access roads and taxiways, underground utility systems for water, sanitary and storm drainage, and underground duct systems for electrical power distribution and communications. The Board, at its meeting on December 9, 1982, also authorized the Executive Director to implement a project to provide certain Port Authority construction work. This construction work is ongoing and it is estimated to be completed by September 1985.

It is therefore recommended that the Board authorize the Executive Director to enter into an agreement with Butler Aviation-Newark, Inc. amendatory and supplemental to Lease AN-998, all in accordance with the foregoing.

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 enter into an agreement with Butler Aviation-Newark, Inc. amendatory and supplemental to Lease AN-998 between Butler Aviation-Newark, Inc. and the Port Authority covering premises at Newark International Airport on which Butler Aviation-Newark, Inc. will design, construct and operate an Aircraft Service Center which would:

1. revise the effective date for the commencement of ground rental under the lease so that the lessee will pay an initial ground rental of \$809,682 for the entire 37-acre site on the earliest of completion of construction in Area I, the date of occupancy of any facility in Area II or September 1, 1985 with the ground rental to consist of a constant factor based on \$4,500 per acre and a variable amount which is subject to annual adjustment based on the Airport Services formula under the Airline Master Leases at the airport;

2. provide that the constant factor of the annual ground rental be increased to \$6,000 per acre effective the tenth year instead of the eleventh year after the ground rental commences and to be increased again to \$7,500 per acre effective the twentieth year instead of the 21st year after the ground rental commences; and

(Board - 2/14/85)

3. extend the period during which the Port Authority will make payments for the construction of the Aircraft Service Center to cover construction which will have started not later than August 31, 1986 instead of August 31, 1985; and it is further

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

(Board - 2/14/85)

Newark International Airport - Transit Access Study - Agreement with NJ Transit Corp.

It was reported that several access studies have been performed for Newark International Airport over the past two decades. None of these, however, anticipated the extraordinary growth rate currently being experienced at Newark International Airport, the fastest growing of the region's (and the nation's) airports.

It is now apparent that sustained growth at the airport will require a more comprehensive examination of feasible Newark International Airport transit access alternatives.

The Urban Mass Transportation Administration has awarded NJ Transit, as project sponsor, a grant for a \$245,000 study of improved transit access to Newark International Airport known as the NIA Transit Access Study.

The proposed study will include:

1. an analysis of existing public transit access to Newark International Airport and its immediate vicinity;
2. an analysis of existing market data relating to short-term transit improvements;
3. the making of recommendations relating to short-term physical and other transit services improvements; and
4. an analysis of long-term transit access alternatives.

Discussions between staff and NJ Transit have resulted in a joint recommendation that the Port Authority participate in the proposed study. NJ Transit would take the lead, with Port Authority cooperation, on the short-term portion of the study, which includes evaluating existing bus services and potential bus diversions as well as identifying new markets. The Port Authority would (with consultant assistance) perform the long-term portion of the study, which would include a long-term capital, operations and institutional analysis for various guideway alternatives (e.g., light rail transit). Of the \$245,000 to be committed to the study, 80%, or \$196,000, will be Federally funded, and the balance, the 20% local share, or \$49,000, will be provided in the form of services-in-kind by the Port Authority (\$21,000) and by NJ Transit (\$28,000) under the proposed cooperative agreement between them. From the study grant, \$164,000 will be reimbursable to the Port Authority and with services-in-kind, the total cost to the Port Authority will be \$185,000.

The study, which is expected to last one year, will include consideration of data from several other studies being performed concurrently, which will form the basis for analysis relating to data collection, demand estimates and current service analysis.

Under the proposed agreement with NJ Transit, the Port Authority, following issuance of a Request for Proposals, would enter into agreements with professional advisory service firms in an aggregate amount not to exceed \$149,000.

(Board - 2/14/85)

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

1. enter into an agreement with NJ Transit Corp., under which the Port Authority would participate with NJ Transit in a study of improved transit access to Newark International Airport at a total cost to the Port Authority of \$185,000, of which \$164,000 would be reimbursable to the Port Authority by NJ Transit from Federal grant funds; and

2. enter into an agreement or agreements with one or more professional advisory service firms, in connection with the proposed agreement with NJ Transit relating to the NIA Transit Access Study, to assist staff in the analysis of various short-term and long-term transit access alternatives to assess market potential and determine physical improvements in an aggregate amount not to exceed \$149,000.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to enter into an agreement with NJ Transit Corp., under which the Port Authority would participate with NJ Transit in a study of improved transit access to Newark International Airport at a total cost to the Port Authority of \$185,000, of which \$164,000 would be reimbursable to the Port Authority by NJ Transit from Federal grant funds, such agreement to be subject to approval as to form by General Counsel or his designated representative; and it is further

RESOLVED, that the Executive Director is authorized to enter into an agreement or agreements with one or more professional advisory service firms, in connection with the proposed agreement with NJ Transit relating to the NIA Transit Access Study, to assist staff in the analysis of various short-term and long-term transit access alternatives in an aggregate amount not to exceed \$149,000, such agreement or agreements to be subject to approval as to form by General Counsel or his designated representative.

(Board - 2/14/85)

Waterfront Development Program - Hunters Point, Queens, New York - Supplemental Environmental Studies

It was reported that physical planning work and environmental planning and analysis of the Hunters Point, Queens, Waterfront Development Project has proceeded and studies are currently underway, pursuant to the December 8, 1983 Board authorization for the project. Staff now recommends initiation of an additional study to survey the aquatic biota and water quality in the East River and Newtown Creek areas at Hunters Point. This environmental planning and analysis work is a prerequisite for securing site and other developmental approvals and/or permits which may be needed in connection with the Hunters Point Waterfront Development Project.

The survey will include, among other things, the analysis of water quality, zooplankton and phytolankton, benthos, fish and physical and chemical properties of sediments. This work will be performed in close cooperation among the Port Authority, the New York State Department of Environmental Conservation, the New York City Department of Environmental Protection and the U.S. Army Corps of Engineers. The study, which will coincide with the ongoing master plan development activities and other environmental services, will be conducted over a five season period at an amount estimated to be \$300,000.

These services would be obtained through a Request for Proposals, using either a select list of qualified firms or public advertisement or a combination of both. Based on a detailed evaluation of the proposals received and the firms' qualifications, staff would recommend an appropriate firm to perform the study. The Request for Proposals is expected to be issued shortly and an agreement is expected to be executed with the selected firm by March 15, 1985.

It was therefore recommended that the Board authorize the Executive Director to enter into an agreement, on the basis of proposals to be received, for the performance of an environmental field study of aquatic biota and water quality at Hunters Point, Queens, New York, in an amount estimated to be \$300,000.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to enter into an agreement, on the basis of proposals to be received, for the performance of an environmental field study of aquatic biota and water quality at Hunters Point, Queens, New York, in an amount estimated to be \$300,000.

(Board - 2/14/85)

**New York City Passenger Ship Terminal, Port Newark, Elizabeth and Brooklyn Port Authority
Marine Terminals - Maintenance Dredging - Contract MFP-158 - Award**

It was reported that Contract MFP-158 provides for the removal and disposal of approximately 600,000 cubic yards of accumulated material from various berths at the New York City Passenger Ship Terminal and the Port Newark, Elizabeth and Brooklyn Port Authority Marine Terminals.

The contract was publicly advertised and the following bids were received on January 17, 1985:

	Estimated Total Amount
Great Lakes Dredge & Dock Company Staten Island, New York	\$2,617,500
Weeks Dredging & Contracting, Inc. Cranford, New Jersey	2,679,610
ENGINEER'S ESTIMATE	\$2,700,000

Great Lakes Dredge & Dock Company 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 the Executive Director to award Contract MFP-158, Maintenance Dredging, New York City Passenger Ship Terminal, Port Newark and Elizabeth and Brooklyn Port Authority Marine Terminals, to Great Lakes Dredge & Dock Company in the estimated total amount of \$2,617,500 and to order extra work up to the amount of \$262,000.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to award Contract MFP-158, Maintenance Dredging, New York City Passenger Ship Terminal, Port Newark and Elizabeth and Brooklyn Port Authority Marine Terminals, to Great Lakes Dredge & Dock Company in the estimated total amount of \$2,617,500 and to order extra work up to the amount of \$262,000.

(Board - 2/14/85)

Meritorious Service Award of Police Commendation Medal to Detectives Matthew T. Besheer and Pastor Toro, Jr.

It was recommended that the Police Commendation Medal be awarded to Detectives Matthew T. Besheer and Pastor Toro, Jr.

The Police Commendation Medal under the Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed outstanding service or has shown exceptionally meritorious performance in the duty assigned to him.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Police Commendation Medal is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Detectives Matthew T. Besheer and Pastor Toro, Jr. it is recommended that the Police Commendation Medal award be given on the following grounds:

On May 6, 1984, Detective Matthew T. Besheer and Detective Pastor Toro, Jr. were assigned to the Port Authority Bus Terminal on the evening tour. At approximately 4:15 p.m., Police Sergeant William Corrigan, on duty at the Police Desk, received a call from a New Jersey bus dispatcher stating that, "a patron was holding up a few buses. . . he must be on something." Sergeant Corrigan immediately dispatched a police officer to the scene and advised other units that a Code 50 (disorderly person) was occurring at Platform 50.

Overhearing the radio transmission, Detectives Besheer and Toro, who were in the immediate vicinity, responded to the scene. Being the first to arrive on the scene, they observed a New Jersey Transit bus parked at the curb of Platform 50 and an individual standing in the bus doorway.

In the best interests of the bus patrons whose lives were being threatened, Detective Toro bypassed the person standing in the bus doorway to speak to the bus driver about the problem. In so doing, the individual in the doorway turned to exit the bus, while withdrawing an open knife from his pants pocket, and advanced toward Detective Besheer who was standing outside of the bus. Alerted by the warning of the bus driver, Detective Besheer backed away, unholstering his weapon as he walked. Detective Toro immediately ran after the subject and grabbed him from behind to prevent the subject from attacking anyone. Detective Toro and the man became embroiled in a violent struggle on the floor. After placing his weapon back in its holster, Detective Besheer joined in the struggle to help subdue the man.

(Board - 2/14/85)

Responding uniformed police officers were confronted with the melee, during the course of which Detective Toro sustained a deep stab wound to his torso, just to the right of the groin. Though Detective Besheer had also sustained knife wounds to his ankle, he realized the gravity of the situation and succeeded in disarming the individual, guaranteeing the safety of innocent patrons and enabling the arrest to be effected by the responding officers. Detective Toro was then rushed to Roosevelt Hospital and surgery was performed to tie a severed artery.

The prompt and courageous intervention by Detectives Besheer and Toro was directly responsible for resolving this incident without injury or loss of life of innocent bystanders. Despite the fact that the man was brandishing an opened knife, they did not hesitate to take decisive action, safeguarding "victimized" patrons. The fact that no shots were fired despite the intensity of the situation is a credit to the Detectives' professionalism and extreme regard for protecting human life, including the safety of someone threatening their own lives.

For their instinctive responsiveness in subduing a man who had been menacing passengers on a bus at the Port Authority Bus Terminal, even after they sustained personal injuries, it is recommended that the Police Commendation Medal be awarded to Detective Matthew T. Besheer and Detective Pastor Toro, Jr.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Police Commendation Medal to Detective Matthew T. Besheer and Detective Pastor Toro, Jr.

(Board - 2/14/85)

Meritorious Service Award of Police Commendation Medal to Police Sergeant Patrick DiBenedetto

It was recommended that the Police Commendation Medal be awarded to Police Sergeant Patrick DiBenedetto.

The Police Commendation Medal under the Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed outstanding service or has shown exceptionally meritorious performance in the duty assigned to him.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Police Commendation Medal is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Police Sergeant Patrick DiBenedetto it is recommended that the Police Commendation Medal award be given on the following grounds:

On February 28, 1984, Police Sergeant Patrick DiBenedetto was assigned as Airport Emergency Crew Chief on the evening shift at Kennedy International Airport. At 4:19 p.m., the JFK Control Tower transmitted an emergency call for a Scandinavian Airlines jumbo jet with which the tower had lost contact following a landing on Runway 4R. As the Police Desk was broadcasting the aircraft emergency, Sergeant DiBenedetto and his unit responded to the aircraft's last known location at the far end of Runway 4R, near the approach end of Runway 32. As his unit neared the scene, the Sergeant observed that the aircraft, an SAS DC-10, was partially in Thurston Basin and immediately an evacuation procedure was begun. Sergeant DiBenedetto also summoned assistance from municipal agencies.

Since there was no fire, the Sergeant directed his crew and responding police personnel to assist the 163 passengers and 14 crew members out of the aircraft and to direct them to a safe area. Some passengers in the rear of the aircraft were able to exit onto dry land, while others were exiting over the left wing onto Runway 22L approach lighting pier, where police officers led them to safety. However, approximately 15 passengers had exited the right front door of the aircraft and were floating in a life raft attached to the DC-10. Sensing danger at their proximity to the steaming, stricken aircraft and fearing for their lives, the passengers detached the raft from the aircraft and drifted away from its nose. To hasten their escape and since no oars were present, they used their hands to paddle away from the plane.

(Board - 2/14/85)

Despite several attempts to toss a rope to the raft, 15 anxious and confused passengers were adrift in the center of Thurston Basin. The air reeked of jet fuel and steam poured from the doused engines. Sergeant DiBenedetto, realizing that the aircraft was not fully shut down and that the presence of Emergency Unit 2 would enable command to be relegated to the Main House Crew Chief, took the decisive action that would save 15 lives. He grabbed a life line and entered the treacherous and frigid waters, swimming approximately 25 yards to the stranded passengers, thereby enabling police officers on shore to pull the raft quickly and safely to land.

Sergeant DiBenedetto's actions were in the finest traditions of Port Authority police service. Disregarding his own safety, he did not hesitate to take prompt, decisive action to effect the rescue of the stranded passengers. Sergeant DiBenedetto is directly responsible for the fact that these 15 passengers were safe on dry land within seven minutes of the aircraft ditching.

In recognition of his alert initiative and disregard for his own safety, in diving into the freezing water of Thurston Basin to rescue passengers adrift in a life raft discharged from a downed aircraft, it is recommended that the Police Commendation Medal be awarded to Police Sergeant Patrick DiBenedetto.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Police Commendation Medal to Police Sergeant Patrick DiBenedetto.

(Board - 2/14/85)

Meritorious Service Award of Police Commendation Medal to Police Officer Emiliano Sepulveda, Jr.

It was recommended that the Police Commendation Medal be awarded to Police Officer Emiliano Sepulveda, Jr.

The Police Commendation Medal under the Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed outstanding service or has shown exceptionally meritorious performance in the duty assigned to him.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Police Commendation Medal is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Police Officer Emiliano Sepulveda, Jr. it is recommended that the Police Commendation Medal award be given on the following grounds:

On October 31, 1984, during the evening, off-duty Police Officer Emiliano Sepulveda, Jr., his wife and children were walking in the Town House area of Co-op City in the Bronx, when Officer Sepulveda observed a large group of youths, approximately 40 or 50 in number, apparently chasing one youth. As the crowd continued to pursue the individual into an unlit grassy area, Officer Sepulveda observed them stop and, by the movements of the crowd, suspected that a fight had broken out.

After ushering his wife and children to safety, Officer Sepulveda approached the "Greenway" and noticed a group of youths huddled near what Officer Sepulveda believed to be an individual lying on the ground, while some other members of the crowd were jumping up and down. Sensing that an assault was being committed, Officer Sepulveda's first thought was to call for assistance since he was seriously outnumbered and unarmed. However, because of the seriousness and urgency of the situation, he immediately removed and displayed his police shield above his head and shouted loudly to the crowd "Police Officer, don't move."

(Board - 2/14/85)

Scared by this warning, the group of youths dispersed, and Officer Sepulveda immediately approached the young man who was lying on his back and suffering from a knife wound to the right side of his neck. Within seconds of his observation, he heard someone shout, "Help me, I've been stabbed" and discovered another male who was stabbed in the right side of his chest. Instinctively Officer Sepulveda administered first aid to both men by exerting direct pressure on their wounds. Officer Sepulveda then called to his wife who was in a nearby covered area to summon assistance, remaining with the victims until emergency services personnel in an ambulance arrived.

Although both victims were critically wounded they subsequently recovered, but this might not have been the case if it weren't for the unselfish and courageous intervention of Officer Sepulveda. New York City Police investigating this incident credit Officer Sepulveda with saving the lives of these two "victims." Despite being out-numbered and being unarmed, Officer Sepulveda's instantaneous reaction exemplifies true police valor, bringing credit to himself and to the entire Port Authority. Officer Sepulveda's heroism was also honored by the Council of The City of New York and by Congressman Mario Biaggi.

For his initiative, decisive actions and selflessness in dispersing a large crowd of unruly youths and ultimately saving the lives of two young men, in the finest tradition of police professionalism, it is recommended that the Police Commendation Medal be awarded to Police Officer Emiliano Sepulveda, Jr.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Police Commendation Medal to Police Officer Emiliano Sepulveda, Jr.

Meritorious Service Award of Commendation Medal to Joseph A. Cairo

It was recommended that the Commendation Medal be awarded to Joseph A. Cairo.

The Commendation Medal under the Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed outstanding service or has shown exceptionally meritorious performance in the duty assigned to him.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Commendation Medal is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Joseph A. Cairo it is recommended that the Commendation Medal award be given on the following grounds:

At PATH's Journal Square station at approximately 9:48 p.m. on December 2, 1983, Power Rail Maintainer Joseph A. Cairo observed a young female passenger on the eastbound platform acting strangely. Her fidgeting behavior indicated that she might jump onto the rail tracks. As Mr. Cairo watched her, he called for power off in case the young woman jumped onto the tracks in an attempt to hurt herself. Seconds later, the passenger did indeed jump onto the track. She then moved toward the power rail and attempted to place her foot on the third rail, powered with 600 volts of electricity.

Mr. Cairo immediately ran over, jumped onto the tracks and positioned himself between the woman and the third rail. Under emergency circumstances, power is removed within one minute. In this case, the timing from when Mr. Cairo called for power off and when he jumped between the rail and the patron was seconds. Mr. Cairo was fully aware that the rail was most probably still charged with power when he leaped on to the tracks to save a patron.

The situation Mr. Cairo placed himself in was extremely dangerous. Contact with the third rail would have resulted in electrocution and death to the patron or to Mr. Cairo. In the face of possible death, Mr. Cairo exercised exceptional bravery and reacted to save the woman. His life-saving actions to aid a patron were clearly above and beyond his normal responsibilities.

For his extraordinary actions that prevented the possible death of a patron without regard for his own life, it is recommended that Joseph A. Cairo be awarded the Commendation Medal.

(Board - 2/14/85)

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Commendation Medal to Joseph A. Cairo.

Meritorious Service Award of Commendation Medal to Frank Comes

It was recommended that the Commendation Medal be awarded to Frank Comes.

The Commendation Medal under the Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed outstanding service or has shown exceptionally meritorious performance in the duty assigned to him.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Commendation Medal is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Frank Comes it is recommended that the Commendation Medal award be given on the following grounds:

While on duty at the Journal Square Transportation Center on the evening of June 6, 1984, Car Inspector Frank Comes observed a male passenger attempting to board a train between cars, after the doors had closed. The train was already in motion when the man stepped on the bottom safety strap between the sixth and seventh cars. The safety strap could not support the man's weight and gave way.

Within seconds, Mr. Comes assessed the potential for a fatality and ran to the train to aid the man. The passenger struggled to hold himself up and in doing so made it difficult for Mr. Comes to grab onto him. Mr. Comes managed to grab hold of the man under the arm with one hand, and proceeded to run with the train as it gained speed. While running, with his free hand, Mr. Comes pulled his radio out of the holder and called for the motorman to stop the train. The passenger never regained his balance and relied solely on Mr. Comes to keep him from falling between the trains and being crushed by the moving cars. Mr. Comes was also in grave danger of being pulled under the moving train and suffering fatal injuries. Various eyewitness accounts attest to the fact that had Car Inspector Comes' actions not been so prompt and selfless, the passenger would have certainly fallen beneath the train and possibly lost his life. Mr. Comes acted above and beyond the normal requirements of his duties, maintained his composure and exercised keen judgment in an extremely dangerous situation.

For his extraordinary and successful efforts to save the life of a patron while risking his own life in the process, it is recommended that the Commendation Medal be awarded to Frank Comes.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Commendation Medal to Frank Comes.

(Board - 2/14/85)

Meritorious Service Award of Commendation Medal to Michael S. Petrillo

It was recommended that the Commendation Medal be awarded to Michael S. Petrillo.

The Commendation Medal under the Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed outstanding service or has shown exceptionally meritorious performance in the duty assigned to him.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Commendation Medal is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Michael S. Petrillo it is recommended that the Commendation Medal award be given on the following grounds:

In the early hours of April 23, 1983 while en route to work, Facility Operations Agent Michael S. Petrillo was travelling along a Staten Island side street when he noticed a seemingly abandoned motorcycle. His suspicions aroused, Mr. Petrillo stopped to investigate and discovered a critically injured and unconscious man, later confirmed as a victim of a hit-and-run accident.

Recognizing the critical condition of the unconscious man, Mr. Petrillo immediately flagged down a passing motorist. Very fortunately, both Mr. Petrillo, who is certified in cardiopulmonary resuscitation and first aid techniques, and the motorist, a paramedic, applied first aid while waiting for an ambulance to respond to the scene. The hit-and-run victim's left leg was sheared and arteries severed.

Once the victim was rushed to the closest hospital, doctors performed reconstructive surgery, which lasted several hours, and reconnected severed arteries, saving the victim's left leg which was severely damaged from the accident. According to the victim's father, "the physicians and surgeons who worked on my son agreed that Mr. Petrillo's skill and timely concern did nothing short of saving my son's life." After subsequent operations and months of therapy, the hit-and-run victim is now walking better than any of his doctors had hoped for.

Mr. Petrillo's quick and responsive actions saved the life of an accident victim. Whether on the job or off duty, Facility Operations Agent Petrillo is sincerely dedicated to public service, as demonstrated by his conduct in this situation, and is a true emergency service professional.

(Board - 2/14/85)

For his immediate and proper actions in a life-threatening situation that saved the life of a young adult, whose lifestyle could have been drastically altered due to serious leg injuries from a hit-and-run accident, and for representing the very best of public service ideals, it is recommended that the Commendation Medal be awarded to Michael S. Petrillo.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Commendation Medal to Michael S. Petrillo.

Award of Distinguished Service Medal to Frederick Almerino

It was recommended that the Distinguished Service Medal be awarded to Frederick Almerino.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed unusually efficient or distinguished service involving exceptionally good conduct, judgment and initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended a Distinguished Service Medal award was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Frederick Almerino it is recommended that the Distinguished Service Medal award be given on the following grounds:

Frederick Almerino began his career with the Port Authority in 1954 in the Comptroller's Department as an Accountant I. During his 29 years of service, Mr. Almerino has held a variety of responsible financial positions including Property Accounting Supervisor, supervising positions in the Audit Division, Assistant General Auditor which ultimately led him, in 1975 to the World Trade Department as the Manager of the then newly-created Business and Economic Division where he presently serves admirably.

Mr. Almerino brought to his current position not only his years of experience in accounting and Port Authority auditing but also his previous experience in private industry. During those years in the Audit Department, Mr. Almerino displayed initiative and enthusiasm which were reflected in a number of accomplishments which the Port Authority benefits from to this day. The volume of construction which the Port Authority was involved in was unprecedented in the agency's history and construction auditing was a new, uncharted field. Mr. Almerino was instrumental in formulating and implementing the first construction claim audit which established the format for this type of auditing for the Port Authority and the industry. In addition, he formulated and implemented a program which provided a basis for the uniform system of payments to contractors for construction equipment purchases. Today, this formula is not only a standard element of all Port Authority construction contracts but has also been adopted by New York State for use in their contracts.

Mr. Almerino has not only demonstrated financial and auditing expertise, he has displayed foresight by looking for ways to streamline and modernize accounting procedures. Mr. Almerino was one of the first managers to recognize the importance of computers and the need to automate Port Authority records for

fixed charges. Under his direction, a manual system was replaced by a computer system, resulting in a more accurate and viable system. The basic format of that program is still in use today, and served as a model, once again for New York State agencies.

Mr. Almerino's analytical, common sense style of management and his financial expertise were truly tested in his assignment as Manager, Business and Economics Division in the World Trade Department. In 1975, two of the department's major tourist attractions were scheduled to preview, the Club/Restaurant and the World Trade Center Observation Deck, both of which are operations of a truly unique nature to the Port Authority. His ability to develop and implement the financial programs necessary to maximize Port Authority revenues from these activities were instrumental in establishing those facilities as top New York City tourist attractions. Mr. Almerino also had a hand in setting up a program of selling excess Club memberships, which today amounts to an excess of 3,000 dues paying members.

Additionally, Mr. Almerino is involved in the selective expansion of the Concourse food facilities. Mr. Almerino also played a key role in obtaining final broadcaster acceptance of the financial terms he developed, which govern the rent payable for the use of the television antenna by the regional broadcasters. He has been instrumental in establishing World Trade Department financial controls and programs designed to ensure maximum benefit and cost effectiveness. Mr. Almerino has left his mark on a variety of other World Trade Department activities including many major projects such as The Teleport and most recently, the Newark Legal and Communications Center. During his ten years with the World Trade Department, Mr. Almerino has established and crafted an effective budgeting plan for the approximate \$200 million of World Trade Center revenues and \$100 million of expenses. His insights cover not only all of the World Trade Department financial programs but most of the department's activities. Mr. Almerino's ability to review an operating procedure and indicate where problems, inefficiencies or ineffectiveness may exist has earned him the title of unofficial "Counsel" for the Department.

Mr. Almerino's foresight and intuition is further evidenced by the success of the World Trade Center revenue forecasting program. Through his persistence and direction, the Port Authority's first successful revenue forecasting computer program is in place. This program is currently under review by a variety of Departments to determine if the system can be modified to accommodate other departmental needs.

In recognition of his 29 years of dedicated and exemplary service to the Port Authority, and for his ingenuity and foresight which have helped advance the Port Authority's programs and goals, it is recommended that the Distinguished Service Medal be awarded to Frederick Almerino.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to Frederick Almerino for the performance of outstanding service.

(Board - 2/14/85)

Award of Distinguished Service Medal to Robert Bird

It was recommended that the Distinguished Service Medal be awarded to Robert Bird.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed unusually efficient or distinguished service involving exceptionally good conduct, judgment and initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended a Distinguished Service Medal award was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Robert Bird it is recommended that the Distinguished Service Medal award be given on the following grounds:

Robert Bird began his combined Hudson and Manhattan and Port Authority Trans-Hudson Corporation career in 1949 as an Acting Train Clerk in the Transportation Division. He quickly advanced to the position of Towerman in 1950 and subsequently mastered all of the interlocking towers on the PATH system.

At PATH Mr. Bird consistently selected the most demanding position and responsibilities. For many years, Mr. Bird was the System Console Supervisor on the evening tour at PATH's Control Center, the nucleus of the railroad. It was here, through his awareness and intimate knowledge of the system, that he demonstrated his ability and expertise in coordinating the safe, efficient and on-time movements of trains during the evening rush hours, the period with maximum passenger demand.

Recently, Mr. Bird elected to work at PATH's Henderson Street Yard tower. Henderson Yard is the major support yard for the Car Equipment Division where minor and major repairs on the PATH car fleet are performed. Mr. Bird coordinates his work closely with the Yard Foreman and the Car Equipment supervisors and is responsible for the proper distribution of cars to the inspection pits and repair tracks. When difficult situations arise, just knowing that Mr. Bird is on duty in the tower is enough to provide a sense of confidence.

(Board - 2/14/85)

As it is with people who have exceptional ability and use it fully, Mr. Bird is an enthusiastic, loyal, dedicated worker. He has an exceptionally good attendance record during his 35-year career. He is also an excellent role model to his fellow Towermen, most of whom have trained under him. Supervisors have been careful to ensure that Mr. Bird participates in the training of all new Towermen because of his ability to share his knowledge and his enthusiasm in working with others. Observing him, a student Towerman sees the true importance of a Towerman's work and also realizes the satisfaction that comes from knowing that millions of passengers will travel safely via PATH because he has done his job well. Mr. Bird's dedication to railroad carries over into his leisure time and he builds railroad cars to scale. He has also received many awards and national recognition for his skills and craftsmanship.

For his 35 years of selfless dedication in the performance of his work, and for his admirable demeanor which has served as a role model for many PATH Transportation Division employees, it is recommended that the Distinguished Service Medal be awarded to Robert Bird.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to Robert Bird for the performance of outstanding service.

(Board - 2/14/85)

Award of Distinguished Service Medal to John Bogart

It was recommended that the Distinguished Service Medal be awarded to John Bogart.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed unusually efficient or distinguished service involving exceptionally good conduct, judgment and initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal award was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of John Bogart it is recommended that the Distinguished Service Medal award be given on the following grounds:

As Maintenance Unit Supervisor of the Mechanical Maintenance Unit at Kennedy International Airport, John Bogart is responsible for the operation and maintenance of a highly sophisticated and extensive water distribution system at that facility. Having spent the majority of his Port Authority career at Kennedy International Airport, Mr. Bogart has been closely involved in the orderly expansion and growth of the water distribution system. His inherent grasp of mechanical procedures, coupled with his exceptional performance, led to his rise from Assistant Water Engineer to his present position as Maintenance Unit Supervisor in 1981.

The water distribution system which Mr. Bogart oversees is, in fact, two distinct and separate systems: a high pressure distribution system and a low pressure distribution system. There are approximately 30 miles of high pressure underground piping throughout the airport, providing fire protection service through hydrants and aircraft hangar deluge systems. In addition, there are 25 miles of low pressure underground piping providing domestic water service, for kitchens, bathrooms, boiler rooms, and the like, as well as fire protection service. There are over 375 control valves associated with this system, and Mr. Bogart knows where each one is located. The complexities of this program are monumental when one considers that Kennedy International Airport has a distribution system larger than most suburban cities. In fact, no comparable municipal high pressure distribution systems exist.

Presently, Mr. Bogart guides and directs a staff of fifteen skilled craftspeople. His comprehensive knowledge of safety, Port Authority policies, the airport water system network, combined with his inherent ability and expertise has enabled him to carry out complex assignments with skill, dependability and alacrity. He has become the mechanical expert on the airport, providing "consultant services" to staff and tenants alike. Most recently, his expertise was sought to help in the design and relocation work associated with the Kennedy International Airport consolidated rental car facility and the Nassau Expressway extension.

Mr. Bogart's level-headed performance during emergency situations has earned him the respect and admiration of his supervisors and subordinates alike. Mr. Bogart's ability to quickly grasp the criticalness of any situation has proven of inestimable value. That full water service has always been restored at the airport in the shortest possible time with the minimum of inconvenience to tenants and patrons, stands as a tribute to his competence and dedication. His professional record contains numerous commendations concerning his efforts during aircraft emergencies, major snowstorms as well as his extensive contributions in training both Port Authority and external staff. In 1982, he received the Port Authority Commendation Medal for the role he played in assisting in the capture of armoured car hijackers at the airport.

For his devotion to duty and dedicated ability over the past three decades, and in recognition of the important role he plays in providing outstanding day-to-day leadership in the Mechanical Maintenance Unit at Kennedy International Airport, it is recommended that the Distinguished Service Medal be awarded to John Bogart.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to John Bogart for the performance of outstanding service.

(Board - 2/14/85)

Award of Distinguished Service Medal to Venera A. Canale

It was recommended that the Distinguished Service Medal be awarded to Venera A. Canale.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed unusually efficient or distinguished service involving exceptionally good conduct, judgment and initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal award was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Venera A. Canale it is recommended that the Distinguished Service Medal award be given on the following grounds:

Venera (Vera) A. Canale began her Port Authority attorney career in 1944 and continues today in the same vital capacity, with her value and contributions to the organization increasing with each passing year. By virtue of her wise legal counsel, superb judgment and unsurpassed devotion to the Port Authority and its employees over the past four decades, Mrs. Canale has distinguished herself as an excellent lawyer while earning the love and respect of all who came in contact with her.

Mrs. Canale graduated from Hunter College and earned her Law Degree at Fordham University before joining the Port Authority during World War II. At that time, Mrs. Canale, then Vera Melaragno, was hired on a temporary basis pending the return of the Law Departments "permanent" lawyers from their World War II military service. Fortunately for the Port Authority and the hundreds of staff members who have been the recipients of her sagacious counsel over the last forty years, when the "permanent" lawyers did return, Vera Melaragno became one of them.

During her long and remarkable career, Mrs. Canale has filled the role of the Port Authority's "corporate" lawyer, with the responsibility for advising on legal questions involving Port Authority By-Laws, resolutions and minutes, and for seeing to it that all of the resolutions and minutes necessary for Board and Committee meetings are drafted efficiently and accurately. Mrs. Canale's other responsibilities have included the preparation and interpretation of rules and regulations governing Port Authority facilities, the handling of Federal grant agreements, and counseling staff in the delicate area of employee disciplinary proceedings. As one of her colleagues said, "She's one of a kind...because of her unique personality, she gets involved with cases, particularly disciplinary cases, which she handles with a heart, yet still remains objective."

(Board - 2/14/85)

To record Mrs. Canale's many contributions to the work of the Law Department over the last forty years is practically impossible, since her administrative abilities and intimate knowledge of Port Authority policies and procedures have played important roles in virtually every major Port Authority project. Just one example of Mrs. Canale's administrative and technical skills at work is her ability to coordinate with the responsible Attorney and Executive Director's Administrative Assistant the numerous revisions that are made to items being presented at Committee and Board meetings, so that both the items and their resolutions accurately reflect the actions recommended to the Commissioners.

In addition to Mrs. Canale's responsibilities in this area and her role as the Port Authority's "lawyers' lawyer," staff throughout the Port Authority have repeatedly sought Mrs. Canale's counsel, not only concerning the Port Authority's statutory powers and responsibilities, but also with respect to a never-ending variety of other issues. Mrs. Canale has always managed to find time to discuss whatever problems arise and has benefitted many a Port Authority employee with her pragmatic counsel. The great esteem in which Mrs. Canale is held by Port Authority staff is further confirmed by her election as 1984-85 President of the Port Service Club.

The Port Authority has been most fortunate that over more than two thirds of its existence, Mrs. Canale has seen fit to devote her extraordinary talents, her unflagging industry, her warm and friendly personality and her unmatched ability to get along with others to its service.

For her outstanding record of service, for her many contributions to the Port Authority, for her caring attitude and assistance in resolving job-related and personal problems, it is recommended that the Distinguished Service Medal be awarded to Venera A. Canale.

NOW, THEREFORE, after due deliberation had, it its

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to Venera A. Canale for the performance of outstanding service.

(Board - 2/14/85)

Award of Distinguished Service Medal to Catherine C. Cassidy

It was recommended that the Distinguished Service Medal be awarded to Catherine C. Cassidy.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed unusually efficient or distinguished service involving exceptionally good conduct, judgment and initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal award was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Catherine C. Cassidy it is recommended that the Distinguished Service Medal award be given on the following grounds:

Catherine C. Cassidy joined the Port Authority in 1963 as a Supervisor in the Civilian Tolls Program with great enthusiasm and obvious skills as an administrator. That enthusiasm has never flagged, and her skills have been greatly developed and finely tuned, so much so that she is recognized in the Tunnels, Bridges and Terminals Department as an extremely capable unit head and an invaluable resource for facility operations knowledge. Many staff units consult her on all types of facility-related questions and problems.

Miss Cassidy's reputation has been established the old-fashioned way. She earned it through many years of conscientious and hard work. As she has assumed positions of higher responsibility, her assignments have included: Assistant Chief Tolls Supervisor at the Holland Tunnel; Assistant Chief and Chief Tolls Supervisor of the Tolls Training and Pool Center; Chief Tolls Supervisor, Staten Island Bridges and her current position as Supervisor, Staten Island Bridges Operations. Along the way she had mobility assignments in the Tunnels and Bridges Toll Program Coordination Unit and as a Staff Assistant in the General Services Department. For nearly ten years, Catherine also made the time to continue her education in the evening. She completed her Bachelor of Arts degree at Pace University in 1977 and was awarded a Masters in Business Administration from Monmouth College in 1980.

In 1966, as Chief Tolls Supervisor at the Staten Island Bridges, she played a lead role in the conversion to civilian toll collection at that facility. She also demonstrated her professional competence in orchestrating a major changeover in 1970 when the Port Authority began one-way toll collection at the Goethals, Outerbridge and Bayonne Bridges. These efforts and her daily operational responsibilities are further complicated by the physical separation of the three bridges and the taxing demands of managing geographically disperse but operationally united facilities.

(Board - 2/14/85)

In recent years, the Staten Island Bridges has become the fastest growing facility, hence more traffic brings in more toll transactions. In spite of the traffic increase, the SIB Toll Collectors, with Miss Cassidy's guidance and training, have consistently achieved high accuracy ratings on their Toll Collector Performance Reports, more commonly known as PA 404s.

Miss Cassidy is not one to sit back on her laurels, she's always willing to take on new responsibilities. Just this past year, she helped launch the West Sales Ticket Office for westbound commuters at the Goethals Bridge. This convenience has been so well received by patrons that the program will be expanded to other Trans-Hudson crossings, where applicable.

On the job she always displays concern for her staff, both professionally and personally, The most moving example, which exemplifies her typical behavior, was her visit to all three bridges this past Thanksgiving. Although she had the day off, she made a special trip to all three bridges to say hello to those working who could not be at home with their families on this holiday.

For her devotion to her staff and to the organization, for her consistently high level of performance, for her untiring energy and for her superior commitment to excel in the name of public service, it is recommended that the Distinguished Service Medal be awarded to Catherine C. Cassidy.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to Catherine C. Cassidy for the performance of outstanding service.

(Board - 2/14/85)

Award of Distinguished Service Medal to Walter J. Cogan

It was recommended that the Distinguished Service Medal be awarded to Walter J. Cogan.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed unusually efficient or distinguished service involving exceptionally good conduct, judgment and initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended a Distinguished Service Medal award was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Walter J. Cogan it is recommended that the Distinguished Service Medal award be given on the following grounds:

Walter J. Cogan has spent 22 of his 35 years of Port Authority service in the Marine Terminals Department, now the Port Department, and has established a distinguished record of performance. His career is characterized by consistent good judgment and initiative during an extended period of unparalleled changes at our Port Authority marine facilities.

Mr. Cogan started his career as a Management Trainee in 1948 and almost immediately began his real estate career in the former Real Estate Department. He amassed his real estate knowledge, along with his negotiation abilities as a Terminal Rentals Agent which eventually lead to his promotion in 1962 to the Manager of Commercial Rentals, Marine Terminals. This assignment led to his eventual promotion to General Manager, Marine Rentals in 1966.

During his tenure as General Manager of Marine Rentals, the New Jersey Marine Terminals grew from a small public breakbulk terminal into one of the world's premier port facilities. This rapid expansion produced an unprecedented increase in the number of tenants at the facility. Such growth placed exceptional demands on the person responsible for the rentals at that facility.

Mr. Cogan has been responsible for increasing the revenue for the marine terminal facilities in extraordinary leaps and bounds during the past 22 years. In 1962, when Mr. Cogan first took on the responsibility for leasing marine facilities, revenues totalled \$14.8 million per year. In just a short four-year period, he increased those revenues by 156% to \$23 million, and by 1983 the marine facility revenue increased 252% since 1966 to a very impressive \$58 million a year. The percentage of increased revenue tells only a small part of Mr. Cogan's contributions over the years.

(Board - 2/14/85)

Mr. Cogan's accomplishments are many. The training and leadership given to his staff have enabled an entire division to be productive and knowledgeable in the real estate business. He has added to the tenant list names such as: Toyota, Nissan, Ralston, Purina, Diamond Crystal Salt, East Coast and K-Mart. Mr. Cogan has also negotiated many property acquisitions for the Port Authority including the Navy Area property at Port Newark, the Central Railroad of New Jersey property, Greenville and Port Jersey property with pending negotiations for the acquisition of the Passaic Valley property and additional Central New Jersey property on South North Avenue.

The Port Department's Properties Division, under Mr. Cogan's tutorage since 1982, established the successful Foreign Trade Zone at Port Newark and increased revenues at the New York City Passenger Ship Terminal by using it for alternate uses, such as trade shows and special functions. Most recently, staff is in the process of negotiating and renting space at the Erie Basin Fishport. Mr. Cogan has always been revenue-oriented with an eye on cost reduction. He is well known in the region's real estate industry and well respected by Port Authority staff as well as professionals within the industry.

For his dedication to the Port Authority for the exemplary manner in which he has handled the significant challenges and changes in the marine terminals industry, for his leadership through the years in the field of real estate, and for his sustained record of accomplishments it is recommended that the Distinguished Service Medal be awarded to Walter J. Cogan.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to Walter J. Cogan for the performance of outstanding service.

(Board - 2/14/85)

Award of Distinguished Service Medal to Bernard J. Duffy

It was recommended that the Distinguished Service Medal be awarded to Bernard J. Duffy.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed unusually efficient or distinguished service involving exceptionally good conduct, judgment and initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal award was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Bernard J. Duffy it is recommended that the Distinguished Service Medal award be given on the following grounds:

Bernard J. Duffy's Port Authority career has spanned more than 38 years and 25 of these have been spent at the Bus Terminal in positions of increasing responsibility. Throughout his career, Mr. Duffy has made significant contributions to the organization through his dedication to public service, exceptional supervisory skills, methodical planning and organizing, and unruffled approach to the many aggravating and crisis situations he faces on a daily basis.

Beginning his career in 1946 as a messenger in the former Port Authority Building, he has worked his way through the ranks in the Aviation Department and the Tunnels, Bridges and Terminals Department. In 1968, he was assigned to the Bus Terminal as Operations Services Supervisor and progressed through Operations Group Supervisor, Maintenance Group Foreman in 1973, Sanitation Group Supervisor two years later, and attained his current position of Sanitation Unit Supervisor in 1981. His position is a difficult one and has become more involved with each passing year due to increased activity and patron traffic through the modernized and expanded Bus Terminal. During his career, Mr. Duffy has found time not only to perform his job in an exemplary manner but also to earn a Bachelor's degree from John Jay College.

Mr. Duffy's assumption of a key role in the changeover from Port Authority to contract cleaning personnel during 1979 and his development of a contract auditing procedure to assure full contract compliance, are but two examples of his expertise for which he received the recognition and praise of the Audit Department as well as his own department. Mr. Duffy's responsibility for overseeing administration of the cleaning and sanitation contracts is difficult enough, given the size of the two-City block Bus Terminal, let alone getting it done while 160,000 patrons bustle through the facility daily. He has also seen Bus Terminal patrons and tenants through some turbulent times including contract cleaners' job actions. With his calm demeanor and can-do-anything attitude, Mr. Duffy has also assumed responsibility for all the preparation details and additional clean-up work associated with frequent Bus Terminal entertainment programs and art exhibits.

(Board - 2/14/85)

Outside agencies have also called upon Mr. Duffy for advice in formulating cleaning contracts for large transit facilities. New Jersey Transit was among those seeking Mr. Duffy's expertise in this area last year when the agency assumed operations of Penn Station Newark.

It's hard to perfect cleaning and sanitation duties, but Mr. Duffy's sense of commitment to his responsibilities has made it possible to come pretty close. Commendation letters from the travelling public and his superiors are testimony to his dedication and thoroughness on the job.

For his willingness to do the impossible, for his ability to work well with contractors, tenants and public agency officials, for his organizational skills in getting a job done without inconveniencing patrons and for his ever-present amicable nature, it is recommended that the Distinguished Service Medal be awarded to Bernard J. Duffy.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to Bernard J. Duffy for the performance of outstanding service.

(Board - 2/14/85)

Award of Distinguished Service Medal to Mary Godwin

It was recommended that the Distinguished Service Medal be awarded to Mary Godwin.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed unusually efficient or distinguished service involving exceptionally good conduct, judgment and initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal award was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Mary Godwin it is recommended that the Distinguished Service Medal award be given on the following grounds:

Mary Godwin is the last of the original Port Authority Bus Terminal employees who have served their entire career at the Bus Terminal. Miss Godwin began her Port Authority career at the Bus Terminal in 1950 as an Information Agent I. Very early on, Miss Godwin distinguished herself as a true professional in the field of transportation information. Her commitment to the Bus Terminal and its patrons is evident in the admirable skill she exhibits in the performance of her duties in the best tradition of public service.

Miss Godwin, never being satisfied with things remaining the same, has worked to improve the information services to patrons for more than three decades. As a person who was instrumental in developing plans for relocating the Information Room in 1963, she was a key consultant to facilitate the second major relocation effort scheduled for this year. Her recommendations for the layout of equipment and personnel based on her knowledge and experience were invaluable. The same attention to detail and productivity are evidenced by her suggestion for wiring changes to update the old Bus Terminal switchboard position. Previously, an operator had to use two headsets, one for outside calls routed through the main switchboard to various offices, and one for the Automatic Call Distributor (ACD) information. Using Miss Godwin's recommendation, a double pole switch interconnecting the switchboard with the ACD position was installed enabling the use of one headset, thereby facilitating Information Agent ease and increasing productivity.

A further testimony to her commitment to excellent information service is her warm manner in which she welcomes new Information Agents, assists in their training and encourages a comfortable atmosphere in the often hectic environment of the Information Room. Added to this are the many patron commendations received which express appreciation for her pleasant attitude, patience and knowledge when furnishing bus information.

Working well with others is apparently a natural gift to Miss Godwin. She inspires peers and supervisors through her professional dedication, volunteering her services for special committees and organizing programs. She has in fact developed a reputation of quickly doing the right thing to recognize an achievement or milestone for fellow employees. By so doing, she has fostered good employee morale at the Bus Terminal.

In 1978, Mary Godwin helped set up training for the new Patron Aide program. The Patron Aide program has since become one of the most successful programs, which was implemented during a time of great modernization and expansion at the facility. A significant part of this success can be attributed to Miss Godwin's input.

Mary Godwin has handled approximately 4.5 million telephone calls at the Bus Terminal, a truly remarkable accomplishment. Her enthusiasm, expertise and pleasant manner have made her an inspiration and role model for many Information Agents during her 34 years of employment.

Since day one at the Port Authority Bus Terminal, Miss Godwin has been there to not only cater to our patrons informational needs but has been a reliable and knowledgeable source for newcomers to the Information Room, management, tenants and the public at large. It's hard to estimate the number of people Miss Godwin has "reached out to touch" anonymously.

For her expert ability and patience in handling bus information inquiries in an efficient and enthusiastic fashion for 34 years, and for making so many people's first contact with the Port Authority a pleasant experience, it is recommended that the Distinguished Service Medal be awarded to Mary Godwin.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to Mary Godwin for the performance of outstanding service.

(Board - 2/14/85)

Award of Distinguished Service Medal to Dorothy D. James

It was recommended that the Distinguished Service Medal be awarded to Dorothy D. James.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed unusually efficient or distinguished service involving exceptionally good conduct, judgment and initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal award was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Dorothy D. James it is recommended that the Distinguished Service Medal award be given on the following grounds:

In her nearly 29 years of service with the Port Authority, Dorothy D. James has established an admirable record. Mrs. James' first Port Authority assignment in 1956 was as Clerk Stenographer II in the Contracts Division of the Engineering Department and later in the Port Commerce Division. In 1963, she was promoted to Secretary to the Deputy Director of the Rail Transportation Department. She has been with the Rail Transportation Department since that time, being promoted to increasingly responsible positions as Departmental Secretary, Staff Assistant, Administrative Assistant and currently Senior Administrative Assistant.

With each and every new assignment, whether delegated or assumed voluntarily, Mrs. James has demonstrated the same earnestness and vigor to get the job done and to do it well. There has not been an administrative transaction in the Rail Transportation Department, in recent years, which has been processed and completed without her capable guidance and assessment. In addition to her fine technical skills, she has consistently demonstrated an extremely high level of sensitivity, competency, foresight and tact in the conduct of all her assignments. These traits have become increasingly important in her current responsibilities as the overall coordinator for the Rail Transportation Department's human resources development.

As a result of the positions she has held, Mrs. James has been made privy to virtually all the sensitive executive issues in the Department. During her tenure as Departmental Secretary, the Director was deeply involved in major developments such as the PATH service restructuring as a result of the abandonment of the Hudson River ferries; construction of the Journal Square Transportation Center, World Trade Center Terminal and the acquisition of new cars and the Port Authority Bus Program. Throughout it all Mrs. James displayed an exceptional degree of thoroughness and professionalism, helping make it happen and showing herself to be a stalwart member of the team.

(Board - 2/14/85)

As administrator, she also has coordinated and implemented the bonus program (she was a bonus recipient several times), the department's equal opportunity program, salary administration, recruitment and other functions covering the broad and sensitive questions of human resources development. She is a key part of the restructured effort in the Department to assure the needed emphasis in this area, and she has assumed the lead role in acquainting departmental employees with the performance appraisal system being implemented throughout the organization.

As secretary or administrator, whatever the crisis or the problem, Mrs. James always handles the situation calmly, effectively, efficiently and pleasantly, in a manner that inspires confidence and gives assurance that the situation is completely under control. She commands total respect from her peers for her professionalism and for her leadership talents. Mrs. James' personal quest for excellence is confirmed by her citation in 1979 as a YMCA Black Achiever in Industry. As the culmination of two decades of developing and improving her skills, she earned her Master's Degree from Adelphi University in 1980.

For her demonstrated commitment to the highest personal and organizational goals, which has made her an outstanding role-model for her fellow employees, and for her consistently high level of performance, achievement and dedication, it is recommended that the Distinguished Service Medal be awarded to Dorothy D. James.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to Dorothy D. James for the performance of outstanding service.

(Board - 2/14/85)

Award of Distinguished Service Medal to Philip J. Landi

It was recommended that the Distinguished Service Medal be awarded to Philip J. Landi.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed unusually efficient or distinguished service involving exceptionally good conduct, judgment and initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal award was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Philip J. Landi it is recommended that the Distinguished Service Medal award be given on the following grounds:

Philip J. Landi began his Port Authority career in 1948 with the Port Authority's acquisition of Teterboro Airport and its staff. Following Korean War Service, Mr. Landi was transferred from the Teterboro operations staff to the Office of the Manager of Airports. At that time, he was given responsibility for supervising the maintenance of the Port Authority's fledging helicopter fleet. Not one to take his new responsibility lightly, Mr. Landi immediately set out to better prepare himself for his new role and enrolled in special training courses in helicopter maintenance. This technical training gave him a more thorough understanding of the complex maintenance techniques associated with helicopter overhaul procedures. He also took special flight training to improve his knowledge of rotary flight procedures, helicopter characteristics and performance around high buildings.

This base of first-hand knowledge has enabled Mr. Landi to continually achieve an outstanding personal efficiency and effectiveness in the performance of his assignments, and to be especially effective in dealing with the highly specialized personnel and the complex technologies involved in the application of rotary wing aircraft to everyday needs. Since that time, Phil Landi has been ultimately responsible for the successful development and operation of the Port Authority heliports, and the safe and efficient operation of the helicopter fleet. These accomplishments, whose excellence has been recognized far beyond the Port Authority, have resulted in Mr. Landi being sought out as both a speaker and consultant to various organizations both nationally and abroad and have brought international acclaim to the Port Authority's helicopter program.

(Board - 2/14/85)

Under Mr. Landi's management, the Port Authority helicopter fleet has been utilized in numerous, creative applications in promoting Port Authority objectives and in sustaining facility operations during emergencies. For example, during the February 1969 blizzard which paralyzed the metropolitan area, Mr. Landi mobilized the helicopter fleet to ensure delivery of the necessary medicine, food, supplies and personnel to the isolated and inaccessible facilities. During the July 1977 blackout, Mr. Landi used the fleet to deliver supplies and key personnel to various locations. Following the tragic Eastern Airlines crash at Kennedy International Airport, Mr. Landi pressed the helicopters into service to ferry doctors, specialized personnel and equipment to the airport.

In more routine applications, Mr. Landi has skillfully employed the helicopter fleet in numerous ways to save money, to provide a unique vantage point for problem solving and obtaining otherwise unobtainable data. Aerial inspection over construction sites to quickly determine problems and solutions not readily apparent by on-the-ground methods, "sky counts" and aerial photography of airport traffic congestion to identify problem points and potential solutions are but a few of these applications. And, of course, what finer marketing tool exists to promote the area's magnificent facilities than an aerial inspection skillfully conducted by Mr. Landi himself or one of his pilots. Most recently, he has spearheaded the purchase, transition training and new operating procedures for the Port Authority's new Bell 222 helicopter, a seven-seater with rescue capabilities.

Perhaps no better measure of Mr. Landi's high degree of professionalism and managerial effectiveness exists than the exemplary safety record he and his staff have achieved while meeting regular and special demands. Throughout more than 35 years of operation, Port Authority helicopters have been flown over 56,832 hours, 6,323,480 miles and accommodated 215,733 passengers without a single fatal accident. This is quite an impressive record compared to any standards in the industry, and even more outstanding since the NY-NJ metropolitan area airways are heavily travelled, especially in terms of general aviation traffic.

For his 36 years of dedicated and skillful management of the Port Authority's heliports and helicopters and for his resourceful application of rotary wing technology in the advancement of Port Authority programs, while maintaining the highest safety record, it is recommended that the Distinguished Service Medal be awarded to Philip J. Landi.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to Philip J. Landi for the performance of outstanding service.

(Board - 2/14/85)

Award of Distinguished Service Medal to Cornelius J. Lynch

It was recommended that the Distinguished Service Medal be awarded to Cornelius J. Lynch.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed unusually efficient or distinguished service involving exceptionally good conduct, judgment and initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal award was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Cornelius J. Lynch it is recommended that the Distinguished Service Medal award be given on the following grounds:

Cornelius J. Lynch began his career with the Port Authority in 1953 as an Economic Analyst II in the Aviation Department. Over the next 31 years, Mr. Lynch rose through positions of increasing responsibility in the Aviation and World Trade Departments to his present position of Deputy Director for Programs & Services, World Trade Department. Throughout his career, there has not been an assignment which he has not handled expertly, and no job too big for him to handle.

During the years from 1960 to 1964, while on loan to the New York World's Fair Corporation, Mr. Lynch's expertise was put to good use in the leasing of the Fair's Transportation Section which amounted to approximately 25% of the entire Fair's rental program.

Upon completion of this assignment and his return to the Port Authority, Mr. Lynch assumed responsibility for heading the development and execution of a leasing program for the then new World Trade Center project. To undertake the renting of ten million square feet of office space and an additional one quarter million square feet of commercial space was a monumental undertaking. But Mr. Lynch put his formidable skills to work and, with his staff, successfully developed a rentals program which has kept the Trade Center almost fully occupied, even through the depressed rental doldrums of the '70s.

(Board - 2/14/85)

In 1968, while considering authorization for the installation of the Con Edison substation on Vesey Street, the Board of Commissioners was also asked to approve an expenditure to lay additional foundation work to support a future building over this substation. Last June, the construction of that future building, a 43-story building which will be 7 World Trade Center, with 1.7 million square feet of general office space and connected to the World Trade Center complex by a covered pedestrian bridge over Vesey Street commenced. The eventual construction of 7 World Trade Center was no coincidence; Mr. Lynch's foresight and intuitiveness laid the necessary ground work to enable future construction. The principal negotiator in this matter, he drew upon all his past experience, knowledge and "gut feeling" to solve the various obstacles and technicalities which presented themselves.

Sprinklering of the Vista Hotel had been an area of great concern to the Port Authority as a method of providing additional safety to hotel users. When World Trade Center Hotel Associates decided to divest themselves of its controlling interest in the World Trade Center Vista Hotel to Kuo Hotel Corporation, Mr. Lynch was handed the responsibility of sitting down with the parties involved. Through complex and intense tri-party negotiation, Mr. Lynch made sprinklering a condition of the sale.

Similarly, Mr. Lynch's expertise was drawn upon for the development of the master plan for the Newark Legal and Communications Center, which will consist of an office building, parking garage and a pedestrian walkway connecting the complex and Newark Penn Station in downtown Newark. He is also very involved in marketing the concept to both the private and public sectors in Newark and to potential occupants. Mr. Lynch's years of real estate experience and the contacts he has developed have paved the way for this project to move forward.

Recently, Mr. Lynch was also a key player in the negotiations with a perspective tenant for twenty of the floors to be vacated by New York State in Two World Trade Center during the next several years. This represents approximately 50% of the space to be vacated by New York State and subsequently let.

Throughout his three decades of service, Mr. Lynch's real estate and negotiating expertise have secured millions of dollars in rental fees for the Port Authority. Mr. Lynch can always be relied upon to tackle any and all problems and resolve them in a very beneficial and professional manner.

For his outstanding achievements and his 31 years of dedicated service to the Port Authority and to the marketing of The World Trade Center, it is recommended that the Distinguished Service Medal be awarded to Cornelius J. Lynch.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to Cornelius J. Lynch for the performance of outstanding service.

(Board - 2/14/85)

Award of Distinguished Service Medal to Frank J. Smyth

It was recommended that the Distinguished Service Medal be awarded to Frank J. Smyth.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed unusually efficient or distinguished service involving exceptionally good conduct, judgment and initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal award was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Frank J. Smyth it is recommended that the Distinguished Service Medal award be given on the following grounds:

Frank J. Smyth's career began in 1948 with a field operations job at Newark International Airport and progressed over the years to positions of increasing responsibility. His competence, experience and organizational skills resulted in outstanding performance as he filled the positions of Assistant to the Director of Tunnels and Bridges, Assistant Manager at the Holland Tunnel, and the Bus Terminal, and his current job as Manager of the Holland Tunnel, which he was promoted to in August of 1981.

In 1973, Mr. Smyth was charged with the responsibility of setting up and implementing the Facility Operations Agency (FOA) Program. His untiring efforts in writing the job specifications, establishing performance criteria, and assisting with the testing, selection, training, and placement of the first group of FOA's at tunnel and bridge facilities established a solid foundation for the successful program which exists today.

His contribution as a member of the Tolls Study Team in 1978 to the analysis of the potentiality of variable toll pricing at tunnel and bridge facilities resulted in the development of a standard methodology, representing a significant contribution in this field. The team developed a highly complex computer simulation program which enabled staff to explore the myriad toll schedule alternates within the limited time frame of the study. The submission of the Toll Study Report to the Federal Highway Administrator completed a unique study effort to explore the feasibility of this concept while in a largely theoretical state. Mr. Smyth's work on this team earned him the Executive Director's Unit Citation.

To his current job as Manager of the Holland Tunnel, he has brought a breadth of experience and skill in both line and staff areas. He possesses the flexibility and leadership which have made it possible to maintain a high standard of public service while planning and implementing major rehabilitation projects and handling record levels of traffic. Currently, the Holland Tunnel ceiling replacement, requiring major traffic re-routing, closing of a tube at night and numerous other operational adjustments is being managed with as little motorist inconvenience as possible, given the extent of this monumental rehabilitation project, under Mr. Smyth's able direction.

The fine performance of Mr. Smyth and his staff was evident during a Jersey City emergency in July of 1982, when a major water main break left the entire city (except for the downtown area which includes the Holland Tunnel) without water. For three days, Holland Tunnel staff provided tank trucks to aid in fire fighting and continuation of medical services, and arrangements were made to pump New York City water into the Jersey City water main system via a tunnel standpipe system. All of this was accomplished without adverse impact on the facility's operations.

Mr. Smyth worked long and hard hours to make the 1975 and 1984 tolls increases successful. The smooth transitions which took place were the result of coordinated planning, preparation and training that increasingly cut into evenings and early mornings, weekends and holidays, as the implementation hour approached. His energy, skills and professionalism produced results which met and surpassed expectations.

In recognition of this 36-year career which is marked by his hard work, dedication and a sustained level of outstanding performance, it is recommended that the Distinguished Service Medal be awarded to Frank J. Smyth.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to Frank J. Smyth for the performance of outstanding service.

(Board - 2/14/85)

Award of Distinguished Service Medal to John Verbist

It was recommended that the Distinguished Service Medal be awarded to John Verbist.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed unusually efficient or distinguished service involving exceptionally good conduct, judgment and initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal award was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of John Verbist it is recommended that the Distinguished Service Medal award be given on the following grounds:

John Verbist, currently a General Maintenance Supervisor in World Trade Operations, began his Port Authority career in 1948 as a laborer at the Holland Tunnel. He worked his way up through the maintenance ranks, advancing steadily through Tunnel Equipment Maintainer, Maintenance Group Foreman and Deputy Director, Fire Safety. He has served at the Lincoln Tunnel, LaGuardia Airport, the George Washington Bridge and The World Trade Center. In his current position since January of 1982, he heads the Structural Section of World Trade Center Operations which is responsible for all of the carpentry, locksmith work, painting and landscaping required in the two Towers of The World Trade Center as well as the lobby areas. He supervises both Port Authority and contract employees, and much of the work they do is undertaken on weekends and off-hours. The work is often admired but taken for granted by tenants.

Joining the World Trade Operations Sections in 1971, as the Deputy Fire Safety Director, Mr. Verbist was involved in all facets of fire safety, specifically in developing a fire safety program for Two World Trade Center. This included developing educational programs, giving orientations and ensuring compliance with fire code laws. In addition, Mr. Verbist had the difficult task of working with New York State and formulating an acceptable and feasible fire rescue plan for the three floors occupied by the New York State Compensation Board, whose patrons have special needs. Within the offices of the New York State Compensation Board, there was the possibility of 400 handicapped individuals being in that area at any given time. Mr. Verbist quickly proposed a specific fire-rescue plan tailored for such a potential disaster.

(Board - 2/14/85)

Mr. Verbist was named Chief Maintenance Supervisor of The World Trade Center in 1974, just at the time when the very first tenants were moving into the building. At this time, there was no routine maintenance program for The World Trade Center, something essential for safe and efficient operations and to ensure the building's structural integrity and aesthetics. Mr. Verbist singlehandedly composed a roster of routine jobs, including those which are performed daily, weekly, monthly and annually. Without this roster, it would have been impossible to develop a workload and to formulate future staffing needs. This document is ever-changing, and Mr. Verbist keeps on top of it and alters it as conditions deem necessary.

Mr. Verbist's knowledge, experience and familiarity with different craft groups, union contracts, policy and procedures contribute significantly to the efficient operations of the Structural Section. Another of Mr. Verbist's admirable talents is his ability to share his accumulated knowledge with others. He has a unique ability to impart this knowledge and he is a patient, natural instructor and is well respected by staff.

In recognition of his 36 years of dedicated service, his continued efficiency, integrity and the knowledge he has imparted to others, it is recommended that the Distinguished Service Medal be awarded to John Verbist.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to John Verbist for the performance of outstanding service.

(Board - 2/14/85)

Award of Distinguished Service Medal to William Warnock

It was recommended that the Distinguished Service Medal be awarded to William Warnock.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed unusually efficient or distinguished service involving exceptionally good conduct, judgment and initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal award was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of William Warnock it is recommended that the Distinguished Service Medal award be given on the following grounds:

William Warnock, currently a Maintenance Unit Supervisor with Staff Engineering Maintenance and Construction (SEMAC), has consistently contributed to the physical appearance and structural integrity of Port Authority steel structures. Hired as a bridge painter in 1946, Mr. Warnock then advanced to Bridge Painter Foreman in 1964, Supervisor of Bridge Painters in 1966 and in 1967 was named to his current title.

Mr. Warnock knows every plumb post, suspender rope and chord member of all the Port Authority bridges. He has either personally painted or supervised others in painting more than 14 million square feet of steel structures. His expertise has contributed substantially to the maintenance of the George Washington Bridge, Bayonne Bridge, Goethals Bridge, Outerbridge Crossing, the Lincoln Tunnel Helix, the Bus Terminal ramps, the approaches to the Staten Island viaducts and various PATH structures.

In his current post, Mr. Warnock supervises a bridge painting crew of 28 and is regarded organization-wide as "an expert on bridge painting techniques." He is also credited with introducing numerous safety measures to a hazardous occupation.

Known for his ability to mobilize a work crew into action quickly, he has responded to emergency calls on innumerable occasions. For example, when a heavily laden tractor-trailer flipped onto its side on the lower level of the George Washington Bridge and was precariously hanging over the roadway center opening, Mr. Warnock quickly assembled a crew of bridge painters and directed them to secure the cab with cable, thereby preventing the rig from possibly falling into the river below.

(Board - 2/14/85)

Mr. Warnock has also been instrumental in keeping the accident and fatality record low at the bridges. Responsible for getting permanent traveling bridges and stationary platforms on the Staten Island crossings, Mr. Warnock has continuously sought out ways to reduce the need for risky rigging. He has also been instrumental in getting handrails and catwalks installed on various bridges.

Aside from the many safety improvements he has initiated, Mr. Warnock has also been credited with shortening the bridge painting process and expanding the bridge painting season. Mr. Warnock was one of the first to propose night painting. In 1972, in an effort to finish painting the George Washington Bridge's lower level quicker and to reduce the inconvenience for patrons, Mr. Warnock suggested this innovative idea, which is still in use today. In addition, through the years, he has worked closely with other Engineering units to test new painting techniques and materials which have proven more durable and stronger against the elements.

Mr. Warnock also assisted with the mechanization of the George Washington Bridge flag, the largest free flying flag in the world. Prior to 1977, whenever the flag was displayed it involved a risky rigging job which required at least twelve individuals. The mechanized lowering or raising of the flag now requires one person, takes approximately fifteen minutes and does not interfere with the flow of traffic, as it once did.

Mr. Warnock has been instrumental in the tutelage of numerous new bridge painter employees throughout his 38 years with the bridge painting maintenance section. He personally makes sure that all new apprentices are paired with experienced mechanics, and that they are well trained in safe operating practices. Bridge painting requires working at extreme heights under adverse conditions and Mr. Warnock ensures that his crew is up to the challenge by instilling the qualities of confidence, trust and teamwork which are so essential to the craft.

For his outstanding leadership, for his dedication to achieving the highest standards, for his knowledge and expertise in the area of bridge maintenance and for his significant role in preserving Port Authority investments, it is recommended that the Distinguished Service Medal be awarded to William Warnock.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to William Warnock for the performance of outstanding service.

(Board - 2/14/85)

Award of Howard S. Cullman Distinguished Service Medal

It was recommended that the Howard S. Cullman Distinguished Service Medal be awarded to Peter C. Goldmark, Jr. for his bold and farsighted leadership, for setting a standard of excellence and diligence that can guide his successor and guide the Port Authority and other public agencies for years to come, for unwavering dedication to this agency and the region it serves.

The Howard S. Cullman Distinguished Service Medal, under Board Resolution of March 14, 1957, is to be awarded to a Port Authority employee who has performed the most outstanding service among those who qualify.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 14, 1957, the Howard S. Cullman Distinguished Service Medal was established, which award is to be given to a Port Authority employee who has performed the most outstanding service; and

WHEREAS, in the case of Peter C. Goldmark, Jr. it is recommended that the Howard S. Cullman Distinguished Service Medal award be given on the following grounds:

Peter C. Goldmark, Jr. has served as Executive Director of the Port Authority since 1977. In that time, he has left an indelible imprint on the Port Authority and the region. An individual of uncommon ability and vision, Mr. Goldmark has reflected great credit upon this organization, reinforcing the agency's reputation as a place of first-rate management and first-rate ideas.

Mr. Goldmark has been equally adept addressing the crisis of the next hour or the critical issues of the next decade. He has translated new demands on the agency's resources and new dimensions of the agency's responsibilities into a series of remarkable new achievements by the Port Authority.

Early in his tenure, Mr. Goldmark created a Committee on the Future to chart a new course for the Port Authority. Using the work of this panel as a springboard, Mr. Goldmark has helped to define a challenging new agenda for the agency and the region and develop the steps needed to bring this agenda to life.

The projects and programs bearing Mr. Goldmark's stamp read like a road map of the region's path to long-term economic health.

To revive the region's bus transportation, he initiated a large-scale bus purchase program with both states and carried out a massive modernization of the bus terminal. Mr. Goldmark guided the spectacular growth of Newark International Airport, now America's fastest growing major airport. He conceived and carried out construction of the Red Hook Container Terminal. He worked successfully with the carriers and longshoremen to fashion an agreement that will strengthen the competitive position of the Port.

(Board - 2/14/85)

Under Mr. Goldmark's leadership, the Port Authority has not only met its traditional commitment to the movement of people and goods, but also launched an extensive involvement in the area of economic development.

He established an industrial development program, which includes one of the nation's most effective and innovative examples of central city job creation, Bathgate Industrial Park. He won legislative approval for mixed-use waterfront development projects that can transform neglected shoreline into a shining regional asset. He guided the Port Authority into other promising new ventures — from Fishport to Teleport to resource recovery.

Finally, Mr. Goldmark played an indispensable role in awakening the region to a coming crisis in infrastructure and to the need for greater public and private investment in the "inner ring" of New York and New Jersey counties around Manhattan. It is testimony to Mr. Goldmark's insight and influence that so many of the ideas he conceived or circulated are now firmly implanted as regional priorities.

Building upon the substantial accomplishments of those who came before him, Mr. Goldmark has made a lasting contribution to the region and made the Port Authority an essential element of regional growth. He has helped to shape a period of positive and productive relations among the Port Authority, the two states and the communities of the region. His achievements have won him the gratitude of the people of New York and New Jersey — and the respect and affection of the people of the Port Authority.

In all of this, he imparted to the agency his own high degree of integrity, honesty, openness and steadfast dedication to achieving excellence in the public service.

For impressive as the substance of his work has been, his character and personality have been an equally important factor in making Mr. Goldmark one of the nation's outstanding public servants. Peter Goldmark has always been eager to listen and to learn, as well as to lead. He has approached a demanding job with a seriousness of purpose, yet somehow managed never to take himself too seriously. He has benefited from a disarming sense of humor and an invaluable sense of perspective. With these gifts, with a generous and thoughtful and fair approach to his colleagues, with an insatiable intellectual curiosity and an exceptional ability to ask the right questions, he has always been able to bring out the best — and then some — in the people with whom he has worked.

For his bold and farsighted leadership, for setting a standard of excellence and diligence that can guide his successor and guide the Port Authority and other public agencies for years to come, for unwavering dedication to this agency and the region it serves, it is recommended that the Howard S. Cullman Distinguished Service Medal be awarded to Peter C. Goldmark, Jr.

(Board - 2/14/85)

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Howard S. Cullman Distinguished Service Medal be awarded to Peter C. Goldmark, Jr. for the performance of outstanding service.

Whereupon, the meeting was adjourned.

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Thursday, March 14, 1985

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THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

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MINUTES of meeting of The Port Authority of New York and New Jersey held Thursday, March 14, 1985, at the Port Authority offices, One World Trade Center, City, County and State of New York.

PRESENT:

NEW JERSEY

Jerry Fitzgerald English
Robert V. Van Fossan
William K. Hutchison
Henry F. Henderson, Jr.

NEW YORK

Robert F. Wagner, Vice-Chairman
William J. Ronan
James G. Hellmuth
John G. McGoldrick
Howard Schulman

Peter C. Goldmark, Jr., Executive Director
Patrick J. Falvey, General Counsel/Assistant Executive Director
Doris E. Landre, Secretary
Gwendolyn K. Crider, Administrative Assistant
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
Francis A. Gorman, Director of Rail Transportation
Philip LaRocco, Director, Economic Development Department
Donald R. Lee, Director of Audit
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
John B. McAvey, Assistant Chief Financial Officer
Rino M. Monti, Director of Engineering/Chief Engineer
Edward J. O'Malley, Director of Personnel
James O'Malley, Deputy Director of Management Information Services
Martin E. Robins, Director of Planning and Development
Morris Sloane, Deputy Director of Aviation
Victor T. Strom, Director of Public Safety
Anthony J. Tozzoli, Port Director
Guy Tozzoli, Director of World Trade
Joseph L. Vanacore, Director of Tunnels, Bridges and Terminals
Barry Weintrob, Director, Finance Department/Comptroller, Acting Chief Financial Officer
Marvin Weiss, Director, Office of Minority Business Development
Marshal L. Wilcox, Jr., Treasurer
Robert N. Williams, Deputy Director of General Services
Thomas C. Young, Jr., Principal Information Officer, Public Affairs

The meeting was called to order by the Vice-Chairman.

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of February 14, 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 March 14, 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 March 14, 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 March 14, 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 March 14, 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 - 3/14/85)

1985 Budget

It was reported that the 1985 Budget for The Port Authority of New York and New Jersey, including the anticipated expenditures of the Port Authority Trans-Hudson Corporation, as shown on the following table, consists of approximately \$460 million of gross capital expenditures, \$854 million of operating expenses (including \$35 million of interdepartmental rents), \$319 million of debt service charged to operations and reserves (including \$150 million applicable to commercial paper), \$33 million of expenditures on behalf of the Fund for Regional Development, and \$27 million of other expenditures (exclusive of certain amounts which are reimbursable under the New York State Commuter Railroad Car Program).

1985 Budget by Program
(Thousand of Dollars)

OPERATING PROGRAM

Operating Expenses

Trans Hudson Network	\$ 292,285
Aviation	377,526*
World Trade	139,882
Port	41,472
Economic Development	3,062

Sub-Total	854,227
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Debt Service	318,749
Deferred Charges	27,083
Expenditures on Behalf of the Fund for Regional Development	32,543

Total Operating Program	\$1,232,602
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CAPITAL PROGRAM

Trans Hudson Network	\$ 129,870
Aviation	101,049
World Trade	33,213
Port	41,930
Economic Development	48,958
Bank for Regional Development	100,000
Emergency Repairs and Construction	5,000

Total Capital Program	460,020
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Total 1985 Budget	\$1,692,622
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*Includes \$10.1 million debt service on Special Project Bonds.

(Board - 3/14/85)

CAPITAL PROGRAM

The \$460 million in gross capital expenditures includes \$271 million in transportation, trade and commerce projects, \$169 million for maintenance and repair projects, \$123 million in regional reconstruction projects and \$79 million in economic development projects, before anticipated delays of \$182 million.

Transportation, Trade and Commerce

Projects aimed at improving transportation, trade and commerce amount to \$271 million. The Aviation Department's capital plans include expenditures of \$135 million, of which \$50 million is for domestic terminal finishes and \$8 million is for construction of the International Departure Facility, both at Terminal C, and \$13 million is for the Butler Aviation Aircraft Service Center, all at Newark International Airport. At Kennedy International Airport, \$15 million is included for the Eastern Terminal, \$10 million is for Improvements to the Nassau Expressway, and \$6 million is for Dualization of 150th Street.

The Rail Transportation Department anticipates expenditures of \$75 million in this category, including \$53 million allocated to the Bus Programs and \$5 million each for PATH Station Improvements and construction of the Running Repair Facility.

Additional capital expenditures in this category include \$9 million for Red Hook Container Terminal expansion work, \$7 million associated with the installation of sprinklers in The World Trade Center and \$6 million for the Port Authority Bus Terminal, in part for signing and other remaining work to complete the modernization and improvement program.

Maintenance and Repairs

Rail Transportation Department capital projects of \$64 million in this category include \$21 million associated with PATH Safety Program expenditures for tunnel and station ventilation and standpipe systems, \$16 million for rehabilitation of PA class cars and \$5 million for the purchase of cars.

The Tunnels, Bridges and Terminals Department's total of \$51 million in this category includes \$13 million for the replacement of ceilings in both tubes of the Holland Tunnel, and \$5 million to replace the upper level sidewalks and \$2 million for rehabilitation of the Henry Hudson Ramps, both at the George Washington Bridge.

Of a total of \$35 million to be undertaken by the Aviation Department for maintenance and repairs, \$5 million is for the purchase of eight mobile passenger lounges, \$4 million is for the control and removal of sub-surface oil and \$3 million is slated for IAB ramp repaving all at Kennedy International Airport.

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The Port Department's total of \$14 million in this category is primarily for structural integrity repairs, waterfront cleanup and rehabilitation of aging facilities.

A contingency of \$5 million has been included for emergency repairs and construction at all Port Authority facilities.

Regional Infrastructure Development

Planned expenditures of \$123 million for regional infrastructure development include \$100 million for the proposed Bank for Regional Development, \$10 million for a resource recovery facility in Essex County, New Jersey and \$8 million for continued construction of the rail freight link to the Oak Point yard in the Bronx.

Economic Development

Planned expenditures of \$79 million for economic development projects include \$35 million by the World Trade Department, of which \$18 million is earmarked for The Teleport and \$12 million is for the development of the Newark Legal and Communications Center.

The Economic Development Department's capital plan in this category includes \$13 million for the Yonkers Industrial Park, \$10 million for waterfront development programs at Hoboken and Hunters Point, \$10 million for the Bathgate Industrial Park and \$4 million for the Elizabeth Industrial Park.

Planned capital expenditures for the Port Department provide \$6 million for Phase I of the Fishport project at Erie Basin.

Other

A provision of \$400,000 has again been included to reimburse the States of New York and New Jersey for expenses incurred by each State, including staff costs, in reviewing the 1985 annual Budget and any amendments thereto.

In order to provide sufficient funds to substantially complete the Port Authority's capital program for 1985, together with capital funds carried into 1985 and the proceeds of Consolidated Bonds and Commercial Paper Notes to be issued in 1985, it is desirable at this time to authorize the appropriation for the purpose of capital expenditures to be made in 1985 of funds paid into and available in the Consolidated Bond Reserve Fund in a total amount, consistent with the Port Authority's financial commitments and policies, not to exceed \$100 million.

In order to continue the Port Authority's practice of annually setting aside amounts towards covering self-insured contingent losses, it is necessary in light of currently established accounting standards to authorize an appropriation from the Consolidated Bond Reserve Fund of a total amount, consistent with the Port Authority's financial commitments and policies, not to

(Board - 3/14/85)

exceed \$5 million to a Provision for Self-Insurance for the year 1985. Furthermore, as an initial step to deal with any future liability for post-retirement health and life insurance benefits, an amount, not to exceed \$10 million, will be provided in connection therewith, pending completion of a study as to the extent and nature of the liability.

It is the Port Authority's long-established policy to retire debt as rapidly as sound financial management permits, while maintaining at year end, in its reserve funds including reserve funds in trust a combined amount equal to at least the amount of the next two years' mandatory bonded debt service. It is recommended that the Executive Director be authorized during the year 1985, to pay from the Consolidated Bond Reserve Fund, by transferring to sinking funds due in future years, an amount not to exceed \$20 million par value of Consolidated Bonds of individual series purchased for investment and on hand during 1985. The individual series of such bonds will be determined at the time of the accelerated retirement. The status of the Port Authority's reserve funds at December 31, 1985 and the amount of Consolidated Bonds held by the Port Authority are expected to permit the debt retirement acceleration in accordance with the stated policy.

Circumstances have arisen during the year 1984 which were not foreseeable or determinable on January 12, 1984 when the Board adopted the 1984 Budget, including consultants for the Essex County Resource Recovery project tenant construction at the Elizabeth - Port Authority Marine Terminal and Port Newark, expansion of structural integrity efforts and increased costs of the fuel farm operation at Newark International Airport. These changes set forth in Exhibit B, together with all other expenditures for the Port Authority for the year 1984 (including previously authorized individual amendments to the Budget), will not exceed the amount as set forth in the original 1984 Budget.

It was therefore recommended that the 1985 Budget and the changes of certain budget items for the year 1984 be approved.

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

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 1985:

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
Including subsidiary Port Authority Trans-Hudson Corporation

A-1

(100)

1985 BUDGET
(Thousands of Dollars)

Item	Total Expenditures	Personal Services	Materials & Services	Other
Executive Offices				
Office of the Executive Director	\$ 2,555	\$ 939	\$ 1,616	\$
General Administration	486		486	
Office of the Secretary	3,089	1,322	1,767	
Office of Minority Business Development	805	576	229	
Chief Financial Officer	441	385	56	
Audit Department	5,418	4,168	1,250	
Finance Department	29,089	10,325	18,713	51
Insurance Costs	12,487		12,487	
Debt Service	351,149			351,149
Management and Budget Department	9,303	5,898	3,405	
Payments of City Rent and in Lieu of Taxes	80,271			80,271
Construction Contracts	5,000			5,000
Office of Director of Administration	586	353	233	
General Services Department	38,736	20,045	11,146*	7,545
Personnel Department	17,746	12,071	5,675	
Management Information Services Department	10,580	10,185	(6,545)*	6,940
International Trade Task Force	392	242	150	
Public Affairs Department	5,192	2,679	2,513	
Law Department	12,341	8,159	4,182	
Planning and Development Department	13,361	7,948	5,413	
Public Safety Department	24,999	19,854	5,145	
Engineering Department	98,536	51,872	34,200	12,464
Construction Contracts	61,238			61,238
Tunnels, Bridges and Terminals Department				
Administrative and Planning	10,177	5,827	3,850	500
Holland Tunnel	17,635	14,130	3,505	
Lincoln Tunnel	18,872	15,114	3,758	
George Washington Bridge	19,815	15,502	4,313	
Staten Island Bridges	10,571	8,451	2,120	
Port Authority Bus Terminal	28,991	18,339	10,652	
Construction Contracts	660			660
Port Department				
Administrative, Planning and Construction	13,889	5,440	7,449	1,000
Construction Contracts	33,700			33,700
Port Newark	5,494	3,702	1,792	
Elizabeth - P.A. Marine Terminal	2,476	1,784	692	
Columbia Street Marine Terminal	90	54	36	
Erie Basin - Fishport	472	288	184	
Brooklyn - P.A. Marine Terminal	2,384	1,548	836	
New York City Passenger Ship Terminal	4,405	790	3,615	
Red Hook Container Terminal	210	204	6	
Port Promotion	4,909	2,517	2,392	
Aviation Department				
Administrative and Planning	40,457	10,682	29,720	55
LaGuardia Airport	35,150	18,210	16,940	
Newark International Airport	62,934	27,604	35,330	
John F. Kennedy International Airport	100,641	44,786	55,855	
Port Authority Heliports	2,335	1,025	1,310	
Construction Contracts	56,595			56,595
World Trade Department				
Administrative, Planning and Construction	11,277	5,574	2,701	3,002
The World Trade Center	128,256	12,412	83,051	32,793
Trade Programs, including Foreign Trade				
Development Offices	5,151	1,565	3,586	
Newark Legal and Communications Center	449	183	266	
The Teleport	4,434	950	3,484	
Construction Contracts	20,926			20,926
Rail Transportation Department				
Administrative, Planning and Construction	17,058	7,538	5,954	3,566
PATH	73,776	56,124	17,652	
Journal Square Transportation Center	4,880	1,653	3,227	
Construction Contracts	39,593			39,593
Economic Development Department	29,560	6,601	11,709	11,250
Construction Contracts	600			600
Bank for Regional Development	100,000			100,000
Total Port Authority Budget	\$1,692,622	\$445,618	\$418,106	\$828,898
Agency Accounts (Reimbursable)				
Railroad Equipment Program	\$ 11,308			

* Net after charges to other departments.

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
including subsidiary Port Authority Trans-Hudson Corporation

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1985 BUDGET

CONSTRUCTION CONTRACTS

(Thousands of Dollars)

ENGINEERING DEPARTMENT

PATH	\$ 17,214
Essex County Resource Recovery	9,000
George Washington Bridge & Bus Station	6,660
Port Authority Bus Terminal	4,870
Bathgate Industrial Park	4,581
Lincoln Tunnel	3,640
Hoboken Waterfront Development	3,012
Holland Tunnel	3,610
Outerbridge Crossing	1,750
Elizabeth Industrial Park	1,551
Future NY Industrial Parks Development	1,125
Future NJ Industrial Parks Development	1,125
Journal Square Transportation Center	1,488
Goethals Bridge	1,000
New York Truck Terminal	250
Bayonne Bridge	150
NY Waterfront Development	65
LaGuardia Airport	52
John F. Kennedy International Airport	40
Newark International Airport	40
Red Hook Container Terminal	15
Total	<u>61,238</u>

TUNNELS, BRIDGES & TERMINALS DEPARTMENT

Lincoln Tunnel Exclusive Bus Lane	360
George Washington Bridge	300
Total	<u>660</u>

PORT DEPARTMENT

Erie Basin - Fishport	8,200
Red Hook Container Terminal	6,500
Port Newark	5,900
Elizabeth - P.A. Marine Terminal	5,400
Oak Point Rail Freight Link	4,200
Greenville Yards - P.A. Marine Terminal	2,000
NYC Passenger Ship Terminal	1,000
Brooklyn - P.A. Marine Terminal	500
Total	<u>33,700</u>

AVIATION DEPARTMENT

Newark International Airport	30,672
John F. Kennedy International Airport	21,711
LaGuardia Airport	2,500
P.A. Downtown Heliport	1,712
Total	<u>56,595</u>

WORLD TRADE DEPARTMENT

World Trade Center	7,530
The Teleport	9,396
Newark Legal & Communications Center	4,000
Total	<u>20,926</u>

RAIL TRANSPORTATION DEPARTMENT

Bus Program	38,500
PATH	850
Journal Square Transportation Center	243
Total	<u>39,593</u>

ECONOMIC DEVELOPMENT DEPARTMENT

Bathgate Industrial Park	600
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BANK FOR REGIONAL DEVELOPMENT

100,000

EMERGENCY REPAIRS AND CONSTRUCTION

5,000

TOTAL CONSTRUCTION CONTRACTS

\$318,312

(Board - 3/14/85)

RESOLVED, that the following Schedule of Revisions to the 1984 Budget for The Port Authority of New York and New Jersey be and the same hereby is approved and accepted:

SCHEDULE OF REVISIONS TO CERTAIN 1984 BUDGET ITEMS

B

(Thousands of Dollars)

Item	Total Expenditures	Personal Services	Materials & Services	Other
Economic Development Department	\$ 696	(\$761)	\$ 1,457	\$ -
Construction Contracts	2,420			2,420
Port Department				
Construction Contracts	1,971			1,971
Engineering Department	1,816	179	1,637	
Aviation Department				
Newark International Airport	1,115		1,115	
P.A. Heliports	433	120	16	297
Tunnels, Bridges and Terminals Department				
P.A. Bus Terminal	608	100	508	
Construction Contracts	140			140
Planning and Development Department	729	(322)	1,051	
International Trade Task Force	611	471	140	
Law Department	313	238	75	

(Board - 3/14/85)

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 1985 annual Budget of the Port Authority and any amendments thereto; and it is further

RESOLVED, that, in connection with the Port Authority's capital program, the financing by the Executive Director from funds paid into and available in the Consolidated Bond Reserve Fund, including investment earnings attributable to the General Reserve Fund and to the Special Reserve Fund in Trust not required for the maintenance of those Funds, of capital expenditures during the year 1985 in connection with the Port Authority's facilities in a total amount not to exceed \$100 million in 1985 be and the same hereby is authorized and approved; provided, however, that the amount so financed would not exceed an amount which, when combined with any other amounts financed in 1985 from such funds paid into and available in the Consolidated Bond Reserve Fund, would preclude the Port Authority from (a) maintaining the General Reserve Fund at an amount equal to 10% of the par value of outstanding Port Authority bonds legal for investment (other than New York State Guaranteed Commuter Car Bonds), and (b) maintaining in all debt reserve funds an aggregate amount in excess of the next two years' debt service on outstanding Port Authority bonds secured by a pledge of the General Reserve Fund; and that the application from time to time of funds as set forth herein is hereby authorized and approved; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, in connection with the Port Authority's self-insurance program to continue to appropriate and to apply, during the year 1985, from funds paid into and available in the Consolidated Bond Reserve Fund, including investment earnings attributable to the General Reserve Fund and to the Special Reserve Fund in Trust not required for the maintenance of those Funds, to a provision for self-insurance in connection with the Port Authority's facilities and to provide for similar future liabilities in an amount consistent with the Port Authority's practice of self-insurance; provided, however, that the amount so appropriated and so applied shall not exceed \$15 million for 1985; and provided, further, that the amount so appropriated and so applied shall not exceed an amount which, when combined with any other amounts financed in 1985 from such funds paid into and available in the Consolidated Bond Reserve Fund, will preclude the Port Authority from (a) maintaining the General Reserve Fund at an amount equal to 10% of the par value of outstanding Port Authority bonds legal for investment (other than New York State Guaranteed Commuter Car Bonds), and (b) maintaining in all debt reserve funds an aggregate amount in excess of the next two years' debt service on outstanding Port Authority bonds secured by a pledge of the General Reserve Fund; and that the application from time to time of funds as set forth herein is hereby authorized and approved; and it is further

RESOLVED, that the payment by the Executive Director, in connection with the Port Authority's long-established policy to retire debt as rapidly as sound financial management permits, from the Consolidated Bond Reserve Fund, by transferring to sinking funds due in future years, an amount not to exceed \$20 million in 1985 par value of Consolidated Bonds of individual series purchased for investment and on hand during 1985; provided, however, that the amount so financed would not, in each case, exceed an amount which when combined with any other amounts financed in 1985 from such funds paid into and available in the Consolidated Bond Reserve Fund, will preclude the Port Authority from (a) maintaining the General Reserve Fund at an amount equal to 10% of the par value of outstanding Port Authority bonds legal for investment (other than New York State Guaranteed Commuter Car Bonds), and (b) maintaining in all debt reserve funds an aggregate amount in excess of the next two years' debt service on outstanding Port Authority bonds secured by a pledge of the General Reserve Fund; and that the application from time to time of funds as set fourth herein is hereby authorized and approved; and it is further

RESOLVED, that the application of any bonds to sinking fund requirements for more than one year shall be in satisfaction of the requirements for each series in regular succession until exhausted and the respective sinking fund requirement for each year shall be satisfied in full before any bonds are applied to that for a later year; and it is further

RESOLVED, that the cancellation and destruction of all of said bonds so transferred be and the same hereby is approved.

(Board - 3/14/85)

Kennedy International and LaGuardia Airports and the New York City Passenger Ship Terminal - Taxi Dispatch Program

It was reported that prior to the implementation of the taxi dispatch program, complaints were regularly received concerning the taxi service at the New York airports. Taxi drivers frequently chose patrons in a manner which discriminated against short-haul patrons and patrons requesting service to certain points in New York City. In order to improve the taxi service, an experimental program whereby dispatchers control taxi service at taxi passenger loading areas was initiated by the Port Authority at the International Arrivals Building at Kennedy International Airport on March 1, 1971. The program was later expanded to cover the Unit Terminals at Kennedy and to LaGuardia as well. The program also supplies dispatchers from time to time upon request to the New York City Passenger Ship Terminal.

Due to the success of the experimental program, the Board, at its meetings on December 9, 1971, December 14, 1972, December 11, 1975 and January 11, 1979 respectively, authorized the continuation of taxi dispatching services at the New York airports for a one-year period, 1972, and for successive three-year periods, 1973-1975, 1976-1978 and 1979-1981. At its meeting on March 11, 1982, the Board authorized the extension of taxi dispatching services for a three-year period, 1982-1984, at a total estimated cost of \$3,800,000 before reimbursement from the airlines. Our continuing evaluation of the dispatch service confirms the program's success in carrying in excess of ten million taxi riders per year at the two airports while minimizing the short-haul problems and improving cooperation between taxi and police personnel.

At present, there are a total of 37 taxi dispatchers serving the International Arrivals complex and the Unit Terminals in the Central Terminal Area at Kennedy International Airport. At LaGuardia Airport, there are 23 taxi dispatchers serving the Central Terminal Building, the Eastern Air Lines Shuttle Terminal and Delta Airlines Terminal.

Each unit terminal operator participating in the program at Kennedy International Airport reimburses the Port Authority for the direct costs of providing taxi dispatch service at its terminal. The portion of the direct cost at the International Arrivals Building and the overall police and supervisory costs of the program not recovered in various cost formula calculations are absorbed by the Port Authority. As a result, almost 80% of the costs of the program at Kennedy International Airport are reimbursed by the airlines. The costs of the program at LaGuardia Airport are substantially recovered through airport charges and it is the intention of the Aviation Department to continue to recover these costs.

Negotiations with Local 3036 have been substantially completed to extend the taxi dispatch contract for three years and three months through April 4, 1988. The agreement contemplates an average annual wage and benefit package increase to dispatchers of 5.5% during the term of the contract. Otherwise, the contract remains essentially unchanged in scope and content. Local 3036 understands that each Unit Terminal lessee at Kennedy International Airport is expected to continue its participation in the program under the proposed new contract and further understands that the proposed new contract may be terminated by the Port Authority in whole or in part, at any time.

(Board - 3/14/85)

It was therefore recommended that the Board authorize the agreement as outlined above.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director be and he hereby is authorized to enter into a three-year and three-month contract with the New York City Taxi Drivers' Union, Local 3036, for taxi dispatching services at Kennedy International Airport and LaGuardia Airport and the New York City Passenger Ship Terminal effective January 1, 1985 at an estimated cost of approximately \$5.5 million for the 39-month period; said agreement to be subject to approval as to form by General Counsel or his designated representative.

(Board - 3/14/85)

All Airports - Noise Abatement Projects at Five Selected Schools

It was reported that the Board, at its meetings on August 11, 1983, April 12, 1984, and July 12, 1984, authorized individual agreements which collectively allowed for the soundproofing of nine schools in the vicinity of Port Authority airports in the total estimated amount of \$4,120,000 Federal and \$1,030,000 Port Authority funds. Construction at seven of these schools is scheduled to start during the summer recess of 1985. The work for the remaining two schools is in the preliminary design stage with construction anticipated for early 1986.

In a collaborative effort with school officials and elected governmental officials, it is deemed prudent to proceed with soundproofing of five additional schools at this time as a continuation of the Port Authority's policy of benefiting the communities surrounding the airports and to take advantage of the available Federal funds in the current fiscal year. Accordingly, it is requested that the Board authorize agreements with the respective governing bodies of the following schools:

Lawrence High School, 1st and 2nd Floors, Cedarhurst, New York
P.S. 143, Corona, New York
P.S. 104, Far Rockaway, New York
St. Patrick's Elementary School, Elizabeth, New Jersey
Wilson Avenue School - New Wing, Newark, New Jersey

The proposed soundproofing work for these schools would be similar to that planned for the previous nine schools, and it is estimated that the cost of such improvements, including engineering and administrative effort will be approximately \$4.4 million based upon preliminary Aviation Department estimates. Definitive estimates will be prepared before the design phase of the projects. It has been proposed to the respective governing school bodies that they select and retain an architect to perform the preliminary design and contract document preparation and that they award the construction contracts. If any of the respective governing school bodies are unable to administer the soundproofing work with their own staff in a timely manner, the Port Authority, in collaboration with the governing school body, will engage the services of a professional architectural and engineering firm to develop recommendations and prepare contract documents for the soundproofing work and employ the services of a construction contractor to perform the work under the supervision of the governing school body.

Under the Airport and Airway Improvement Act of 1982, Federal funds are available at an 80% funding rate for soundproofing of schools. The Port Authority will pay the 20% sponsor share with no cost to be paid by the schools. Accordingly, applications will be made for funding the above work, and grants should be received before the end of the current Federal fiscal year, which expires September 30, 1985. The soundproofing project work will be sponsored by the Port Authority subject to the availability of Federal funds.

(Board - 3/14/85)

Also, the Board, at its meeting on April 12, 1984, authorized an agreement with Wyle Research Laboratories to establish criteria for the interior environment to be attained from the soundproofing work and to develop criteria for determining future school soundproofing candidates. The criteria developed to date would be used for the proposed 1985 schools. The final results of the Wyle Research Laboratories study will be utilized by the Port Authority Aircraft Noise Abatement Office in recommending any future school soundproofing program for which authorization will be sought contingent on the continued availability of Federal funds.

It was therefore recommended that the Board authorize the Executive Director to enter into agreements with the governing bodies of five selected schools in proximity to Port Authority operated airports to permit joint Port Authority-Federal Airport Improvement Program funding in the estimated amount of \$3.5 million Federal and \$900,000 Port Authority funds for projects to reduce aircraft noise levels in these schools.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to enter into agreements with the governing bodies of five selected schools in proximity to Port Authority operated airports to permit joint Port Authority-Federal Airport Improvement Program funding in the estimated amount of \$3.5 million Federal and \$900,000 Port Authority funds for projects to reduce aircraft noise levels in these schools; and it was further

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

(Board - 3/14/85)

Kennedy International Airport - Lease of Hangar 4 and Related Outside Areas to British Airways Plc

It was reported that Hangar 4 is part of a complex of Hangars 3, 4 and 5 which were constructed by the Port Authority in 1950 and which have been rented to various airline tenants on a multi-occupancy basis since their completion. Under the terms of those leases, the Port Authority has retained responsibility for certain common items such as insurance, structural integrity, operation of a centralized heating plant serving the three hangars and maintenance of specific components of the fire protection system. Most recently Hangar 4 was occupied on a shared basis by Braniff Airlines and Delta Airlines.

Braniff's occupancy was terminated in 1983 as part of a bankruptcy proceeding involving that company and Delta Airlines' lease for a portion of the premises expired by its term on December 31, 1984. Delta has continued to occupy a small portion of the premises under a short-term permit pending a determination by the Port Authority with respect to a long-term lease with a single tenant for the entire facility. Negotiations have been substantially completed with British Airways for a five-year lease for the entire Hangar 4 complex and related outside areas at an approximate annual rental of \$695,117. This annual rental is based on the following rental rates and approximate areas:

	Building Area	Outside Area	Approximate Total Annual Rental
4/1/85 to 3/31/90	\$504,917 (91,803 sq. ft. @ \$5.50 per sq. ft.)	\$190,200 (9.51 acres @ \$20,000 per acre)	\$695,117

British Airways intends to use the facility to service its own aircraft as well as those of other carriers which it handles at Kennedy International Airport. The facility will be a principal base station for British Airways and will be used to maintain aircraft serving the United States, Canada and the Caribbean as well as for major rectification involving aircraft assigned to these areas. In addition to being used as a maintenance facility, a portion of the hangar will be used for bulk storage by British Airways and as a training center for engineering staff stationed in the United States, Canada and the Caribbean.

The lease will include a provision requiring British Airways to surrender certain aircraft parking positions located on the south apron of the hangar, at the option of the Port Authority, to provide for the construction of a taxiway to serve the north cargo area of the airport with an appropriate abatement of rental. The lease will also provide for an agreement between the Port Authority and British Airways to enable the Port Authority to utilize a portion of the premises in connection with the maintenance of plane mates and loading bridges used at the IAB. The Port Authority will compensate British Airways for this use in an amount equal to a pro-rata share of the cost of the facility.

(Board - 3/14/85)

Under the terms of the lease, the Port Authority will provide, and British Airways will pay, for electricity and cold water on a metered basis. British Airways will also reimburse to the Port Authority British Airways' pro-rated share of operating the boiler room serving the complex. The Port Authority will retain responsibility for certain items including insurance, structural integrity, roof repairs and maintenance of specific components of the fire protection system serving Hangars 3 and 4.

It was therefore recommended that the Executive Director be authorized for and on behalf of the Port Authority to enter into an agreement of lease with British Airways Plc at Kennedy International Airport, all in accordance with the foregoing.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director be and he hereby is authorized to enter into a five-year lease with British Airways Plc commencing on or about April 1, 1985 for Hangar 4 and related outside areas at Kennedy International Airport at an approximate annual rental of \$695,117; the form of the agreement to be subject to the approval of General Counsel or his designated representative.

(Board - 3/14/85)

Kennedy International Airport - Lease of Space in Cargo Building No. 81 and Related Outside Areas to DHL Airways, Inc.

It was reported that the Board, at its meeting on March 10, 1983, authorized the Executive Director to enter into a ten-year lease with DHL Airways, Inc. (DHL) for Building No. 179 and site at Kennedy International Airport to be used by DHL in connection with its air courier operations. At the time, DHL's operation at Kennedy International Airport anticipated that it would use the building as a staging area for packages flown in by helicopter and small twin engine aircraft for subsequent shipment on regularly scheduled commercial flights.

Subsequently, DHL changed the nature of its operations to include the use of a 727 aircraft to serve its expanding market. As a result of this change, DHL found it necessary to acquire additional space at Kennedy International Airport. Arrangements were made for DHL to sublease from Trans World Airlines (TWA) with the Port Authority's consent, space in Cargo Building No. 81. This space, which is adjacent to the DHL facility in building No. 179, was well suited to DHL's needs. Facility staff advised DHL that when TWA's lease on Building No. 81 expired the Aviation Department would consider recommending to the Board that the Port Authority enter into a direct lease with DHL for the subleased space for a term to run concurrently with DHL's lease for Building No. 179. Such an arrangement would enable DHL to develop both locations as a consolidated facility.

TWA's plans to relocate its cargo operation to Hanger No. 12 have been finalized and DHL's operations at Kennedy International Airport have expanded to the extent that DHL now desires to acquire approximately 34,000 square feet of space in Cargo Building No. 81 in addition to its space in Building No. 179. The modifications undertaken by DHL in Building No. 179 and its expanding operation at Kennedy International Airport are indicative of DHL's commitment to develop Kennedy International Airport as a major facility in its operation. It is, therefore, recommended that the Board authorize the Executive Director to enter into a lease with DHL Airways for approximately 34,000 square feet of space in Cargo Building No. 81 and related outside area for a term of eight years at the following approximate annual rentals:

Effective Date	Building	Outside Areas	Approximate Total Annual Rental
4/1/85 to 3/31/90	\$170,000 (34,000 sq. ft. @ \$5.00/sq. ft.)	\$42,500 (85,000 sq. ft. @ \$.50/sq. ft.)	\$212,500
4/1/90 to 3/31/93	\$204,000 (34,000 sq. ft. @ \$6.00/sq. ft.)	\$46,750 (85,000 sq. ft. @ \$.55/sq. ft.)	\$250,750

The space will be used by DHL in connection with its expanding air cargo business, and more specifically, to handle larger inbound and outbound shipments which cannot be handled efficiently in Building No. 179 which has been modified to handle primarily documents and small packages.

(Board - 3/14/85)

DHL will be responsible for any alterations that may be required to convert the premises from a single occupancy tenancy to a multi-occupancy premises including the separation of any utility systems and construction of any fire separations that may be required. DHL will also have complete responsibility for maintenance and operation of the leased premises except for insurance and the responsibility for maintenance of the structural supporting frame and roof which shall be the responsibility of the Port Authority. The Port Authority will provide water and electricity to the premises to be paid for by DHL on a metered basis.

It was therefore recommended that the Executive Director be authorized for and on behalf of the Port Authority to enter into an agreement with DHL Airways, Inc. at Kennedy International Airport, all in accordance with the foregoing.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director be and he hereby is authorized to enter into a lease with DHL Airways, Inc. for space in Cargo Building No. 81 and related outside areas at Kennedy International Airport for a term of eight years commencing on or about April 1, 1985 at an approximate annual rental of \$212,500 for the period April 1, 1985 to March 31, 1990 and \$250,750 for the period April 1, 1990 to March 31, 1993; the form of the foregoing agreement to be subject to the approval of General Counsel or his designated representative.

(Board - 3/14/85)

Downtown Manhattan Heliport - Pier Reconstruction - Contract DMH-110.004 - Authority to Award

It was reported that the Board, at its meeting on October 13, 1983, authorized the Executive Director to enter into an agreement of lease with The City of New York covering the letting of a site (the "Downtown Manhattan Heliport") consisting of approximately 310,000 square feet of land under water located generally east of Vietnam Veterans Plaza between the northerly side of Pier 5 and the southerly side of Pier 8 at the East River, including the then existing Pier 6 Heliport, and providing for construction of a permanent air terminal by the Port Authority. The term of the lease would commence upon the surrender by the Port Authority of its existing lease covering the letting of the Downtown Manhattan Heliport and would expire approximately twenty years from completion of construction, with such construction to be performed in phases, with the first phase to include the rehabilitation of existing Pier 6, new piling, fencing, paving, lighting, a new terminal building, office areas and related facilities. The Board further authorized the implementation of a project covering the first phase of construction of the permanent air terminal.

It is anticipated that The World Trade Center/Battery Park City Heliport, which is now being operated by the Port Authority as a public heliport, will not be available for such use after March 31, 1986, at which time the agreement between the Port Authority and Battery Park City Authority for its use will terminate.

The Department of Transportation of The City of New York is presently reviewing the new heliport lease, which has not yet been submitted to the Board of Estimate of The City of New York, but it is deemed advisable to proceed as quickly as possible with the construction of a permanent air terminal for use as the new Downtown Manhattan Heliport under the provisions of the existing lease which, if not surrendered, would expire on December 4, 1997. This would be done with the concurrence of the City's Department of Transportation.

Pursuant to authorization by the Committee on Construction, at its meeting on August 8, 1984, a contract for the demolition of the then existing Pier 6 heliport was awarded to Weeks Stevedoring Company, Inc. and demolition has been completed.

Contract DMH-110.004 provides for the construction of a new pier for the new Downtown Manhattan Heliport. The pier will have a precast, prestressed concrete deck with a cast in place concrete top slab. The deck will be supported on concrete pile caps and concrete-filled steel pipe piles.

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

In view of the expected closure of The World Trade Center/Battery Park City Heliport, on March 31, 1986, and in order to meet the project schedule, it will be necessary to award Contract DMH-110.004 as soon as possible. Contract DMH-110.004 will be publicly advertised on March 28, 1985 and bids are scheduled to be received on April 18, 1985.

(Board - 3/14/85)

It was therefore recommended that the Board authorize the Executive Director, in his discretion, either to award Contract DMH-110.004, Pier Reconstruction, Downtown Manhattan Heliport, to the bidder submitting the lowest bid, 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, and to order extra work up to the amount of 10% of the amount of the bid accepted, 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 DMH-110.004, Pier Reconstruction, Downtown Manhattan Heliport, to the bidder submitting the lowest bid, 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, and to order extra work up to the amount of 10% of the amount of the bid accepted, or to reject all bids.

(Board - 3/14/85)

George Washington Bridge - Upper Level Sidewalk Steel Modifications - Contract GWB-110.084 - Increase in Classified Work - Supplemental Agreement No. 1

It was reported that the Board, at its meeting on June 14, 1984, authorized the Executive Director to award a contract for repairs and/or replacement of deteriorated structural steel in the north and south sidewalks of the George Washington Bridge to the lowest qualified bidder on the basis of bids to be received and to order extra work up to an amount equal to 10% of the bid accepted. Subsequently, on August 7, 1984, the Executive Director authorized the award of Contract GWB-110.084 to United States Steel Corporation, the low bidder, at its bid price in the estimated total amount of \$4,483,430, plus an authorization of \$450,000 for extra work.

As repair work progressed, it became evident that the deterioration of individual structural steel members had progressed to a point where it was necessary to replace them rather than to repair them, resulting in a substantial increase in classified work monies. In addition, due to the extent of the deterioration, a planned plate repair method for the top flange of the fascia girders has become impractical. Approximately 80% of the top flange angles of the fascia girders must now be replaced. This corrective work results in an increase in classified work from \$3,533,430 to \$5.5 million.

Also, upon removal of the sidewalks, which are closed to the public during the performance of this work, staff observed oscillating of the existing lamp posts and fractures in the light pole bases. In order to insure public safety, staff recommended that when the existing lamp posts are removed to permit the necessary steel rehabilitation, instead of reinstalling the post after the steel work is completed, temporary interim lighting be installed to illuminate the roadway and sidewalk areas. The sidewalks are scheduled to be open to the public before new permanent light poles are erected under a later contract. United States Steel Corporation is willing to perform the lamp post repairs and to provide temporary roadway lighting at an amount estimated at \$325,000. The latter price includes the fabrication of lighting brackets and the installation of fixtures, adapter plates and temporary lighting brackets, all of which were not included in the original contract, but which are required for public safety.

The requested authorization would result in an increase in the total estimated project cost from \$14,113,000 to \$16,867,000.

It was therefore recommended that the Board authorize:

1. an increase in the expenditure for classified work under Contract GWB-110.084 with United States Steel Corporation from an estimated total amount of \$3,533,430 to an estimated total amount of \$5.5 million, an increase of \$1,966,570; and
2. the Executive Director to enter into Supplemental Agreement No. 1 to Contract GWB-110.084 to provide for lamp post repairs and temporary roadway lighting at an amount estimated at \$325,000.

(Board - 3/14/85)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorizes an increase in the expenditure for classified work under Contract GWB-110.084 with United States Steel Corporation from an estimated total amount of \$3,533,430 to an estimated total amount of \$5.5 million, an increase of \$1,966,570; and it is further

RESOLVED, that the Board authorizes the Executive Director to enter into Supplemental Agreement No. 1 to Contract GWB-110.084 to provide for lamp post repairs and temporary roadway lighting at an amount estimated at \$325,000; such supplement to be subject to the approval as to form by General Counsel or his designated representative.

(Board - 3/14/85)

The World Trade Department - The Teleport - Contract TP-110.006 - Paving and Utilities - Phase 1B - Award

It was reported that the Contract TP-110.006, Paving and Utilities, Phase 1B, The Teleport, provides for the construction of infrastructure necessary for 50 acres of The Teleport. The contract requires the contractor to furnish and install: a storm drainage system, a sanitary sewer system, a water supply system, water meter pits, power and communication duct banks, roadways, temporary roadway lighting and site work for the entrance facility building. In addition, the contract provides for the performance of snow removal, clearing, and grubbing, and excavating, removing and disposing off-site of unsuitable materials in all areas of The Teleport on a net cost basis estimated at roughly \$500,000.

The contract includes a provision for the contractor to use every good faith effort to achieve 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.

Proposals will be solicited under Contract TP-110.006 from 44 qualified contractors and proposals will be received on or about March 20, 1985. In order to complete the site infrastructure so as to accommodate tenants at the earliest possible time, it is necessary to promptly begin the work under this contract.

It was therefore recommended that the Board authorize the Executive Director to award Contract TP-110.006, Paving and Utilities, Phase 1B, The Teleport, to the contractor submitting the lowest proposal, who, in his opinion is qualified by reason of responsibility, experience and capacity to perform the contract and whose proposal price the Executive Director deems reasonable, and to order extra work up to an amount of 10% of the amount of the proposal accepted, or to reject all proposals.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to award Contract TP-110.006, Paving and Utilities, Phase 1B, The Teleport, to the contractor submitting the lowest proposal, who, in his opinion is qualified by reason of responsibility, experience and capacity to perform the contract and whose proposal price the Executive Director deems reasonable, and to order extra work up to an amount of 10% of the amount of the proposal accepted, or to reject all proposals.

(Board - 3/14/85)

The World Trade Department - The Teleport - Agreement with The Vault Properties, Limited

It was reported that staff has made a proposal to The Vault Properties, Limited, which operates a disaster recovery and magnetic tape storage facility in Atlanta, Georgia, covering the letting by that company, or a subsidiary or affiliate thereof, of a parcel of land at the Teleport for the design and construction of such a facility. The parcel contains approximately 1.029 acres of land, and a building containing approximately 15,000 square feet of space is contemplated. The building will be constructed by the tenant entirely at its expense. Plans and specifications would be subject to Port Authority approval.

The proposal includes the right as defined to add to the lease, during a specified period, an additional area containing approximately .854 acres of land on which an additional building would be constructed to be used for the same purpose.

The arrangement being discussed with the tenant contemplates a 40-year term following completion of the initial building but not beyond the expiration date of the Port Authority lease with The City of New York covering the Teleport, with the tenant to pay a basic rental at the annual rate of approximately \$98,650 plus operating expense escalation equal to its proportionate share of increases in common Teleport operation and maintenance expense costs. If the additional parcel is included in the letting the tenant would pay an additional basic rental therefore at the annual rate of approximately \$81,850 per year plus its proportionate share of increases in common Teleport operation and maintenance expense costs. The Executive Director or staff on his behalf would negotiate the terms of the lease with respect to the foregoing, and among the matters expected to be discussed with the tenant and included in the agreement to be negotiated are assignment, subletting, mortgaging and refinancing provisions. The material terms of any arrangement finally agreed to would be subject to approval by the Mayor of The City of New York.

There are no brokerage commissions in connection with this transaction.

It was therefore recommended to the Board that the Board authorize the Executive Director on behalf of the Port Authority to enter into a lease agreement with The Vault Properties, Limited, or a subsidiary or affiliate thereof 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 a lease agreement with The Vault Properties, Limited or a subsidiary or an affiliate thereof for the leasing of approximately 1.029 acres of land at the Teleport to be used for the construction and operation of a disaster recovery center and magnetic tape storage facility for a term of approximately 40 years, the tenant to have certain rights with respect to the leasing of an additional site; and it is further

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

(Board - 3/14/85)

The World Trade Center - Kuo Hotel Corporation - Amendment to Lease

It was reported that at its meeting on May 11, 1978, the Board authorized a lease with WTC Hotel Associates for the construction and operation of a hotel at The World Trade Center. At its meeting on June 10, 1982, the Board authorized the assignment of that lease to the Kuo Hotel Corporation.

Under the terms of the lease, the Port Authority receives one-half of the hotel's net cash flow as rent. In an effort to generate additional income, subject to Board approval, staff has reached agreement with Kuo for expansion of its banquet and conference room facilities into approximately 7,250 rentable square feet of contiguous space which was recently vacated by Cable News Network. The space would be leased for an initial period of approximately 2½ years commencing on the earlier of Kuo's occupancy of the space or September 1, 1985 and expiring on March 31, 1988. The impact this expansion has on net cash flow during this 2½-year period will be evaluated and a determination made as to the desirability of continuing the use of this additional space on a long-term basis.

During this interim period, Kuo will pay the Port Authority an annual rental of \$250,000 for the additional space. The Port Authority will pay an amount not to exceed \$250,000 for initial design and alterations to the area and for furnishing and fixture costs, Kuo to pay the Port Authority for each dollar of Port Authority investment at a monthly rate which equates to an annual amount equal to .182729 multiplied by the amount of the Port Authority's investment, over a 10-year period. In addition Kuo will pay additional rent to cover increases in operating costs and in-lieuof tax payments and will pay for all utilities and services. The rental and other payments payable in connection with this arrangement will be deductions from gross income in computing Net Cash Flow under the lease.

At the end of three consecutive peak banquet seasons, both Kuo and the Port Authority will evaluate the effect the use of this additional space has had on revenues earned and if both Kuo and the Port Authority agree that the use of this area should be continued, this leasing arrangement, subject to the Board's approval, will be extended and authorization will also be requested if additional refinancing is required to alter and furnish the space to accommodate the long-term use of the area.

It was therefore recommended that the Board authorize the Executive Director on behalf of the Port Authority to enter into an agreement with Kuo Hotel Corporation on the terms and conditions outlined above.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize:

1. the Executive Director to enter into an agreement amending the Port Authority's lease with the Kuo Hotel Corporation covering the operation of the Vista Hotel to add to the premises thereunder approximately 7,250 rentable square feet adjacent to the Vista Hotel on the Concourse of One World Trade Center for a term expiring on March 31, 1988; and

(Board - 3/14/85)

2. the Port Authority to pay up to \$250,000 for rebuilding and furnishing the space to be repaid by Kuo over a ten-year period at a monthly rate which equates to an annual amount equal to .182729 multiplied by the amount of the Port Authority's investment; and it is further

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

(Board - 3/14/85)

Waterfront Development Program - Hunters Point, Queens, New York - Retention of Technical Assistance Associated with Property Appraisals

It was reported that at its meeting on October 11, 1984, the Board authorized the Executive Director to enter into agreements with Messrs. Jerome Hains and Roger Darby to provide separate and independent real estate fee appraisal services to ascertain the current fair market value of properties within the Hunters Point Waterfront Development site. Such agreements were executed. Both fee appraisers have concluded their comparable sales and rental data bases and are presently engaged in their analysis of the subject properties at Hunters Point.

As reported at that meeting, both real estate fee appraisers had advised that their valuations of certain unique improvements within the site would require professional architectural and engineering services and fixture and machinery valuations.

Discussions have been held with both fee appraisers and the Law Department and it has been determined that the services of an independent expert experienced in engineering appraisal methodology to provide machinery and architectural estimates are critical to the timely production of the valuations of several key properties on the site. Services provided by the engineer appraiser would include: reproduction or replacement costing of cement silos, pumping equipment, docking facilities, manufacturing and bottling plant equipment; replacement cost and cost to cure estimates for certain existing improvements on the site.

After preliminary inquiries and interviews with potential engineering-appraisal firms, staff has identified the firm of Martin M. Gross and Associates of West Orange, New Jersey, as being uniquely qualified to carry out this assignment due to the high degree of specialization and experience the firm has achieved in performing this type of work. In particular, the firm's principal, Martin M. Gross, is a licensed professional engineer, MAI and senior member of the American Society of Appraisers. Mr. Gross has over 30 years experience as an engineer appraiser for both government and private entities and has successfully provided expert testimony in many court procedures. He has been utilized by the Port Authority, City and State of New York and the U.S. Government in the past and also by such firms as Xerox Corporation, United Technologies and American Brands. Both fee appraisers retained by the Port Authority concur in this recommendation and have worked successfully with Mr. Gross in the past. Subject to approval by General Counsel, the Port Authority will enter into an agreement with the engineer appraiser at a total estimated cost of \$130,000.

Performance of the above is necessary and desirable in order for the fee appraisers to make a timely valuation of the site and for the Port Authority to maintain its schedule of activities in progressing the Hunters Point Waterfront Development.

It was therefore recommended that the Board authorize the Executive Director to enter into an agreement with Martin M. Gross and Associates to provide necessary architectural/engineering appraisal services in support of the valuation of certain improvements within the Hunters Point Waterfront Development site, the aggregate cost of these services based on the firm's proposal being estimated at \$130,000.

(Board - 3/14/84)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director to enter into an agreement with Martin M. Gross and Associates to provide necessary architectural/engineering appraisal services in support of the valuation of certain improvements within the Hunters Point Waterfront Development site, the aggregate cost of these services based on the firm's proposal being estimated at \$130,000; and it is further

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

(Board - 3/14/85)

Waterfront Development Project - Hunters Point, Queens, New York - Supplemental Environmental Studies - Retention of Lawler, Matusky & Skelly Engineers - Increase in Amount Authorized

It was reported that the Board, at its meeting on February 14, 1985, authorized the Executive Director to enter into an agreement, on the basis of proposals to be received, for the performance of an environmental field study of aquatic biota and water quality at Hunters Point, Queens, New York, in an amount estimated to be \$300,000.

The estimate of \$300,000 was based upon cost estimates provided to staff by a specialist in marine biology and by the New York State Department of Environmental Conservation. When proposals for performance of the study were received, however, the amounts proposed were much higher.

Proposals were solicited from a select list of qualified firms and on February 21, 1985, the following proposals were received:

Princeton Aqua Science Edison, New Jersey	\$ 480,000
Lawler, Matusky & Skelly Engineers Pearl River, New York	602,231
Cosper Environmental Assoc. Stonybrook, New York	1,009,947

Staff has reviewed the proposals and recommends the selection of Lawler, Matusky & Skelly Engineers (LMS) based upon its superior staff qualifications and proposed scope of services. The LMS proposal was considered preferable to those of the other firms in terms of the numbers and experience of specialists who would be assigned to the project, analysis techniques, data management, quantification of impacts, and quantification of incremental benefits resulting from potential mitigation measures.

It was therefore recommended that the Board authorize the Executive Director to enter into an agreement with Lawler, Matusky & Skelly Engineers for the performance of an environmental field study of aquatic biota and water quality at Hunters Point, Queens, New York, in an amount not to exceed \$602,231, an increase of \$302,231 over the amount authorized by the Board for the study at its meeting on February 14, 1985.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to enter into an agreement with Lawler, Matusky & Skelly Engineers for the performance of an environmental field study of aquatic biota and water quality at Hunters Point, Queens, New York in an amount not to exceed \$602,231, an increase of \$302,231 over the amount authorized by the Board for the study at its meeting on February 14, 1985, said agreement to be subject to approval as to form by General Counsel or his designated representative.

(Board - 3/14/85)

The Industry/University Cooperative Research Center for Hazardous and Toxic Waste

It was reported that the Cooperative Research Center, located on the campus of the New Jersey Institute of Technology, is a consortium of eighteen major corporations and six universities in the New York/New Jersey metropolitan area. Each corporation is required to contribute a minimum of \$30,000 a year for a three-year period. Additional grants have come from the National Science Foundation and from Governor Kean's Commission on Science and Technology.

The Corporate Research Center was formed two years ago as a result of a great need to improve control of hazardous substances and toxic waste in the bi-state area. The goals of the Center are to develop new waste management technologies, provide a data base to identify a range of acceptable "real world" cost-effective options towards the solution of a range of waste management problems and advance the state of engineering management of hazardous and toxic waste. In addition, environmental health and public policy programs will be developed to educate the media and public with the objective of avoiding the hysteria that so often accompanies environmental problems.

The Port Authority is working hard to induce high technology firms, service industries and manufacturing companies to locate in our region and thereby provide jobs for the population. However, high technology and manufacturing is very frequently associated with the generation of toxic substances and hazardous waste, which must be managed properly at reasonable cost.

Membership in the Cooperative Research Center will enable the Port Authority to harvest a number of benefits:

1. the Port Authority will avail itself of the latest information on environmental control to enable it to make more meaningful public policy decisions relative to future airport expansion, industrial park development and resource recovery;
2. the Port Authority will have access to new technology for cost-effective management of hazardous and toxic wastes; and
3. the Port Authority will have the right to participate in identifying future research programs to be conducted by the Center.

It was therefore recommended that the Board authorize the Executive Director to enter into an agreement with the Industry/University Cooperative Research Center for Hazardous and Toxic Waste wherein the Port Authority would make a contribution of \$30,000 per year with a three-year commitment totaling \$90,000 and in return participate as a member of the Industry Advisory Board which gives overall direction to the Center's research efforts.

Whereupon, the following resolution was unanimously adopted, Commissioner English abstaining:

RESOLVED, that the Executive Director is authorized to enter into an agreement with the Industry/University Cooperative Research Center for Hazardous and Toxic Waste wherein the Port Authority would make a contribution of \$30,000 per year with a three-year commitment totaling \$90,000 and in return participate as a member of the Industry Advisory Board which gives overall direction to the Center's research efforts; and that the form of such agreement be subject to the approval of General Counsel or his designated representative.

(Board - 3/14/85)

Engineering and Planning and Development Departments - Project Management System - Implementation and Optimization of System and Training of Management Staff - Retention of Ira Bitz and Associates, Ltd.

It was reported that the long range plans of the Port Authority include the undertaking of a capital construction program which is estimated to cost several billion dollars. During 1981, the Engineering Department formalized its project management system to enhance its ability to accommodate the increasing demand for engineering services required to support the Port Authority program. The system has since been refined and extended throughout the department and it has made a substantial contribution to improved effectiveness.

Because of the influx of new people into the Engineering Department to meet the workload and to replace a substantial number of vacancies created by retiring and promoted personnel, a new continuing training program is needed so that new personnel have the benefit of customized training in project management as did the majority of present staff. In addition, increases in productivity and optimization of the project management system can be attained with continuing refinement and intermittent audits and evaluations of the system. These services become particularly important in view of the Engineering Department's increasing need to interface with various line and staff departments and its efforts to computerize the system, and also in view of the current efforts to develop a more comprehensive organization-wide cost control system.

The potential value of project management techniques has also been recognized by the Planning and Development Department, which is responsible for many varied and highly complex programs. The Planning and Development Department staff wishes to refine its program and project control systems in order to increase staff capability for tracking and monitoring project status, facilitating corrective action, analyzing resource utilization and forecasting resource needs. The Planning and Development Department needs professional and advisory services to assess project management needs, prepare specific guidelines and procedures for implementation and prepare and present staff training seminars in project management techniques.

Ira Bitz and Associates, Ltd. of Chevy Chase, Maryland, has been retained since 1981 by the Engineering Department to formalize the project management system under various Executive Director and Committee authorizations. To date, the total compensation paid to Ira Bitz and Associates, Ltd. for professional services is \$103,150 which includes \$43,500 for services rendered to various line departments. Ira Bitz and Associates, Ltd. is familiar with the organizational structure of the Port Authority and staff is pleased with the services the firm has provided thus far. Therefore, staff is of the opinion that Ira Bitz and Associates, Ltd. is well qualified to perform the additional services. It is anticipated that the services required by the Engineering Department will result in an expenditure of approximately \$30,000 and that the services desired by the Planning and Development Department will also result in an expenditure of approximately \$30,000.

It was therefore recommended that the Board authorize the Chief Engineer to enter into an agreement with Ira Bitz and Associates, Ltd. for the provision of professional and advisory services to further optimize the project management system and to train additional management staff for the Engineering Department and to refine the program and project control systems of the Planning and Development Department in an aggregate amount not to exceed \$60,000 for a one-year period.

(Board - 3/14/85)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Chief Engineer is authorized to enter into an agreement with Ira Bitz and Associates, Ltd. for the provision of professional and advisory services to further optimize the project management system and to train additional management staff for the Engineering Department and to refine the program and project control systems of the Planning and Development Department for a one-year period, in an aggregate amount not to exceed \$60,000; said agreement to be subject to approval as to form by General Counsel or his designated representative.

Personnel Department - Retention of Professional Services and Instructors for Human Resource Programs for the 1985 Year

It was reported that in November 1983 staff discussed plans for a Comprehensive Human Resource Program with the Commissioners. The Executive Development Program is one component of this comprehensive program. The primary purpose of the program is to assure a maximally effective executive succession plan for the remainder of the decade through identification, assessment and planned development of outstanding executive staff who demonstrate the potential to be moved into senior executive levels.

In 1984 the Board authorized the Personnel Director to retain the services of Dr. Joel Moses of Applied Research Consultants to assist in the implementation of two Assessment Centers. This first phase of the Executive Development Program resulted in the selection of 24 staff members and identified, through job related simulations, their developmental needs.

For 1985 staff expects an expansion of the Executive Development Program and is planning to conduct three Assessment Centers which will result in the selection of up to 36 staff members. Staff recommends the continued use of Applied Research Consultants to assist in the implementation of the Assessment Centers at a cost not to exceed \$67,000. The use of the Assessment Center will augment the Port Authority's Human Resource Program efforts and is a critical component in identifying the specific developmental needs of staff who are nominated by their departments to participate in the Executive Development Program.

It is further recommended that the Personnel Director be authorized to enter into agreements for the performance of professional and instructor services on an as-needed basis to provide assistance in the design and delivery of a variety of executive training programs. These programs will include distinguished speaker presentations, workshops, seminars and residency programs in areas such as media relations, policy analysis, executive leadership, teambuilding, corporate ethics and strategic planning. The cost of programs currently being developed are estimated to range from approximately \$5,000 for a several day policy analysis workshop to approximately \$20,000 for a media relations program that was previously used to train Department Directors and other key staff. Retention of professional services and instructors for human resource programs will be done by the Personnel Department in consultation with appropriate members of the Executive Development Steering Committee composed of Departmental Directors and executive staff. Minority Business Enterprise firms will be included among the firms solicited.

The total expenditure for these services will not exceed \$200,000.

It was therefore recommended that the Board authorize the Director of Personnel to retain various professional and instructor services on an as-needed basis to assist the Personnel Department in the performance of development activities associated with the Executive Development Program and other key human resource programs at an individual expenditure in an amount not to exceed \$67,000 and at an aggregate amount not to exceed \$200,000 for 1985.

(Board - 3/14/85)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Personnel Director be and he hereby is authorized to retain various professional and instructor services on an as-needed basis to assist the Personnel Department in the performance of development activities associated with the Executive Development Program and other key human resource programs at an individual expenditure in an amount not to exceed \$67,000 and at an aggregate amount not to exceed \$200,000 for 1985; said agreement to be subject to approval as to form by General Counsel or his authorized representative.

Whereupon, the meeting was adjourned.

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES
Thursday, April 11, 1985

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MINUTES of Annual meeting of The Port Authority of New York and New Jersey held Thursday, April 11, 1985, at the Port Authority offices, One World Trade Center, City, County and State of New York.

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
 James G. Hellmuth
 Howard Schulman
 John G. McGoldrick
 H. Carl McCall

Peter C. Goldmark, Jr., Executive Director
 Patrick J. Falvey, General Counsel/Assistant Executive Director
 Doris E. Landre, Secretary
 Robert J. Aaronson, Director of Aviation
 Anthony J. Barber, Acting Director of Tunnels, Bridges and Terminals
 Stephen Carlson, Assistant Director of Planning and Development
 John J. Collura, Assistant Director, Finance Department
 Gwendolyn K. Crider, Administrative Assistant
 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
 Jeffrey S. Green, Chief, Finance Division, Law
 James J. Kirk, Deputy Director of Rail Transportation
 Philip LaRocco, Director, Economic Development Department
 Donald R. Lee, Director of Audit
 Lillian C. Liburdi, Director of Management and Budget
 Robert J. Linn, Deputy Director of World Trade
 Katharine B. MacKay, Assistant Executive Director/Director of State Relations
 Mark Marchese, Assistant Director, Information Services, Public Affairs
 John B. McAvey, Assistant Chief Financial Officer
 Rino M. Monti, Director of Engineering/Chief Engineer
 Edward J. O'Malley, Director of Personnel
 James O'Malley, Deputy Director of Management Information Services
 Victor T. Strom, Director of Public Safety
 Anthony J. Tozzoli, Port Director
 Joseph L. Vanacore, Executive Officer for Capital Programs
 Barry Weintrob, Director, Finance Department/Comptroller, Acting Chief Financial Officer
 Marvin Weiss, Director, Office of Minority Business Development
 Marshal L. Wilcox, Jr., Treasurer
 Thomas C. Young, Jr., Principal Information Officer, Public Affairs
 Gerard Fernandez, Jr., Bond Counsel, Hawkins, Delafield & Wood
 Donald J. Robinson, Bond Counsel, Hawkins, Delafield & Wood
 Joel J. Rogoff, Executive Partner, Touche Ross & Co.
 Dominick Mustillo, Supervisor, Touche Ross & Co.

Chairman Sagner called the Annual meeting to order and called for the Report of the Nominating Committee. Commissioner Van Fossan, Chairman of the Nominating Committee, reported that the Committee had met earlier that afternoon and recessed until a future date. Chairman Sagner announced that the requirements of the Port Authority's By-Laws with respect to the Annual meeting having been met, we may now proceed to the regular order of business.

(Board - 4/11/85)

Report of Independent Auditors

The Board received a report of Touche Ross & Co., Independent Auditors, as presented by Mr. Joel J. Rogoff. 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, 1984. We made a similar examination of the 1983 financial statements. Our report dated February 22, 1985, on the comparative financial statements, appears on page 34 of the Port Authority’s 1984 Annual Report. Our examinations were 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 basis consistent with that of the preceding year. 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 studied and evaluated the Port Authority’s system of internal accounting control. Our report dated November 28, 1984, on the adequacy of the Port Authority’s system of internal accounting control, appears on page 23 of the Annual Report. In our opinion, the Port Authority’s system of internal accounting control, taken as a whole, which was in effect at October 31, 1984, was sufficient to meet such system’s objectives; that is, to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management’s authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles and, where appropriate, in accordance with the Port Authority’s bond resolutions and the requirements of law.

“In addition, we issued a report on the Special Reserve Fund in Trust which certifies to Citibank, N.A., as Trustee, that there are adequate funds in the Trust as of December 31, 1984 to retire the outstanding General and Refunding Bonds as scheduled. We also issued two net revenue reports in accordance with lease agreements between the Port Authority and the City of New York and the City of Newark.

Meetings with the Audit Committee:

“On October 11, 1984, we met with the Audit Committee and reviewed the audit approach that we designed for our examination of the Port Authority’s 1984 financial statements. Our approach to the audit included reviewing and documenting the Port Authority’s accounting systems, and identifying the systems’ key controls. Our audit plan also provided for utilizing, where possible, the Port Authority’s internal audit department and the financial accounting staff. Our examination was performed and completed pursuant to that audit plan.

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“Based on the results of our study and evaluation of the system of internal controls, including the controls in the data processing area, we developed recommendations for strengthening the system and made suggestions with respect to accounting and financial reporting. We discussed our comments and recommendations together with management’s responses with the Audit Committee on December 13, 1984. At that meeting, we also reviewed our report on the Port Authority’s system of internal accounting control.

“We completed our field work with respect to the 1984 audit on February 22, 1985, and met with the Audit Committee on February 27th to review the draft of the Port Authority’s 1984 financial statements, requisite footnote disclosures, and our opinion on those financial statements.

Financial Reporting Highlights:

“We worked with the Port Authority’s staff with respect to the accounting treatment for several financial matters which are reflected in the 1984 Annual Report. Among these financial matters are the gain on insurance proceeds received in 1984 in connection with the fire which had destroyed Pier B at the Hoboken-Port Authority Marine Terminal, the disclosure of the cost of health care and insurance benefits for active and retired employees, the suit by the City of New York against the Port Authority in connection with payments-in-lieu-of-taxes at the World Trade Center, and the buyout of the original Terminal C tenants at Newark Intenational Airport. Schedule E has been expanded to provide 10 years of selected financial data in order to comply with the requirements for a Certificate of Conformance, the highest form of recognition given by the Government Finance Officers Association in the area of governmental financial reporting.

“During 1984, we also reviewed the Official Statements prepared by the Port Authority and performed certain auditing procedures in connection with the issuance of the Fifty-first and Fifty-second Series of Consolidated Bonds, and Series HH, Series II, and Series JJ of Consolidated Notes, respectively.

Other Matters:

“During the year, there were several mettings held with Port Authority management, at which various accounting and financial reporting matters were discussed. Changes in professional pronouncements and accounting principles during 1984 did not have any effect on the Port Authority’s financial statements.

“We received the complete cooperation of Port Authority management and employees. There are 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 and the scope of the 1984 audit, and the reports which we issued with respect to the Authority’s system of internal accounting control and annual financial statements.”

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of March 14, 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 April 11, 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 April 11, 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 April 11, 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 April 11, 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 - 4/11/85)

Waterfront Development Program - Hunters Point, Queens, New York - Retention of Professional Assistance to Provide Development Theme Analysis and to Assess Waterborne Transportation System Feasibility

It was reported that, at its meeting on December 8, 1983, the Board authorized the Executive Director to undertake all necessary planning for mixed-use waterfront development in Hunters Point, Queens, New York. In July 1984, the selected master planning consultant, a joint venture of the Gruzen Partnership/Beyer, Blinder, Belle and their sub-consultants undertook the planning effort. The first cycle of that planning process, including site physical inventory and conceptual development planning (uses, densities, open spaces, roadway schemes) is now near completion.

As an outcome of those efforts, staff has determined that a critical element in creating a world-class, mixed-use development at Hunters Point, and particularly in providing anchor uses for the commercial 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 has identified biotechnical/biomedical research and the video/media industries as two logical and attractive theme concepts and now recommends the retention of professional assistance to conduct site-specific market feasibility analyses. This assistance is needed at this time in order to interface with work being performed by the Gruzen Partnership/Beyer, Blinder, Belle on the development of the site Master Plan. The selection of viable themes will strengthen the commercial office development potential and, hence, job production of the site.

New York City and the metropolitan area have one of the highest concentrations of biomedical research and biotechnical activity in the nation. The eastside of Manhattan has an unusually high concentration, (sixteen institutions) of well-respected life sciences research and teaching institutions, including Sloan-Kettering Institute, Rockefeller University, New York Hospital-Cornell Medical Center, and the three branches of the New York University Medical Center. Among the wide range of specialty research conducted by these institutions are biochemistry, behavioral and neural sciences, molecular biology, pharmacology, biomedical engineering and computer sciences. Hunters Point, located approximately one-half mile across the East River, is potentially an excellent area for biomedical and biotechnical research and support activities spawned by or attracted to the area because of the presence of these institutions.

Based on staff review of firms specializing in analysis of this industry, three firms which have conducted site-specific research on biomedical/biotechnical centers or related research have been interviewed:

Battelle – Columbus Division – Columbus, Ohio
Arthur D. Little, Inc. – Cambridge, Massachusetts
PA Consulting Services, Inc. – Princeton, New Jersey

Staff proposes that final selection be made on the basis of proposals to be received from the above three firms.

(Board - 4/11/85)

In addition to the biomedical/biotechnical concentration, New York is a national center for the media industry and its ancillary activities. This industry is increasing both in size and in technology diversity. Hunters Point presents a potentially unique opportunity as a center for the consolidation of pre and post-production activities due to its close proximity to the industry's traditional clients and suppliers, as well as its surrounding industrial area which could serve the production functions.

Staff reviewed the capacities of twelve advisory firms with media related expertise and had interviews with three firms:

Browne, Bortz & Coddington, Inc.
Denver, Colorado

Foster Associates, Inc.
Washington, D.C.

Kalba Bowen Associates, Inc.
Cambridge, Massachusetts

In the case of Browne, Bortz & Coddington, Inc., the firm has performed analysis similar to the one proposed; however, those studies were limited exclusively to West Coast markets. The studies performed by Foster Associates, Inc. have as a principal focus support of their clients' economic positions in Public Service Commission rate cases.

It was determined that the third firm, Kalba Bowen Associates, Inc., possessed demonstrably unique qualifications for undertaking this work. This firm is a nationally well-regarded specialist in analysis of the media industry. Its New York City clients include CBS, Citicorp, Chase Manhattan and A.C. Neilson.

Staff believes, however, that the most important factor differentiating this firm from the other two is its one-year study of the film/video industry related to New York State. Completed in 1982 for the NYS Urban Development Corporation and the NYS Division of Communication Industries Development, the study was specifically aimed at the film/video segment of the media industry and focused especially on New York City firms, including data relevant to Queens. In addition, staff believes that the firm's database and experience within the New York-based media industry will have a major bearing on the timeliness, quality and cost of the work.

Work to be performed under both the Center for Life Sciences study and the Media Center study would include: review of industries, with particular focus on the New York City metropolitan area; review of similar projects elsewhere; concept refinement and site-specific demand analysis and forecasting. The period of performance is estimated to be between three and four months for each study.

In the second phase of the Hunters Point site physical planning process, which will involve a preferred master plan alternate and two other alternatives, transportation access improvements to the site will be a major focus. This access is key to accommodating development densities for the office, retail, residential and hotel uses anticipated to be part of the Master Plan, as well as their location in the overall site plan.

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An IRT No. 7 subway station (Vernon/Jackson) is located within walking distance of the site; however, the physical assessment conducted to date indicates that, during the A.M. peak hour into Manhattan, passenger loads are very dense. With the added impact from the Hunters Point site's development, improvements to this service as well as other transportation alternatives may be necessary and must be analyzed. One of the alternatives to mitigate the impact from the development is a waterborne transportation service which would, in addition, offer off-peak user and visitor transport to and from the site. The distance across the East River between Hunters Point and Manhattan is 2400 feet and offers the possibility of efficient vessel use.

Booz-Allen would be required to analyze and supplement existing origin and destination, modal split and volume data for both current and anticipated conditions after development of the Hunters Point site. In addition, Booz-Allen would project from that data, based on modeling analyses, the anticipated usage of a ferry service during the phased development of the Hunters Point site and after full development.

Booz-Allen is recommended on the basis of their response to the Request for Proposals (RFP) process recently completed by the Planning and Development Department. Eight firms participated in that process and Booz-Allen was deemed best qualified, by the staff evaluation team, to provide transportation planning/modeling analyses.

Staff recommends that an agreement be entered into with Booz-Allen rather than engaging in another RFP process which staff feels would be duplicative of the process recently completed by the Planning and Development Department. This recommended approach would save significant staff effort and accelerate the planning process by several months.

If sufficient ridership/usage is demonstrated by the Booz-Allen study, additional professional assistance, chosen on the basis of proposals to be received, would be required to undertake the assessment of physical development requirements, including river traffic and current conditions, terminal sighting and design parameters, mainland connections in Manhattan, as well as capital costs and other related factors. A RFP process would be initiated for the study of the physical development requirements and cost analysis, if deemed necessary, after the Booz-Allen study is completed. This phase of the feasibility assessment would be implemented about July 1, 1985. Therefore, staff feels there is sufficient time to undertake the RFP process in this case.

Future assessment of the operations and maintenance requirements/costs of the waterborne transportation system between the Hunters Point Waterfront Development and Manhattan, as well as vessel design parameters, would be derived from work being performed currently by the Planning and Development Department and the consultant team studying the Sea Bus system for possible Hudson River use.

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

The total expenditure for the four aforementioned studies is estimated to be \$230,000 and would require an increase of \$230,000 in the 1985 Budget.

(Board - 4/11/85)

It was therefore recommended that the Board authorize:

1. the Executive Director to enter into an agreement for professional assistance, on the basis of proposals to be received, to provide analysis and recommendations as to the feasibility of a Center for Life Sciences as a potential theme for the Hunters Point Waterfront Development, at an estimated amount of \$65,000;
2. the Executive Director to enter into an agreement with Kalba Bowen Associates, Inc., to provide analysis and recommendations as to the feasibility of a Media Center as a potential theme for the Hunters Point Waterfront Development, at an estimated amount of \$65,000;
3. the Executive Director to enter into an agreement with Booz-Allen & Hamilton, Inc., to assess the need for and usage feasibility of a waterborne transportation system between the Hunters Point Waterfront Development and Manhattan, at an estimated amount of \$50,000;
4. the Executive Director, in his discretion and based on the usage level and need as demonstrated by the Booz-Allen study, to enter into an agreement for professional assistance, on the basis of proposals to be received, to assess the physical design parameters and capital costs of terminal facilities at the Hunters Point Waterfront Development and on the Manhattan side of the East River, at an estimated amount of \$ 75,000; and
5. an increase in the 1985 Budget of \$230,000 to accomplish the services recommended herein.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to enter into an agreement with a consultant, on the basis of proposals to be received, to provide analysis and recommendations as to the feasibility of a Center for Life Sciences as a potential theme for the Hunters Point Waterfront Development, at an estimated amount of \$65,000; and it is further

RESOLVED, that the Executive Director is authorized to enter into an agreement with Kalba Bowen Associates, Inc., to provide analysis and recommendations as to the feasibility of a Media Center as a potential theme for the Hunters Point Waterfront Development, at an estimated amount of \$65,000; and it is further

RESOLVED, that the Executive Director is authorized to enter into an agreement with Booz-Allen & Hamilton, Inc., to assess the need for and usage feasibility of a waterborne transportation system between the Hunters Point Waterfront Development and Manhattan, at an estimated amount of \$50,000; and it is further

RESOLVED, that the Executive Director, in his discretion and based on the usage level and need demonstrated by the Booz-Allen study, is authorized to enter into an agreement with a consultant, on the basis of proposals to be received, to assess the physical design parameters and capital costs of terminal facilities at the Hunters Point Waterfront Development and on the Manhattan side of the East River, at an estimated amount of \$50,000; and it is further

RESOLVED, that the 1985 Budget is increased in the amount of \$230,000 to provide for the services authorized herein; and it is further

RESOLVED, that the form of the four foregoing agreements is subject to the approval of General Counsel or his designated representative.

(Board - 4/11/85)

Waterfront Development Program - Hoboken, New Jersey-Retention of Professional Assistance for Programming and Special Uses Planning

It was reported that at its meeting on December 8, 1983, the Board authorized the Executive Director to undertake all necessary physical planning for mixed-use waterfront development projects in Hoboken, New Jersey. The plan for the Hoboken Waterfront Development Project is nearing completion and there is presently a shift from conceptual to implementation planning. This requires the retention of consultants to examine and refine possible special uses, such as cultural and entertainment programs and facilities, which may be appropriate to the Hoboken Waterfront Development. The need for expert advice at this time is particularly important as the project's development planning consultants are nearing a point where such information must logically be considered in finalizing the overall Hoboken Waterfront Development plan.

The attractiveness to the public and businesses of waterfront sites is enhanced by a carefully conceived series of programming activities oriented to improving the attractiveness of the formerly deteriorated site. The creation of an identity in the marketplace, and, at the same time, the provision of meaningful activities for the local population along the waterfront is essential for a successful project. This programming function will attempt to integrate the physical aspects of the site itself, the nautical theme of the waterfront and the needs and interests of the site tenants, visitors and the local community. Expertise in this area is highly specialized, and Port Authority staff currently do not possess this expertise. Based upon the recommendations of Cooper, Eckstut Associates, the master planning firm for the Hoboken Waterfront Development Program, and other experts on waterfront development, it is recommended that Ann Tindal, Director of Programmes, Harbourfront Corporation, Toronto, be retained to provide Economic Development staff with conceptual advice and specific recommendations regarding an appropriate plan of programming activities for Hoboken, for both immediate and future implementation by Economic Development staff. Her work product could lead to events on site as soon as the latter half of 1985. Concurrently, Ms. Tindal would provide specialized training in the programming field to Economic Development staff, thus diminishing the need for future consultants in this area.

Such programming activities and special uses functions may include, for example, special events and attractions, festivals, and recreational, cultural and entertainment programs and recommendations for facilities which would service to enhance the overall aesthetics and image of the project and improve its marketability and longrange economics. Hoboken Waterfront Development staff have visited Harbourfront and observed its superior programming activities and have held numerous discussions with Ms. Tindal regarding her operations' applicability to Hoboken. Her input was found by staff to be most valuable, and a continuation of her services in a more formal relationship is now being sought. Ms. Tindal is an internationally recognized expert in the waterfront programming area and has been on the staff of Harbourfront for over ten years. She is experienced in the selection and retention of professional theater consultants, which may be necessary as part of her work and is provided for under this authorization. Recently, she was retained by the firm of Olympia and York to provide assistance regarding the programming activities of Battery Park City. In Toronto, Harbourfront is a large-scale urban waterfront development project as well as a very successful community/cultural center which enjoys a world-wide reputation in the programming field. We believe her prior experience and expertise is, therefore, particularly relevant to the Hoboken Waterfront Development Project. Ms. Tindal would be retained at an estimated amount of \$35,000, which would include travel and out-of-pocket expenses. Specific Board authorization for individual programming will be requested as appropriate.

(Board - 4/11/85)

It was therefore recommended that the Board authorize the Executive Director to enter into an agreement with Ann Tindal to provide conceptual advice and specific recommendations on programming issues and special uses activities, including the possible retention of professional theater consultants, for the Hoboken Waterfront Development Project at an estimated cost of \$35,000.

Whereupon the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to enter into an agreement with Ann Tindal to provide conceptual advice and specific recommendations on programming issues and special uses activities, including the possible retention of professional theater consultants, for the Hoboken Waterfront Development Project at an estimated amount of \$35,000; and that the form of such agreement is subject to the approval of General Counsel or his designated representative.

(Board - 4 /11/85)

Erie Basin Fishport - Lease with M. Slavin & Sons, Ltd.

It was reported that the Board, at its meeting on December 8, 1983, authorized a project for the development of the first phase of the Port Authority Fishport at a total estimated cost of \$27 million, and the Executive Director to enter into appropriate leases with fish processors and distributors, subject to approval of the Committee on Operations.

M. Slavin & Sons, Ltd., a seafood processor, would lease Building 211 for a fish processing, cold storage and a distribution operation. M. Slavin & Sons, Ltd. will continue to operate its other locations in Brooklyn and Manhattan. The proposed Erie Basin location would enable the lessee to receive fish in greatly increased volume and process it for distribution.

The basic rent would be \$224,000 per year, from the commencement of the second year of the lease through the twenty-sixth year of the lease, subject to a Consumer Price Index adjustment every two and one-half years with a 3% minimum increase and a 5% maximum increase compounded annually.

Approximately \$3 million will be allocated for general building repairs and improvements, and project overheads.

Slavin's realty and equipment improvements in Building 211 are estimated at approximately \$5 million, an amount to be repaid during the lease at the Citibank prime rate with a 20% override for Port Authority engineering, administration and financial costs.

Slavin also requested additional realty and equipment improvement allowances of approximately \$1 million late in the negotiations. The Port Authority would make such allowances but the Port Authority would be immediately repaid within 30 days of completion of construction with a similar 20% override.

M. Slavin & Sons, Ltd. would engage the services of St. Onge Ruff of York, Pennsylvania, an engineering firm specializing in the design of food processing, cold storage, and distribution facilities. St. Onge Ruff would prepare final and complete drawings, plans and specifications, and cost estimates for the rehabilitation of all of Building 211, including Port Authority work. However, the details of the structural frame of the building, roofing, siding and paving would be supplied to St. Onge Ruff by the Port Authority. The Port Authority would bid and award the construction contract. The Port Authority would reimburse M. Slavin & Sons, Ltd. for St. Onge Ruff's services in the maximum amount of \$350,000. M. Slavin & Sons, Ltd. would repay this amount through the 20% override charge. St. Onge Ruff's services would substitute for engineering work ordinarily performed by the Port Authority for the lessee and its costs for the work are considered reasonable.

The improvements will be determined, by the Port Authority, to be realty or equipment. The lessee will pay an additional monthly rental for each dollar of Port Authority investment with the additional rent being computed every six months in accordance with the Citibank prime rate. The additional rent will be paid for 25 years for realty improvements and for fifteen years for equipment with the lessee having the right to repay the unamortized principal at any time.

(Board - 4/11/85)

Additional revenues would also be received based upon fees, when developed, for the loading and unloading of fish by vessel. These fees would be collected through the handling hall operation and if fish are directly discharged to the Plant, dockage and wharfage would be paid.

The lease contains concellation provisions which can be triggered by either the Port Authority or the tenant if either does not adhere to certain schedules for the accomplishment of engineering work and the completion of construction contracts. The lease may also cancel if the bid price for the tenant's work exceeds \$5 million. The work is estimated to cost \$4.5 million. Lastly, the lessee has the right to cancel upon ten days' notice if the Port Authority fails to complete the premises 540 days after contract award.

The Port Authority is not obligated to reimburse the lessee for its obligation to St. Onge Ruff should the Port Authority or the lessee cancel the lease or should the lease automatically cancel before the award of the contract.

Because of the sizable infrastructure costs that will be distributed among all of the tenants in the Fishport, the first phase of this development will not generate sufficient revenues to recover all of the Port Authority's costs.

It was therefore recommended that the Board authorize the Executive Director on behalf of the Port Authority to enter into a lease with M. Slavin & Sons, Ltd. 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 26-year lease, with M. Slavin & Sons, Ltd. commencing not later than 540 days after contract award for Building 211, covering the letting of that building, containing approximately 112,000 square feet, and adjacent paved open area of approximately 60,000 square feet at the Erie Basin-Port Authority Marine Terminal, at an annual rental of \$224,000 plus escalation with provision for expenditure by the Port Authority of approximately \$9 million in project cost to rehabilitate Building 211, including approximately \$6 million for the lessee's account for the cost of leasehold improvements in the building including the purchase of operating equipment for the lessee, the lessee to repay the Port Authority at 120% of the costs of its leasehold improvements at the Citibank prime rate; the said lease to be in accordance with the foregoing; the form of the lease to be subject to the approval of General Counsel or his designated representative.

(Board - 4/11/85)

Newark International Airport - Allied Aviation Service Company of New Jersey, Inc. - Contract AN-652 - Operation and Maintenance of the Aviation Fuel System - Contract Extension

It was reported that the Board, at its meeting on April 12, 1973, authorized the award of the present fuel system operation and maintenance contract to Allied Aviation Service Company of New Jersey, Inc. The Board, at its meetings on June 10, 1976, July 12, 1979 and August 12, 1982, extended the contract for additional three-year periods and the contract will expire April 30, 1985. Total payments to Allied, under the contract during the three-year period ending April 30, 1985, will total approximately \$25.1 million, including the additional payments authorized by the Board at its meeting on May 10, 1984.

The Board, at its meeting on May 10, 1984, also authorized the leasing of up to ten refuelers from Allied, on a month-to-month basis, to supplement the airport's truck fleet to meet increased fueling requirements. The contract is supported by a guarantee by Allied Maintenance Corporation, the parent company of Allied Aviation Service Company of New Jersey, Inc.

The Master Airline Leases provide that if the Port Authority and a majority of the lessee airlines are satisfied with the existing contractor's performance, the Port Authority shall proceed to negotiate with the same contractor for a three-year extension of its agreement with the same procedure to be followed for each succeeding renewal. The lessee airlines have requested that the Port Authority continue Allied's service as operator.

The Executive Director granted authorization to enter into negotiations for a three-year extension of the contract with Allied. Delay in formulation of the new contract is the result of considerable negotiation that began earlier this year and continues apace in an attempt to use the most timely and accurate information available. In addition, new procedures were recently worked out whereby the lessee airlines are being permitted to participate in our review of Allied's proposed budget. The airlines are expected to retain the services of the same fuel consultant they retained at Kennedy International Airport for this purpose. This involvement by the airlines will undoubtedly lengthen the time required for completing this complex negotiation. However, these negotiations are expected to be successfully completed during the six-month extension period at which time authorization providing for the full three-year extension would be requested from the Board.

The existing terms and conditions of the agreement would be continued under the proposed interim six-month extension. It is expected that payments to Allied under the proposed interim six-month extension will total approximately \$6.6 million including the rental of up to five refuelers from Allied Aviation at a rental rate of \$800 per month. The said payments will cover monthly gallonage fees at the current rate set forth in the agreement, as well as certain amortization amounts and payments for specified services and materials. It is expected that the new fee structure to be negotiated will be retroactive to May 1, 1985, the start of the extension.

Under the Master Airline Leases, the amount payable by the Port Authority to the operator of the system plus the amortization of the Port Authority's investment in the system is payable by the airlines.

(Board - 4/11/85)

The contract as extended will contain provisions covering Affirmative Action/Equal Employment Opportunity and the use of Minority Business Enterprises and Women Owned Business Enterprises pursuant to the Resolution of the Board adopted at its meeting on November 8, 1984.

It was therefore recommended that the Board authorize the Executive Director to enter into an agreement for a six-month extension commencing May 1, 1985 of the contract with Allied Aviation Service Company of New Jersey, Inc. for the operation and maintenance of the Aviation Fuel System at Newark International Airport, all in accordance with the foregoing.

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 enter into an extension of Contract AN-652 with Allied Aviation Service Company of New Jersey, Inc. covering the operation and maintenance of the Fuel Storage Area and Aviation Distribution System at Newark International Airport for a six-month period beginning May 1, 1985 and ending October 31, 1985, at an estimated cost of \$6.6 million including the leasing of refuelers previously authorized by the Board, subject to the terms and conditions of the present contract; the form of the agreement to be subject to the approval of General Counsel or his designated representative.

(Board - 4/11/85)

Newark International Airport - Extension of Taxiways "Y" and "A" - Project Authorization and Authorization to Award Contract

It was reported that with the continued unprecedented growth of air traffic at Newark International Airport, staff recommends that extensions to Taxiways "Y" and "A" be made to improve aircraft ground movement and control.

The extension of Taxiway "Y" to the east will connect this taxiway directly to the holding block for takeoffs on Runway 22R. The extension of Taxiway "A" from Taxiway "O" to the portion of Taxiway "PA", which is currently being constructed under Contract NIA-140.052, will provide a secondary access route to the Federal Express Metroplex and the Butler Aviation Corporate Service Center, both of which are currently under construction and scheduled to become operational in late 1985 and late 1986, respectively. This secondary routing will be necessary on those occasions when aircraft are queued on the primary route along the northerly portion of Taxiway "PA" awaiting takeoff clearance on either Runway 4L or Runway 4R.

Contract NIA-220.026, which is the only contract proposed to be awarded in connection with the project, provides for the construction of paving, drainage, lighting and other related work for the Taxiway "Y" and "A" extensions. The contract will be publicly advertised and bids are presently scheduled to be received in June 1985. The contractor will be furnished LCF mix from the LCF plant operator, as previously authorized by the Board.

It was therefore recommended that the Board authorize:

1. a project at Newark International Airport for construction of extensions to Taxiways "Y" and "A", at an expenditure presently being estimated at \$2 million, including payments to contractors, an allowance for extra work and engineering, administrative and financing expenses; and

2. the Executive Director, in his discretion, either to award Contract NIA-220.026, Taxiway "Y" and "A" Extensions, to the lowest qualified 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 and to order extra work up to the amount of 10% of the bid accepted, or to reject all bids.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that a project at Newark International Airport for construction of extensions to Taxiways "Y" and "A", at an expenditure presently being estimated at \$2 million; including payments to contractors, an allowance for extra work and engineering, administrative and financing expenses, is authorized; and it is further

RESOLVED, that the Executive Director is authorized, in his discretion either to award Contract NIA-220.026, Taxiway "Y" and "A" Extensions, 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, and to order extra work up to the amount of 10% of the amount of the bid accepted, or to reject all bids.

(Board - 4/11/85)

Newark International Airport - Rehabilitation of Taxiways "I" and "O" - Contract NIA-423 - Authority to Award

It was reported that Contract NIA-423 provides for removal of the existing asphalt concrete wearing course and installation of a rubberized asphalt shockabsorbent and waterproof membrane, installation of a new wearing course and replacement of the taxiway center line lights and installation of a fuel leak detection system, all in connection with the rehabilitation of Taxiways "I" and "O" at Newark International Airport. The contract also includes provisions for reinstallation of barricades, addition of bitumen to recycled asphalt, the removal of oil-contaminated material which may be uncovered as a result of excavating and pumping oil-contaminated ground-water, to be performed on a net cost basis, estimated at roughly \$50,000.

The contract also includes a provision for the winter suspension of work if weather conditions do not permit further performance of the contract. Additionally, a portion of the work for this contract will be performed on the weekends so as to minimize interference with airport operations.

The contract includes a provision that the bidders 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.

Contract NIA-423 will be publicly advertised and bids are scheduled to be received on April 18, 1985. In order to allow construction to commence promptly after receipt of bids, it is recommended that the Executive Director be authorized to award the contract.

It was therefore recommended that the Board authorize the Executive Director, in his discretion, either to award Contract NIA-423, Rehabilitation of Taxiways "I" and "O", Newark International Airport, to the bidder submitting the lowest bid, 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, and to order extra work up to the amount of 10% of the amount of the bid accepted, 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 NIA-423, Rehabilitation of Taxiways "I" and "O", Newark International Airport, to the bidder submitting the lowest bid, 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 net cost work, and to order extra work up to the amount of 10% of the amount of the bid accepted, or to reject all bids.

(Board - 4/11/85)

Holland Tunnel - Ceiling Replacement - Phase II - Ceiling Installation - Contract HT-110.022 -
Project Authorization and Contract Award

It was reported that early in 1980, it was determined by staff that the ceilings of the Holland Tunnel had reached the end of their useful life and had to be replaced. Accordingly, staff deemed it necessary to conduct a trial demolition of a section of the south tube ceiling and a test program to test different ceiling finishes. Subsequently, test panels were constructed and installed in the tunnel. Each of the panels were evaluated from the standpoint of ease of construction, durability, reflectivity and ease of maintenance. Based on this evaluation, staff concluded that precast concrete panels with a ceramic tile finish was the best choice. It provides a durable finish that can be routinely washed and maintained with the tile tunnel walls to provide required brightness and appearance.

As part of the project, the Board, at its meeting on October 13, 1983, authorized the Executive Director to award a contract to remove the ceilings in both the north and south tubes of the tunnel. Subsequently, the Executive Director authorized the award of Contract HT-110.019 to Beaver Concrete Breaking Co., Inc. at its low bid price of \$8,469,000. The removals were completed in December 1984. The project costs to date total roughly \$17 million.

Contract HT-110.022 provides for the installation of a concrete ceiling, predominantly precast ceiling panels with a ceramic tile finish, replacement of the tunnel lighting system and installation of fiber optic cables for the closed circuit surveillance system. These panels will utilize tiles prepurchased under another contract.

The work will be performed during nighttime hours and is scheduled to be completed by October 1987. In order to minimize interference with traffic flow and essential facility maintenance operations during the construction period, one tube of the Holland Tunnel will be closed during work hours and traffic will be diverted to the Lincoln Tunnel.

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.

By public advertisement, prospective bidders were invited to submit prequalification information for Contract HT-110.022 and on April 9, 1985, the following bids were received:

	Classified Work	Unclassified Work	Estimated Total Amount
Morrison-Knudson Co., Inc. New York, New York	\$5,522,500	\$32,076,100	\$37,598,600
Bellezza Company, Inc. S. Kearny, New Jersey	5,695,010	36,290,864	41,985,874

(Board - 4/11/85)

	Classified Work	Unclassified Work	Estimated Total Amount
Defoe Corp. and Karl Koch Erecting Co., Inc., a joint venture Mount Vernon, New York	3,246,000	39,829,305	43,075,305
Nab Construction Corp. College Point, New York	4,327,950	40,918,050	45,246,000
Beaver Concrete Breaking Co., Inc. and Slattery Associates, Inc., a joint venture Maspeth, New York	4,735,450	42,093,000	46,818,450
Bechtel Constructors Corporation Reno, Nevada	3,620,448	43,499,823	47,120,271
The P.J. Carlin Construction Company, Carlin Construction & Development Corp. and Carlin- Atlas Holding Co., Inc., a joint venture New Rochelle, New York	6,900,000	42,835,000	49,735,000
Koren DiResta Construction Co., Inc. New York, New York	7,826,750	45,000,000	52,826,750
Daidone Electric of New York, Inc., and Schiavone Construction Co., a joint venture Secaucus, New Jersey	8,982,400	44,705,550	53,698,950
ENGINEER'S ESTIMATE			\$29,000,000

Morrison-Knudson Co., Inc. 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. project to replace the ceilings of the Holland Tunnel at an expenditure presently being estimated at \$78,310,000, including payments to contractors, an allowance for extra work and engineering, administrative and financial expenses; and

2. the Executive Director to award Contract HT-110.002, Ceiling Replacement, Phase II, Ceiling Installation, to Morrison-Knudson Co., Inc. in the estimated amount of \$37,598,600 and order extra work up to the amount of \$3,760,000.

(Board - 4/11/85)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that a project to replace the ceilings of the Holland Tunnel at an expenditure presently being estimated at \$78,310,000, including payments to contractors, an allowance for extra work and engineering, administrative and financing expenses, is authorized; and it is further

RESOLVED, that the Executive Director is authorized to award Contract HT-110.022, Ceiling Replacement, Phase II, Ceiling Installation, to Morrison-Knudson, Co., Inc. in the estimated amount of \$37,598,600, and to order extra work up the the amount of \$3,760,000.

(Board - 4/11/85)

Port Authority Operating Equipment - Lease Financing Program

It was reported that in the past the Port Authority has 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 does not adequately reflect the useful operating life of the equipment. 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.

The feasibility of a Port Authority lease-financing program was discussed with several firms which have had experience in lease-financing. The program would involve entering 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, in an aggregate principal amount not to exceed \$10 million outstanding at any one time. Lease-financing transactions under the program would be entered into no earlier than May 1, 1985 and no later than June 30, 1988. Expressions of interest were received from the following firms:

Bank of America NT & SA
New York, New York

Gelco Municipal Services
Eden Prairie, Minnesota

Municipal Leasing Services, Inc.
Boston, Massachusetts

The other firms contacted did not submit expressions of interest either because the size of the proposed lease-financing program is too small or because these firms deal primarily with private corporations and do not have an established leasing program which offers tax-exempt interest rates.

The information submitted by the three firms was evaluated and it was determined that Bank of America's proposal would produce the lowest cost to the Port Authority. It is anticipated that the cost of the arrangements with the lessor-investor or investors and with Bank of America NT & SA, New York, New York, BankAmerica Trust Company of New York or other BankAmerica entity ("Bank of America") will be as follows: a variable interest rate on the lease transactions equal to 60% of Bank of America's variable reference rate of interest (comparable to "prime" rate at other money center banks and hereafter "Reference Rate") publicly announced as such for the agreement with the proposed initial lessor-investor; a placement fee of 1% on the total principal amount of equipment financed through the lease-financing program to be paid as funds are periodically received from the lessor-investor or investors; a one-time payment to Bank of America for legal, financial and administrative charges in connection with the establishment of the program with the initial lessor-investor not in excess of \$20,000; and payment to Bank of America for financial and administrative expenses for paying agency, registration and certification services not in excess of \$5,000 per year.

(Board - 4/11/85)

In the case of lessor-investors other than the initial lessor-investor or in the event of a significant change in market conditions, the Port Authority and the lessor-investor or investors may agree to a rate not to exceed 85% of Bank of America's Reference Rate.

Bank of America would provide for the lease-financing transactions, through a private placement or placements, to one or more institutional investors who would be the lessor-investor or investors in the transactions. On a present value basis this program, over a two-year period, is expected to lower the Port Authority's cost of providing the equipment by an amount in excess of \$.5 million. Each letting of the equipment would be for a period of years to be determined by the Port Authority on a case-by-case basis for each item of equipment but would not exceed the useful life of such equipment.

It is contemplated that the lessor-investor or investors would, upon application by the Port Authority, advance to the Port Authority the money necessary to finance the purchase of specified operating equipment planned to be acquired in the three to six months immediately following such application. It is understood that the Port Authority would request not less than \$2.5 million in the first application and not less than \$1.0 million in any subsequent application. These monies would be separately accounted for and as equipment is delivered and accepted, the Port Authority would utilize these funds to pay the manufacturer. For example, during the next three months the Port Authority's Central Automotive Division expects to take delivery on approximately \$2.0 million worth of vehicles. In addition, \$800,000 worth of two-way radio equipment is expected to be purchased for use by personnel at Port Authority and PATH facilities. Under the proposed program, Bank of America would raise \$2.8 million from the lessor-investor or investors for the timely purchase of the equipment by the Port Authority. The Port Authority would retain sole discretion to determine which equipment to purchase and whether the equipment delivered is acceptable. Upon delivery to and acceptance by the Port Authority of the equipment, the Port Authority would use the lessor-investor's payment for such purchase and the equipment would become part of the lease between the Port Authority and the lessor-investor. The rental obligation with respect to each letting of equipment would be an operating expense of the Port Authority payable in the same manner and out of the same revenues as all other such expenses.

With respect to each payment made to the lessor-investor by the Port Authority, the Port Authority would pay the lessor-investor interest (without any amortization of principal) from the date of such payment to the Port Authority until the date the equipment for which such payment is made is delivered and accepted. When the equipment has been delivered and accepted, the Port Authority would begin making principal and interest payments on the delivered items and interest-only payments on any balance of any unexpended funds paid by the lessor-investor. Repayment of principal would be amortized in equal installments over the term of the financing lease. As of April 11, the Reference Rate was 10.5% and 60% for the initial letting was equivalent to 6.3%. It is contemplated that the interest rate will be adjusted on the first day of each month and will be calculated according to Bank of America's Reference Rate in effect on the fifteenth day of the previous month.

(Board - 4/11/85)

The lessor-investor or investors will have the right to terminate the letting with respect to equipment under lease with the Port Authority at any time on seven days' notice to the Port Authority and the Port Authority would be obligated to pay the unamortized principal amount on such termination. It is not expected that such right will be exercised as the variable interest rate feature of the transaction assures the lessor-investor that the return on this investment will fluctuate according to interest rate changes in the market. Bank of America has advised that it is the present intention of the proposed initial lessor-investor to maintain the investment until maturity. Further, in the event the letting is terminated, Bank of America, although not required to do so, may be able to remarket the obligation. The Port Authority will also have the right to terminate the letting under the lease with the lessor-investor at any time and pay interest accrued to the date of termination plus the then unamortized principal amount without penalty. It is also understood that it will not be necessary for the Port Authority to obtain a rating on the obligation.

No part of the payments by the lessor-investor to the Port Authority to be used for the purchase of equipment is to be used directly or indirectly to acquire securities or obligations which may reasonably be expected, on the date that such payments are made, to produce a yield during the term of the letting of the equipment which is materially higher than the yield to the lessor-investor or investors during such letting, but such payments may be invested for a temporary period in securities or other obligations until such proceeds are needed for the purchase of equipment. The Executive Director would be authorized to impose further restrictions on the investment of the payments by the lessor-investor and, if on the date that such payments are made, a differential yield is permitted, to invest such payments in obligations which will not produce a yield greater than that permissible.

It is recommended that certification on behalf of the Port Authority as to the Port Authority's intentions with respect to the application and investment of payments made by the lessor-investor or investors to the Port Authority for the purchase of equipment may be made by the Chairman of the Port Authority; the Vice Chairman of the Port Authority; the Chairman of the Committee on Finance; the Executive Director; Assistant Executive Director; Chief Financial Officer; Assistant Chief Financial Officer; Director, Finance Department/Comptroller; Deputy Comptroller; Assistant Director, Finance Department; Treasurer or Assistant Treasurer of the Port Authority; and that any action (including conducting public hearings) which may be necessary or desirable in connection with such payments to assure that such payments are applied in conformity with the provisions of the Internal Revenue Code of 1954, as amended, and the regulations promulgated thereunder, may be taken by any one of the foregoing, and that any such actions taken in connection therewith be ratified, authorized or approved.

It was therefore recommended that the Board:

1. authorize the Executive Director on behalf of the Port Authority to enter into lease-financing transactions no earlier than May 1, 1985 and no later than June 30, 1988, to facilitate the purchase of portions of the Port Authority's operating equipment including, but not limited to: automotive vehicles; telephone, radio and computer equipment; and office furnishings, in an aggregate principal amount not to exceed \$10 million at any one time at an interest rate to the lessor-investor or investors equal to 60% of Bank of America's variable Reference Rate 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

(Board - 4/11/85)

market conditions, the Port Authority and the lessor-investor or investors may agree to a rate not to exceed 85% of Bank of America's Reference Rate; the term of each letting of equipment not to exceed the useful life of the equipment included therein; 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 Port Authority, payable in the same manner and out of the same revenues as all other such expenses of the Port Authority;

2. authorize the Executive Director on behalf of the Port Authority to enter into agreements with Bank of America NT & SA, BankAmerica Trust Company of New York or any other BankAmerica entity and with the lessor-investor or investors to effectuate the purchase and lease-financing (and to take such other action as may be necessary or appropriate in connection with such purchase and lease-financing) of the above described operating equipment; the agreement with Bank of America NT & SA (or other BankAmerica entity) to provide for a placement fee of 1% of the principal amount of equipment financed through the lease-financing program to be paid as funds are periodically received from the lessor-investor or investors; and the agreement with BankAmerica Trust Company of New York (or other BankAmerica entity) to provide for one-time only legal, financial and administrative charges in connection with the establishment of the program with the initial lessor-investor not in excess of \$20,000 and to also provide for an annual administrative fee not in excess of \$5,000 per year;

3. provide that no part of the payments by the lessor-investor or investors to the Port Authority to be used for the purchase of equipment be used directly or indirectly to acquire securities or obligations which may reasonably be expected, on the date that such payments are made, to produce a yield during the term of the letting of the equipment which is materially higher than the yield to the lessor-investor or investors during such letting, but provide also that such payments may be invested for a temporary period in securities or other obligations until such payments are needed for the purchase of equipment, and authorize the Executive Director to impose further restrictions on the investment of the payments by the lessor-investor or investors and, if on the date that such payments are made, a differential yield is permitted, to invest such payments in obligations which will not produce a yield greater than that permissible; and

4. provide that certification on behalf of the Port Authority as to the Port Authority's intentions with respect to the application and investment of payments made by the lessor-investor or investors to the Port Authority for the purchase of equipment may be made by the Chairman of the Port Authority; the Vice Chairman of the Port Authority; the Chairman of the Committee on Finance; the Executive Director; Assistant Executive Director; Chief Financial Officer; Assistant Chief Financial Officer; Director, Finance Department/Comptroller; Deputy Comptroller; Assistant Director, Finance Department; Treasurer or Assistant Treasurer of the Port Authority; and that any action (including conducting public hearings) which may be necessary or desirable in connection with such payments to assure that such payments are applied in conformity with the provisions of the Internal Revenue Code of 1954, as amended, and the regulations promulgated thereunder, may be taken by any one of the foregoing, and that any such actions taken in connection therewith be ratified, authorized or approved.

(Board - 4/11/85)

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

RESOLVED, that the Executive Director is hereby authorized on behalf of the Port Authority to enter into lease-financing transactions no earlier than May 1, 1985 and no later than June 30, 1988, to facilitate the purchase of portions of the Port Authority's operating equipment including, but not limited to: automotive vehicles; telephone, radio and computer equipment; and office furnishings, in an aggregate principal amount not to exceed \$10 million at any one time at an interest rate to the lessor-investor or investors equal to 60% of Bank of America's variable Reference Rate 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, the Port Authority and the lessor-investor or investors may agree to a rate not to exceed 85% of Bank of America's Reference Rate; the term of each letting of equipment not to exceed the useful life of the equipment included therein; 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 Port Authority, payable in the same manner and out of the same revenues as all other such expenses of the Port Authority; and it is further

RESOLVED, that the Executive Director is hereby authorized on behalf of the Port Authority to enter into agreements with Bank of America NT & SA, BankAmerica Trust Company of New York or any other BankAmerica entity and with the lessor-investor or investors to effectuate the purchase and lease-financing (and to take such other action as may be necessary or appropriate in connection with such purchase and lease-financing) of the above described operating equipment; the agreement with Bank of America NT & SA (or other BankAmerica entity) to provide for a placement fee of 1% of the principal amount of equipment financed through the lease-financing program to be paid as funds are periodically received from the lessor-investor or investors; and the agreement with BankAmerica Trust Company of New York (or other BankAmerica entity) to provide for one-time only legal, financial and administrative charges in connection with the establishment of the program with the initial lessor-investor not in excess of \$20,000 and to also provide for an annual administrative fee not in excess of \$5,000 per year; and it is further

RESOLVED, that no part of the payments by the lessor-investor or investors to the Port Authority to be used for the purchase of equipment be used directly or indirectly to acquire securities or obligations which may reasonably be expected, on the date that such payments are made, to produce a yield during the term of the letting of the equipment which is materially higher than the yield to the lessor-investor or investors during such letting, and that such payments may be invested for a temporary period in securities or other obligations until such payments are needed for the purchase of equipment; the Executive Director is hereby authorized to impose further restrictions on the investment of the payments by the lessor-investor or investors and, if on the date that such payments are made, a differential yield is permitted, to invest such payments in obligations which will not produce a yield greater than that permissible; and it is further

(Board - 4/11/85)

RESOLVED, that certification on behalf of the Port Authority as to the Port Authority's intentions with respect to the application and investment of payments made by the lessor-investor or investors to the Port Authority for the purchase of equipment may be made by the Chairman of the Port Authority; the Vice Chairman of the Port Authority; the Chairman of the Committee on Finance; the Executive Director; Assistant Executive Director; Chief Financial Officer; Assistant Chief Financial Officer; Director, Finance Department/Comptroller; Deputy Comptroller; Assistant Director, Finance Department; Treasurer or Assistant Treasurer of the Port Authority; and that any action (including conducting public hearings) which may be necessary or desirable in connection with such payments to assure that such payments are applied in conformity with the provisions of the Internal Revenue Code of 1954, as amended, and the regulations promulgated thereunder, may be taken by any one of the foregoing, and that any such actions taken in connection therewith be ratified, authorized or approved.

(Board - 4/11/85)

Retention of Independent Auditors for 1985

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, 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, the Audit Committee recommended that the Board retain Touche Ross & Co. to audit the books and accounts of the Port Authority for the year ending December 31, 1985.

It was therefore recommended that the Board:

1. designate Touche Ross & Co. as independent auditors to audit the books and accounts of the Port Authority for the year ending December 31, 1985; and
2. refer to the Audit Committee, in accordance with the By-Laws of the Port Authority, the matter of arranging for such auditing by the above designated auditors.

Whereupon, the following resolution was unanimously adopted:

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 1985; and it is further

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

(Board - 4/11/85)

Lease and/or Purchase of Video Display Computer Terminals and Related Equipment - Agreement with ITT Courier Terminal Systems, Inc.

It was reported that the computer terminals and printers are currently used throughout the Port Authority for such functions as financial analysis, program development, word processing, statistical analysis, computer graphics, accounting procedures and timekeeping systems.

The Port Authority currently leases 467 video display terminals and 198 printers. In order to respond to current requests for equipment, anticipated new areas of automation and the need to replace existing equipment as current leases expire, staff estimates a need for 370 terminals and 135 printers which, by the end of 1986, will replace all existing video display type terminals and related equipment currently installed. As the recommended ITT Courier equipment is to be installed over a two-year period, a decision to either purchase or lease will be made based upon the anticipated length of use of the equipment by Port Authority staff.

Over the next two years, an increase in the use of office automation equipment and personal computers throughout the Port Authority will reduce the Port Authority's needs by approximately 100 video display terminals and 60 associated printers. However, staff anticipates a continued need for video display terminals to support on-line systems such as project control, timekeeping, inventory and maintenance control and financial systems. The acquisition of the currently undetermined amount of additional automation equipment will be the subject of a subsequent recommendation to the Board.

On August 11, 1983, the Committee on Operations authorized the Executive Director to enter into lease agreements in the amount of \$1.3 million with Lee Data Corporation for video display terminals and related equipment. On August 17, 1984, the Executive Director authorized an increase of up to \$250,000 in the amount payable under the contract with Lee Data Corporation for lease of additional terminals that were required while a Request for Proposal was issued and proposals evaluated.

A Request for Proposal was publicly advertised on November 7, 1984 and over 400 vendors were contacted. One hundred and one vendors requested copies of the Request for Proposal. Eleven proposals were received and reviewed by an evaluation committee comprised of staff from the Management Information Services and General Services Departments. Four proposals were considered non-responsive. The remaining seven proposals were reviewed using predefined evaluation criteria which included cost, technical features and maintenance availability.

The following vendors' proposals were evaluated:

Ericsson Information Systems
Port Washington, New York

Harris Corporation
New York, New York

(Board - 4/11/85)

International Business Machines Corporation
New York, New York

ITT Courier Terminal Systems, Inc.
New York, New York

Lee Data Corporation
Minneapolis, Minnesota

Mohawk Data Sciences
New York, New York

Telex Computer Products, Inc.
Elmsford, New York

After careful analysis of the proposals, reference checks and visits to vendor's facilities, the evaluation committee selected ITT Courier Terminal Systems, Inc. as having the best overall product to meet current Port Authority requirements taking into account technical ability to provide the required and desired equipment features for Port Authority users and anticipated maintenance requirements.

It was therefore recommended that the Board authorize the Executive Director to enter into a negotiated contract with ITT Courier Terminal Systems, Inc. in the estimated amount of \$1.8 million over the next two years for the lease and/or purchase and for maintenance of video display computer terminals and related equipment to provide for new installations and to replace existing leased equipment.

Whereupon, the following resolution was unanimously adopted, Commissioner McGoldrick abstaining:

RESOLVED, that the Board authorizes the Executive Director to enter into a negotiated contract with ITT Courier Terminal Systems, Inc. in the estimated amount of \$1.8 million over the next two years for the lease and/or purchase for maintenance of video display computer terminals and related equipment to provide for new installations and to replace existing leased equipment; the form of the contract to be subject to the approval of General Counsel or his authorized representative.

(Board - 4/11/85)

Personnel Department - Retention of Professional and Contract Services on an As-Needed Basis

It was reported that the Personnel Department is developing a comprehensive recruitment plan in order to meet increased human resources needs resulting from an expanded Port Authority capital program, new program initiatives and renewed commitment to service improvements. The projected workload for 1985 includes the hiring of at least 450 managerial and professional staff members from outside the Port Authority. The positions for which we will be recruiting externally cover the full range of administrative, technical and professional classifications and cuts across all management bands. Many of the positions such as Rail Signals Engineer, Rail Car Barn Engineer, Financial Credit and Collection Manager, EDP Audit Manager as well as a number of systems programmers will require unique and specialized skills and experience and will, therefore, require a more targeted recruitment effort to identify and attract qualified candidates. The recruitment program exceeds our current capacity to fill all of the positions which have been approved within the time constraints imposed by organizational priorities. Because of the immediacy of this intense effort, it may be necessary to make greater use of executive search firms and employment agencies. Therefore, it is deemed more practical to retain professional and contract services on an as-needed basis to handle the more specialized positions during this peak workload period.

Further, the planned staffing expansion provides an opportunity to continue the progress of the affirmative action program and to attract qualified and competent minorities and women to available positions. While progress continues to be made in the recruitment of minorities and women at all levels, there is a continuing need to improve this representation at the executive levels of management. The continued use of minority executive search firms to identify and attract an enlarged pool of highly qualified candidates with the depth of managerial experience for key positions and for advancement to executive level positions, will likewise augment the efforts of staff.

The estimated cost for supplemental services in 1985 is \$330,000. This is based on the anticipated use of professional employment agencies to fill approximately 25 technical/engineering positions with an average salary of \$40,000 and utilizing executive search firms for about six high level positions. Employment agencies typically charge a fee of 20% of salary and executive search firms typically charge 30 to 35% of the hiring salary.

The Personnel Department will select firms to provide executive search, minority and related recruitment services from a select list composed of firms from whom proposals have been received and reviewed by staff. The determination of the firms deemed most appropriate to provide these professional services will depend on their experience, record of accomplishment in similar searches and executive placements, and demonstrated capacity to handle the various positions for which it is decided to augment staff efforts.

Qualified minority/women owned executive search firms will be included on the list and selected. The total expenditures for professional and contract services is not expected to exceed \$330,000 and the funds are provided for in the 1985 Budget.

(Board - 4/11/85)

It was recommended that the Board authorize the Director of Personnel to retain various professional firms and employment agencies as outlined above.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Director of Personnel be and he hereby is authorized to retain various professional firms and employment agencies on an as-needed basis to assist the Personnel Department in its recruitment efforts for the calendar year 1985; the total cost of this effort not to exceed \$330,000 for all of 1985.

(Board - 4/11/85)

Industrial Development Program - Essex County Resource Recovery Facility - Authority to Enter into Agreements and Acquire Site

It was recalled to the Board that the Board, at its meeting on November 10, 1983, subject to the appropriate authorizations and amendments to the Industrial Development Master Plan (Master Plan) setting forth potential industrial development sites and subject to the ability of the Port Authority to make necessary certifications including those necessary prior to the issuance of Port Authority Consolidated Bonds, authorized an approximately \$260 million project for the development of a resource recovery plant located in the Blanchard Street area of the City of Newark, County of Essex (Project), with a Port Authority expenditure of up to approximately \$165 million. The Executive Director was authorized to negotiate the agreements necessary to effectuate the Project, including agreements with the City of Newark (City), the County of Essex (County), Browning-Ferris Industries (BFI) and/or an entity to be established by BFI, Public Service Electric & Gas Company (PSE&G), and others as appropriate, and present such agreements to the Board for its approval. The Board authorized that the agreement with BFI could provide up to approximately \$165 million of costs for the resource recovery project, and BFI could provide approximately \$50 million of project costs, lease land, and design, construct and operate the mass burn resource recovery plant (Plant).

It was recommended that the Board, subject to the ability of the Port Authority to make necessary certifications, including those necessary prior to the issuance of Port Authority Consolidated Bonds, authorize the Executive Director to enter into various agreements with respect to the Project which, among other matters, will contain terms and conditions to effectuate the major provisions of the proposed agreements summarized in this report and authorize the Committee on Construction to take various actions in connection with the acquisition of the Site, described below.

It was further recommended that the Project authorization be increased to reflect an increase in the total costs of or related to the Project to approximately \$343 million, with an increase in the Port Authority expenditures or moneys provided for financing provided in connection therewith to an amount not to exceed \$236 million, including approximately \$23 million in connection with certain contingencies for up to one year of construction delays. It was also recommended that the Executive Director be authorized to provide an amount presently estimated at \$61 million in 1985 dollars for capital costs resulting from the occurrence of unforeseen and other similar circumstances, which amount will be determined and adjusted based on a service fee increase limitation of up to \$7.50 per ton, at January 1, 1983, as adjusted for escalation until used, of acceptable solid waste computed on the basis of 680,000 tons per year to be paid by the Port Authority as a component of the service fee to American REF-FUEL Company of Essex County (REF-FUEL) for solid waste disposal services, as described in the summary of the Service Agreement at "Service Fee Increase Limitation"; with a correspondingly increased tipping fee to be paid by Essex County to the Port Authority, as described in the summary of the County Agreement at "Tipping Fee Increase Limitation".

(Board - 4/11/85)

The Board, at its meeting on January 12, 1984, authorized the Executive Director to enter into an agreement with BFI under which BFI would perform certain developmental design work in connection with the planning of the Project at a cost to the Port Authority of approximately \$1.8 million. Work pursuant to such agreement has been completed and will be merged into the Service Agreement to be entered into in connection with the design, construction and operation of the Plant, the authorization for which is presently recommended.

The Board, at its meeting on March 8, 1984, amended the Master Plan to include a site to be used for the Project in the City of Newark, generally bounded by the Passaic River, the New Jersey Turnpike, Raymond Boulevard and Blanchard Street (Blanchard Street Site) and nearby or adjacent areas that may be required in connection with ingress-egress (collectively, the Site).

Host Municipality Agreement (City Agreement)

Representatives of the City, the County and the Port Authority have reached agreement on the terms of the City Agreement concerning the Project.

The major provisions of the proposed City Agreement are as follows:

Term 25 years from the date of full acceptance of the Plant or the full term of the Service Agreement between the Port Authority and REF-FUEL, whichever is shorter.

Consideration The City will receive an annual host municipality consideration of \$1.3 million which will be adjusted annually on a formula basis. The City will also receive an amount equivalent to 10% of all disposal fees collected on out-of-County waste delivered to the Plant.

During the term of the City Agreement, the Project will be exempt from local real property taxes and the host municipality consideration and the out-of-County disposal fee share will represent the total payments by the Port Authority in-lieu-of taxes contemplated by the parties, subject to increase as a result of possible changes in State law or judicial decision mandating the collection of additional payments of taxes.

Industrial Development Assistance

The City will receive a one-time payment from the Port Authority of \$1.5 million to be applied to City-designated industrial develop-

ment projects, along with Port Authority architectural and engineering services related to such projects, the cost for which will not exceed \$100,000, which amounts will be included in the costs of or related to the Project.

**Municipal
Improvements**

Improvements or modifications of certain public facilities directly related to the Plant and continuing maintenance of these improvements or modifications, will become part of the overall Project costs. The Port Authority or the City will undertake additional infrastructure improvements in the area of the Project, the cost for which will not exceed \$750,000 and which will become part of the overall Project costs. The City will have sole responsibility for the maintenance of such additional improvements once completed.

**Affirmative
Action**

Provisions are included in connection with the City's Affirmative Action Plan, including requirement of a good faith effort to attain a goal of \$25 million of minority business enterprise participation in the construction of the Project.

**Applicability
of Local Laws**

In undertaking the Project, the Port Authority will comply or cause REF-FUEL to comply with certain specified local laws, enactments, ordinances, rules or regulations of the City and no other provisions will apply to the Project. As a matter of policy, the Port Authority will conform or cause REF-FUEL to conform to all other local laws, enactments, ordinances, rules or regulations of the City, to the extent that the Port Authority finds it practicable to do so without interfering with, impairing or affecting the efficiency or economy of the operation of the Project, the ability to operate the Project upon a self-supporting basis, or the Port Authority's obligations, duties and responsibilities to the States of New York and New Jersey, its bondholders or the general public.

**Environmental
Monitoring**

The Port Authority and the County will retain the services of an independent firm, to be selected by an environmental monitoring committee comprised of the Port Authority, the County and the City, to monitor and evaluate

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the environmental performance of the Plant, as part of the Project costs.

**Conditions
Precedent**

The City Agreement will be effective only upon acquisition by the Port Authority of marketable title, subject only to those encumbrances which the Port Authority agrees to accept, for the 25-acre Blanchard Street Site, which is presently owned by the Newark Redevelopment and Housing Authority (Housing Authority); completion of negotiations and subsequent approval by the Board of an agreement between the Port Authority and the County; execution of all agreements relating to the construction and operation of the Plant; the appropriate certifications by the Port Authority including those necessary prior to the issuance by the Port Authority of Consolidated Bonds, if any; and the receipt of applicable Federal and State permits and approvals including all environmental permits as may be required by law with respect to the City Agreement and all other agreements relating to the construction and operation of the Plant. If any of such conditions have not been satisfied or waived by the parties on or before June 30, 1986, any party to the City Agreement may cause its termination.

County of Essex Agreement(s) (County Agreement)

The major provisions of the proposed agreement(s) between the County and the Port Authority are as follows:

Term

The County Agreement, which will be effective only upon satisfaction or waiver of certain conditions precedent by June 30, 1986, will be coterminus with the term of the Service Agreement between REF-FUEL and the Port Authority.

**County
Funds for the
Project**

The County will provide the Project with the proceeds of a \$15 million interest free loan originally from the Natural Resources Bond Act of 1980, received from the State of New Jersey and the equivalent of interest on \$15 million of tax-exempt debt, at an interest rate to be finally determined, for 20 years from the commencement of construction, received from the Hackensack Meadowlands Development Commission (HMDC) both pursuant to an Amended Consent Judgment between the County, the HMDC, and the

New Jersey Department of Environmental Protection (NJDEP). Effectuation of the Project will be contingent upon either (a) provision of the equivalent of a \$25 million grant received from the State or any of its agencies for the Project or (b) certification by the Committee on Finance that the \$25 million has become available from other sources allocated to the State.

**Alternate
Disposal Sites**

The County will arrange for the provision of one or more landfills to be made available for the disposal of residue, non-processible waste, unacceptable waste, hazardous waste and bypassed waste.

**Hazardous
Waste**

The County will use reasonable efforts to prevent the delivery of hazardous waste to the Plant, to inspect vehicles from time to time at the Plant and to trace the origins of any hazardous waste delivered to the Plant, including reasonable use of police and other public powers. The Port Authority will cooperate with the County in connection with matters regarding hazardous waste, and the Service Agreement between the Port Authority and REF-FUEL will require REF-FUEL to use reasonable efforts to prevent the processing of hazardous waste inadvertently accepted at the Plant.

Recycling

The Port Authority shall provide an amount not to exceed \$5 million for the development of recycling facilities at the Blanchard Street Site, and such other appropriate sites as may be designated by the County, subject to all approvals and certifications by the Port Authority required prior to the effectuation of such facilities, to assist the County in implementing the County's responsibilities to institute recycling under its Solid Waste Management Plan and certain permits. Such funds will be repaid by the County from the revenues of such recycling facilities and any shortfall shall be paid over the remaining term of the County Agreement through a surcharge to the tipping fee paid for disposal of acceptable solid waste at the Plant.

Deration

In the event of the acceptance of the Plant by the Port Authority at a processing capacity below the name-plate processing capacity of

2,277 tons per day at 5,300 BTU's per pound of acceptable solid waste, or in the event the Plant is not accepted (in which event the Service Agreement and the County Agreement will terminate), the Port Authority will only pay the County for a period of up to five years from the scheduled acceptance date of the Plant, the liquidated damages received from REF-FUEL of up to \$20 per ton escalated from January 1, 1983, to offset the cost, incurred by the County for the transporting and disposing up to the guaranteed tonnage of 680,000 tons per year, of the County's waste at an alternate disposal facility, in excess of the proposed tipping fee which would have been paid by the County to the Port Authority as if the available County waste up to the guaranteed tonnage had been processed at the Plant, for a period of up to five years from the scheduled acceptance date of the Plant.

**Port Authority
Payments on
Behalf of the
County**

The Port Authority shall make payments on behalf of the County resulting from costs assumed by the Port Authority in connection with the disposal of County waste, including without limitation the following items included in the service fee paid to REF-FUEL or payable as a result of other agreements with REF-FUEL or other parties; portions of operation and maintenance fees; fees paid under the Host Municipality Agreement; amounts due to the State of New Jersey or any of its agencies, to the extent provided for as summarized at "County Funds for the Project"; operating insurance premiums; transportation and disposal costs for residue or for hazardous waste inadvertently delivered to the Plant and Plant clean-up costs, if any, resulting from such hazardous waste deliveries; costs in connection with the transport and disposal of unacceptable waste and non-processible waste at alternate disposal sites; additional tipping fees ("gate fees") for REF-FUEL's processing of County acceptable waste above the guaranteed tonnage; fuel oil costs resulting from special NJDEP operating requirements; certain potential landfill costs; costs of the environmental monitoring program specified in the City Agreement; charges in excess of the base tipping fee for the transportation and disposal of any acceptable solid waste up to the guaranteed tonnage that is scheduled to be

delivered or delivered to the Plant and not accepted and which is delivered to an alternate disposal facility; and revenue shortfalls due to certain strikes. The Port Authority will pay such costs in the year in which incurred. Portions of certain of these costs, not included in the base tipping fee, will be repaid in the following year, with interest accruing at a rate equal to 75% of the then publicly announced prime rate of an acceptable financial institution, through a surcharge to the tipping fee.

Tipping Fee

The haulers of waste originating in Essex County will pay a tipping fee to the Port Authority, which includes a base tipping fee of \$18.50 per ton times an adjustment factor with a surcharge for Port Authority payments on behalf of the County for portions of costs not included within the base tipping fee and a surcharge for costs in connection with unforeseen or certain other similar circumstances.

The base tipping fee of \$18.50 per ton will be increased, for the following additional costs related to the construction of the Plant, which costs are to be paid as incurred by the Port Authority directly or through a corresponding increase to the Service Fee paid by the Port Authority to REF-FUEL pursuant to the Service Agreement:

- Unforeseen Circumstances and strikes prior to scheduled acceptance date subject to the Tipping Fee Increase Limitation summarized at "Tipping Fee Increase Limitation".
- Cost of extra work approved by the County.
- Costs relating to site clean-up and mitigation measures specified in the NJDEP permit during the construction period.
- Shortfalls in financial commitments of the State of New Jersey and the HMDC required under the terms of the Amended Consent Judgment dated May 2, 1983.
- Imposition of any state or local sales or use, or similar tax.
- Cost incurred for excess fuel oil by REF-FUEL and paid by the Port Authority,

required to comply with NJDEP air permit requirements during Plant start-up.

**Tipping Fee
Increase
Limitation for
Unforeseen or
Other Similar
Circumstances**

The Tipping Fee is subject to a Tipping Fee Increase Limitation in the event of the occurrence of an unforeseen or other similar circumstance. The County's tipping fee to be paid by the haulers of waste originating in Essex County will be automatically and mandatorily increased on the basis of a formula coordinated to the Service Fee Increase Limitation of the Service Agreement between the Port Authority and REF-FUEL. However, in connection with an unforeseen or other similar circumstance, the County shall not be required to increase the tipping fee throughout the term of the County Agreement in excess of the Tipping Fee Increase Limitation. If the Tipping Fee Increase Limitation is exceeded, REF-FUEL or the Port Authority may absorb the costs of or related to such unforeseen or other similar circumstances and the County Agreement will continue; or, if REF-FUEL or the Port Authority decline to absorb such excess costs, the County Agreement will be terminated. In the event of a termination of the Service Agreement by either REF-FUEL or the Port Authority, if the Port Authority does not purchase the Plant, the County Agreement will be terminated, the Port Authority shall have no further responsibilities to the County and, in such event, the County shall have an option to purchase the Plant directly from REF-FUEL.

County Advances

To the extent that the County's tipping fee payments and other amounts received by the Port Authority (including energy revenues) are less than the Port Authority's payments on behalf of the County, described above, the difference will be deemed to be a shortfall and advanced to the County. For purposes of determining revenue sharing such County advances shall accumulate, with interest, from year to year.

**Revenue
Sharing**

In any year that the County's tipping fee payments and other amounts received by the Port Authority (including energy revenues) are greater than the Port Authority's costs related to the Port Authority payments on behalf of the County, described above, permitting full recovery of the accumulated County advances with interest over the remaining term of the County Agreement, then the Port Authority and the County will share revenues.

**Delivery and
Processing of
Acceptable
Solid Waste**

The County shall cause a minimum delivery to the Plant of 680,000 tons of acceptable solid waste (assuming 5,000 BTU's per pound), other than recyclables separated for resale, and the Port Authority shall cause such waste to be processed by REF-FUEL. Additionally, the County will be obligated to use reasonable efforts to cause all acceptable solid waste originating in the County, other than recyclables separated for resale, to be delivered to the Plant up to the available capacity in the Plant. If the minimum delivery guarantee of 680,000 tons is not delivered by the County haulers, and to the extent that REF-FUEL or the Port Authority are unable to mitigate the County waste shortfall by causing deliveries of acceptable solid waste, including out-of-County waste, in any year, lost tipping fees and lost revenues from recovered resources (including that of REF-FUEL) shall be recoverable with interest at 75% of the then publicly announced prime rate of an acceptable financial institution as a surcharge to the next year's tipping fee.

The County will use reasonable efforts to maintain and enforce the Franchise Area Designation issued by the New Jersey Board of Public Utilities (BPU), the Franchise (if obtained by the County) and the District Solid Waste Management Plan so as to ensure the delivery to the Plant of all acceptable solid waste originating in the County up to the available capacity of the Plant. The Port Authority or the Company may reject waste delivered by any hauler of County acceptable solid waste who has not complied with the tipping fee payment terms and in such event shall be able to make a short-term arrangement with any other supplier of acceptable solid waste to offset this shortfall.

**Operations
Prior to Actual
Acceptance Date**

The County will provide acceptable solid waste as needed for start-up and acceptance testing during this period and pay a tipping fee to the Port Authority on the basis of actual tons delivered to the Plant.

Termination

If the Service Agreement is terminated due to the fault of REF-FUEL or the Port Authority, and if the Port Authority does not purchase the Plant, the County Agreement will be

terminated, the Port Authority shall have no further responsibilities to the County and, in such event, the County shall have an option to purchase the Plant directly from REF-FUEL.

**County
Responsibility
for Composition
of Solid Waste**

The County and the Port Authority would agree that, as between the Port Authority and the County, the County is fully responsible for the composition of solid waste originating in Essex County or originating outside Essex County and caused by the County to be delivered to the Plant pursuant to its commitment under the County Agreement, but the County would not be responsible for the composition of solid waste caused by the Port Authority or REF-FUEL to be delivered to the Plant or for the design, construction or operation of the Plant. The County shall pay or cause to be paid any judgment entered by a court of competent and final jurisdiction against the County for or on account of injuries (including wrongful death), loss or damage of any kind whatever resulting from a judicial determination that such injuries, loss or damage are a result of Plant stack air emissions caused by the composition of such solid waste as to which the County has acknowledged responsibility. The County would agree that its obligation to provide monies for the payment of any such judgment shall be in addition to and in no way limited to its obligation to cause a tipping fee to be paid to the Port Authority. The Executive Director of the Port Authority may determine to provide, on behalf of the County, for up to \$10 million for such judgments upon appropriate increases by the County in the tipping fee and other assurances as to the repayment of such amount to the Port Authority.

**Site
Indemnification**

The cost of certain additional site mitigation will be paid by the County through an increase in the tipping fee. If the County Agreement is terminated and the County and Port Authority undertake a resource recovery project at another site, the cost of any additional site mitigation at the Blanchard Street Site will be paid by the County through the tipping fee for the new project. In the event that there is no replacement facility or if the Port Authority does not participate in the development of such replacement facility, the Port Authority will be solely responsible for all additional site mitigation at the Blanchard Street Site.

**Site Lease
Revenues**

Notwithstanding the expiration of the term of the Service Agreement and the County Agreement, the County will receive 50% of the net energy revenues and 50% of the gross tipping fee revenues received by the Port Authority from REF-FUEL resulting from REF-FUEL's operation of the Plant in the extension periods of the Site Lease Agreement.

**Project
Development
Costs**

The Port Authority and the County shall each be reimbursed for their project development costs in accordance with the provisions of the agreement between the County and the Port Authority dated January 14, 1983.

American REF-FUEL Company of Essex County Agreements (REF-FUEL Agreements)

During the course of negotiations between Port Authority staff and representatives of BFI, BFI together with Air Products and Chemicals, Inc. (APCI) formed subsidiary corporations which have entered into a general partnership in New Jersey, American REF-FUEL Company of Essex County. REF-FUEL has agreed to enter into a Service Agreement providing for the design, construction, start-up and acceptance testing of the Plant to provide services for the incineration of acceptable solid waste originating in the County; a Site Lease Agreement under which it will occupy the Blanchard Street Site during and subsequent to the term of the Service Agreement; a Conditional Sale Agreement under which a portion of Plant construction will be financed by the Port Authority; and, an Escrow Agreement in connection with the administration of certain pledges by REF-FUEL of revenues and other assets under the Conditional Sale Agreement and the receipt, temporary investment and disbursement of Plant revenues.

BFI and APCI will enter into a Company Support Agreement with REF-FUEL under which BFI and APCI will provide guarantees, financial support and working capital to REF-FUEL for the full performance of its obligations, under the Service Agreement and Conditional Sale Agreement, in connection with the construction of the Plant; financial support for the satisfaction of judgments resulting from certain site conditions arising from construction activities undertaken by REF-FUEL at any time at the Site and to the extent the Port Authority indemnity provided to REF-FUEL, as described in the summary of the Site Lease Agreement at "Site Indemnification", is not applicable; financial support up to \$50 million, as necessary to enable REF-FUEL to meet its obligations to pay debt service under or arising from the Conditional Sale Agreement and to operate the Plant during the full term of the Service Agreement; and financial support to enable REF-FUEL to meet its obligations to provide additional equity in connection with construction costs necessitated by unforeseen or other similar circumstances. BFI and APCI would provide, from permitted cash distributions to them by REF-FUEL, a limited "keep-well" to their commitment of \$50 million described above, so that in the event of expenditures which reduce this commitment, additional support would be available to satisfy judgments resulting from Plant stack air emissions and/or judgments

resulting from certain site related matters arising from Plant operations to the extent of permitted distributions (after the first \$2.5 million of distributions to each of BFI and APCI) up to a total maximum of \$50 million available for these judgments. BFI and APCI shall be severally obligated for the foregoing performance or financial support, each to the extent of 50% of REF-FUEL's obligations.

Service Agreement

The major provisions of the proposed Service Agreement between the Port Authority and REF-FUEL, which includes provision for Plant design, construction, start-up and acceptance testing are as follows:

**Term
Construction/
Service**

The Service Agreement, which will be effective only upon satisfaction or waiver of certain conditions precedent by June 30, 1986, covers a 25-year operating period with three one-year optional extensions preceded by a three-year period to build the Plant. To the extent that the Plant meets certain performance criteria, the construction period may be extended for up to an additional five years, at the option of REF-FUEL, to permit the full performance criteria, summarized at "Acceptance", to be met. At its sole option, prior to the satisfaction or waiver of the conditions precedent, the Port Authority may require REF-FUEL to pursue further design, engineering and construction activities subject to mutual agreement as to the extent and cost of such further activities, in a total cost up to approximately \$25 million. If the Service Agreement does not become effective, REF-FUEL shall be paid for the above work.

Capacity

REF-FUEL will build the Plant with a name-plate processing capacity of 2,277 tons of acceptable solid waste per day, at 5,300 BTU's per pound, and will guarantee performance of the Plant to accept and process the Port Authority's guaranteed tonnage, summarized at "Delivery and Processing of Acceptable Solid Waste", which originates in Essex County, subject to deration to a lesser processing capacity, summarized at "Acceptance".

**Cost of
Construction/
Equity Capital**

Estimated at \$232 million, as of September 30, 1985, for the design, construction, start-up and acceptance testing of the Plant, subject to adjustments for inflation until the start of construction, exclusive of capitalized interest from the commencement of construction until the

scheduled acceptance date of the Plant. Construction will be financed by REF-FUEL under the Conditional Sale Agreement and through the provision of equity capital in an amount equal to at least 25% of specified elements of the cost of construction, excluding without limit, those items for which there is no presently acceptable federal income tax benefits which would be anticipated by REF-FUEL, and as adjusted for certain cost increases, subject to possible reduction of such amount of equity capital through service fee payments to REF-FUEL, as summarized at "Pass-Through Costs", to take into account certain changes in federal tax law only in connection with the issuance of industrial development bonds for the Plant and only to the extent that such changes would reduce the value of the federal income tax benefits anticipated by REF-FUEL.

The cost of construction may be increased, among other items, for delays, extra work, unforeseen or other similar circumstances after commencement of construction, imposition of any State or local sales or use, or similar tax, and certain strikes, to the extent of the available funds authorized for the Project. Off-site work or site mitigation may also cause an increase to the cost of construction or may be provided to the Project through separate contracts with REF-FUEL or other parties.

REF-FUEL will be obligated to provide prorata equity capital equal to 25% of the total construction costs arising from each unforeseen circumstance and certain other similar circumstances. Such percentage of prorata equity may be reduced, on the basis of a formula, to take into account certain changes in federal income tax laws which reduce the value of the federal income tax benefits anticipated by REF-FUEL, but in no event shall such percentage be reduced below a minimum prorata equity capital contribution of 10% of such construction costs.

**Scheduled
Acceptance Date**

36 months from the start of construction, as extended for unforeseen circumstances, certain strikes and extra work. If acceptance has not occurred by such date, a maximum extension period of 24 months is allowed for REF-FUEL to demonstrate the Plant's processing capacity to

be at a minimum of 75% of name-plate processing capacity. If the Plant achieves such minimum processing capacity by the end of this 24 month extension, REF-FUEL, at its option, may have up to an additional 36 months to raise Plant processing capacity prior to formal acceptance of the Plant.

Acceptance

The Plant will be automatically accepted by the Port Authority at full capacity if at any time after the Scheduled Acceptance Date, summarized above, it can meet 95%-100% of name-plate processing capacity and 85% of its guaranteed energy production level.

At the option of REF-FUEL, the Plant will be accepted by the Port Authority after the Scheduled Acceptance Date at a lesser processing capacity of not less than 75% of name-plate processing capacity and 85% of its guaranteed energy production level. In such event there shall be a repayment of a proportionate amount of the advances under the Conditional Sale Agreement on the basis of the reduced processing capacity described in the summary of the Conditional Sale Agreement at "Repayment".

At the option of the Port Authority, if the Plant cannot meet 75% of name-plate processing capacity, the Port Authority may accept the Plant at a lower processing capacity. In such event there shall be a consequent repayment of a portion of advances under the Conditional Sale Agreement on the basis of the reduced processing capacity in such amounts and over such periods as described in the summary of the Conditional Sale Agreement at "Repayment".

The Plant may be conditionally accepted on the basis of the full or partial processing capacity, even if, at such time, it is unable to meet its guaranteed energy production level. If the Plant cannot meet 85% of its guaranteed energy production level within 12 months of acceptance on the basis of processing capacity, the Port Authority may terminate the Service Agreement. During this one year period REF-FUEL will make up lost energy revenues to the Port Authority.

In the event the Plant is not accepted or can not meet its guaranteed energy production level, and the Port Authority terminates the Service Agreement, advances under the Conditional Sale Agreement shall be fully repaid by REF-FUEL in such amounts and over such periods as described in the summary of the Conditional Sale Agreement at "Repayment", and the Port Authority shall have an option to purchase the Plant as summarized at "Termination Rights".

In the event of acceptance of the Plant at a reduced processing capacity, or in the event the Service Agreement terminates because the Plant is not accepted, REF-FUEL shall pay liquidated damages for a period of up to 5 years from the scheduled acceptance date of the Plant for the cost of transporting and disposing of up to the Port Authority's guaranteed tonnage at an alternate disposal facility. Such amount is liquidated at \$20 per ton as of January 1, 1983.

Service Fee

The Port Authority will pay a service fee which includes amounts for debt service on advances (and other permitted borrowings by REF-FUEL under the Conditional Sale Agreement) under the Conditional Sale Agreement, operation and maintenance fees and pass-through costs. The Port Authority will also pay an additional disposal fee as part of the service fee for REF-FUEL's processing of acceptable solid waste originating in Essex County above the guaranteed tonnage.

**Delivery and
Processing of
Acceptable
Solid Waste**

The Port Authority will be obligated to guarantee a minimum of 680,000 tons of acceptable solid waste per year at 5,000 BTUs per pound, and pay a service fee even if the County haulers fail to deliver that tonnage. REF-FUEL will guarantee that, on and after acceptance of the Plant, it will accept and process the guaranteed tonnage. In the event of a failure of the County haulers to deliver the guaranteed tonnage, REF-FUEL will use reasonable efforts to mitigate such waste shortfall by obtaining other acceptable solid waste, including from out-of-County sources, and if REF-FUEL is unable to mitigate such waste shortfall the Port Authority shall have the right to attempt to do so.

The Port Authority will be obligated to use reasonable efforts to cause all acceptable solid waste originating in Essex County to be delivered to the Plant and REF-FUEL will be obligated to use reasonable efforts to accept for processing all waste originating in Essex County up to the capacity of the Plant. The Port Authority will also have a right of first refusal for certain excess or additional Plant processing capacity, if any.

**Operation and
Maintenance Fees**

Priced by REF-FUEL at \$9,942,000 as of December 31, 1984, to be escalated thereafter.

**Pass-Through
Costs**

Pass-through costs include, without limitation, operating insurance premiums; transportation and disposal costs for non-hazardous residue resulting from Plant processing; certain transportation and disposal costs for hazardous waste inadvertently delivered to the Plant and Plant clean-up costs resulting from such hazardous waste deliveries, if any; fuel oil costs resulting from special NJDEP operating requirements; costs in connection with the transport and disposal of by-passed waste at alternate disposal sites, subject to certain offsets to be paid by REF-FUEL; reductions to equity capital resulting from certain federal tax law changes during construction only in connection with the issuance of industrial development bonds for the Plant and only if such changes would reduce the value of the federal income tax benefits anticipated by REF-FUEL; costs related to strikes after the acceptance of the Plant; and fees paid to the Escrow Agent.

**Operations Prior
To Scheduled
Acceptance Date**

The Port Authority will provide acceptable solid waste as needed for start-up and acceptance testing during this period. REF-FUEL will not charge the Port Authority a service fee and will retain 60% of the energy revenues and disposal fees received for out-of-County waste, if any, with the Port Authority to receive the balance of such revenues. During this period, the Port Authority is to pay the cost for transporting to and disposing at alternate disposal sites, process residue and hazardous waste delivered to the Plant, if any, and certain other pass-through costs.

Operations After
Scheduled
Acceptance Date
And Prior To
Actual
Acceptance

The Port Authority will provide acceptable solid waste as needed for operations and testing during this period, and pay a prorata service fee for the tons of acceptable solid waste actually processed by REF-FUEL with REF-FUEL to pay the remaining costs associated with its failure to process the balance of the guaranteed tonnage. REF-FUEL will also be responsible for liquidated damages for the cost of transportation to and disposal at an alternate disposal site for disposal of acceptable solid waste delivered or to be delivered to the Plant up to the guaranteed tonnage and which it was unable to process. Such amount is liquidated at \$20 per ton as of January 1, 1983.

Energy Revenues,
Revenues From
Other Recovered
Resources and
Gate Fees

REF-FUEL is to enter into an Electric Sales Contract with PSE&G for the sale of electrical energy including generation capacity. The Port Authority is to receive 85% of energy revenues received by REF-FUEL from the processing of the guaranteed tonnage and consequent sale of electric energy and 50% of energy revenues received by REF-FUEL from the processing of acceptable solid waste in excess of the guaranteed tonnage and consequent sale of electric energy. The Port Authority will also receive a proportionate share of generation capacity charges received by REF-FUEL. REF-FUEL shall have the right to present a substitute electric sales contract to the Port Authority, upon the consent of the Port Authority, which consent shall not be unreasonably withheld if the substitute contract is comparable to the PSE&G contract in terms of economics and risks and only to the extent that such substitute contract does not have an adverse effect upon the Port Authority-County transaction.

In the event that REF-FUEL fails to process the guaranteed tonnage or fails to meet its guaranteed energy production level, or the Port Authority fails to cause the County to deliver the guaranteed tonnage of acceptable solid waste, the party at fault will make up lost energy revenues to the other party.

Revenues derived from the sale of other recovered resources will be distributed on the same basis as energy revenues.

The Port Authority will receive 50% of "gate fees" collected by REF-FUEL as the disposal fees for tonnage above the guaranteed tonnage of acceptable solid waste processed at the Plant net of REF-FUEL's cost for processing such waste.

**Unforeseen
or Other
Similar
Circumstances**

Subject to the Service Fee Increase Limitation, summarized below, in the event of the occurrence of an unforeseen or other similar circumstance during the term of the Service Agreement (including the construction period) the Port Authority shall be required to increase the service fee to permit REF-FUEL to obtain additional advances under the Conditional Sale Agreement or through other permitted borrowings for capital construction and/or to pay resultant increases in REF-FUEL's operating costs arising from the occurrence of an unforeseen or other similar circumstance.

**Service Fee
Increase
Limitation For
Unforeseen and
Other Similar
Circumstances**

The Port Authority shall pay an increase in the service fee for the consequences of unforeseen or other similar circumstances either through an increase to the debt service component of the service fee to permit additional advances under the Conditional Sale Agreement (or to the extent permitted under the Conditional Sale Agreement, or after termination of such agreement, to enable REF-FUEL to obtain other borrowings) for increased construction costs or through an increase to the operating cost component of the service fee to pay increased operating costs caused by an unforeseen or other similar circumstance. However, the Port Authority shall not be required to so increase the service fee throughout the term of the Service Agreement by more than a total of \$7.50 per ton at January 1, 1983, of acceptable solid waste, computed on the basis of 680,000 tons per year. During the term of the Service Agreement the unused portion of such \$7.50 amount shall be escalated on a formula basis.

If the Port Authority declines to pay amounts, related to unforeseen or other similar circumstances, in excess of the Service Fee Increase Limitation and REF-FUEL does not elect to absorb such excess amounts and continue the Service Agreement, the Service Agreement shall terminate. In such event, REF-FUEL would acquire title to the Plant upon full payment of

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the aggregate amount of advances outstanding under the Conditional Sale Agreement and the Port Authority would be required to make one of the following termination payments. At its sole option the Port Authority may:

1. acquire the Plant from REF-FUEL by paying to REF-FUEL the aggregate principal amount of advances then outstanding under the Conditional Sale Agreement (and other permitted borrowings by REF-FUEL under the Conditional Sale Agreement in replacement of advances required to be made by the Port Authority and which the Port Authority fails to make) plus REF-FUEL's equity capital investment determined in accordance with the procedure described in the summary of the Escrow Agreement at "Replacement Cost Certificate" reduced on the basis of a formula derived from an agreed to schedule of the value to REF-FUEL of the tax benefits, including straight-line depreciation, over the term of the transaction on the basis of a 15% rate of return plus an agreed to forecast of the economic value of the business enterprise to REF-FUEL as if such unforeseen or other similar circumstance had not occurred, adjusted to an 11% return on such total economic value for one-half of the remaining initial term of the Service Agreement, without optional extensions; or
2. if termination of the Service Agreement is prior to the actual acceptance date for the Plant and the Port Authority chooses not to acquire the Plant, the Port Authority would pay to REF-FUEL the aggregate principal amount of advances then outstanding under the Conditional Sale Agreement (and other permitted borrowings by REF-FUEL under the Conditional Sale Agreement in replacement of advances required to be made by the Port Authority and which the Port Authority fails to make) plus REF-FUEL's equity capital investment determined in accordance with the procedure described in the summary of the Escrow Agreement at "Replacement Cost Certificate" reduced on the basis of a formula derived from an agreed to schedule of the value to REF-FUEL of the tax benefits, including straight-line depreciation,

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over the term of the transaction on the basis of a 15% rate of return and further reduced by the salvage value of the Plant, if any; or

3. if termination of the Service Agreement is after the actual acceptance date for the Plant and the Port Authority chooses not to acquire the Plant, the Port Authority would pay to REF-FUEL the aggregate principal amount of the advances then outstanding under the Conditional Sale Agreement (and other permitted borrowings by REF-FUEL under the Conditional Sale Agreement in replacement of advances required to be made by the Port Authority and which the Port Authority fails to make).

**Termination
Rights**

If the Service Agreement is terminated due to either party's default (other than as a result of the anticipatory breach by REF-FUEL of its construction obligations), the Port Authority will have the right to purchase the Plant at a price determined on the basis of a formula taking into account the then fair market value of the Plant which fair market value would be determined as described in the summary of the Site Lease at "Fair Market Value".

If the Port Authority does not purchase the Plant, REF-FUEL may acquire ownership upon payment by the defaulting party of advances outstanding under the Conditional Sale Agreement, which in the case of a default by the Port Authority would be paid by the Port Authority to REF-FUEL as a termination payment.

In the event of the termination of the Service Agreement as a result of REF-FUEL's anticipatory breach of its construction obligations, REF-FUEL shall pay an amount equal to its remaining share of the required equity capital plus the excess of the reasonable cost to complete the Plant. The Port Authority shall acquire the Plant and upon its completion shall pay to REF-FUEL an amount equal to the sum of its required equity capital and advances outstanding under the Conditional Sale Agreement on the date of termination.

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**Port Authority
Chief Engineer/
Independent
Engineer**

The authority and duties of the Chief Engineer, shall include, among other things, the right to determine, in his sole discretion whether REF-FUEL's design and construction of the Plant conforms to certain agreed to critical items such as boilers, turbines and cranes, as well as the right to determine in his sole discretion, whether such design and construction conforms to local laws, enactments, ordinances, rules or regulations of the City. Additionally, the Chief Engineer, in his sole discretion, will determine whether the Plant has passed the Acceptance Test, other than portions of said Acceptance Test relating to environmental matters which will be determined by NJDEP, and in the event of an acceptance of the Plant at other than name-plate capacity, the processing capacity, as summarized at "Acceptance". However, the rights of the Chief Engineer are not as extensive as those in a traditional Port Authority construction contract, a prime example being that in certain instances engineering disputes will be submitted to an independent engineer for arbitration. Such independent engineer shall be selected by the Port Authority with the approval of REF-FUEL at a cost or expense to be shared equally by the parties. In the event that REF-FUEL or the Port Authority have not agreed upon the selection of the independent engineer, the independent engineer shall be expeditiously selected by the President of the American Arbitration Association or his designee.

Indemnification

The Port Authority shall indemnify and hold REF-FUEL harmless "For any personal injury to or death of, any persons or persons, or loss or damage to property or any suit arising out of the performance (or nonperformance) of the Port Authority's obligations under the Service Agreement", including its obligation to deliver acceptable solid waste, the proper processing of which would not cause a violation of air emissions standards. Additionally, REF-FUEL will not agree to indemnify the Port Authority for strict or absolute liability exposures from REF-FUEL's operation of the Plant including air emissions, despite the possibility of strict liability regardless of fault, being imposed by the courts for release of pollutants into the environment.

Conditional Sale Agreement

The major provisions of the proposed Conditional Sale Agreement to be entered into between the Port Authority and REF-FUEL, are as follows:

Advances

Under the Conditional Sale Agreement, the Port Authority shall provide advances to REF-FUEL to enable REF-FUEL to finance a portion of the Plant's construction cost. The aggregate principal amount of all advances to REF-FUEL by the Port Authority in respect of Plant construction would be in an amount required to finance the cost of construction of the Plant as described in the summary of the Service Agreement at "Cost of Construction/Equity Capital", not provided by REF-FUEL's equity capital commitments as summarized below at "Equity Capital". Subject to and as determined by the Service Fee Increase Limitation, described in the summary of the Service Agreement at "Service Fee Increase Limitation", the Port Authority shall be required to provide additional advances in respect of any costs of construction necessitated by unforeseen or other similar circumstances, which costs shall also include capitalized interest during the construction period resulting from the occurrence of such unforeseen or other similar circumstances. To the extent the Port Authority fails to make a required advance REF-FUEL shall be permitted to obtain other borrowings on a parity basis.

Equity Capital

REF-FUEL shall provide equity capital in an amount equal to 25% of specified elements of the cost of construction, excluding without limit, those items for which there is no presently acceptable federal income tax benefits which would be anticipated by REF-FUEL, and as adjusted for certain cost increases, subject to possible reduction of such amount of equity capital, through service fee payments to REF-FUEL, as described in the summary of the Service Agreement at "Pass-through Costs", to take into account certain changes in federal tax law only in connection with the issuance of industrial development bonds for the Plant and only to the extent that such changes would reduce the value of the federal income tax benefits anticipated by REF-FUEL. REF-FUEL shall also provide additional equity capital in an amount equal to 25% of the total construction costs necessitated by each unforeseen or other similar circumstance. Such percentage of

prorata equity may be reduced, on the basis of a formula, to take into account changes in the federal income tax laws, but in no event shall such percentage be reduced below a minimum equity capital contribution of 10% of such construction costs.

Term

Advances will be repaid over 20 years from the scheduled acceptance date for the Plant and additional advances will be repaid over a period commencing on the completion of the construction related to such additional advances and ending at the end of the initial 25 year operating term of the Service Agreement without extensions for certain strikes.

Interest Rate

The rate of interest on advances shall be determined by the Executive Director as the rate not in excess of a rate based on the average 25 year Revenue Bond index as reported in The Bond Buyer for the six week period prior to the date of the notice to proceed with construction. The rate of interest on additional advances shall be determined by the Executive Director on the same basis as that for advances for all additional advances relating to construction costs arising from each unforeseen or other similar circumstance. In the event that either such index is not published by The Bond Buyer or The Bond Buyer is not published said rates shall be based on an equivalent published index.

Repayment

The aggregate amount of all advances shall be repaid by REF-FUEL to the Port Authority from payments made under the Service Fee on the basis of an annual repayment schedule to be computed in accordance with the provisions of the Conditional Sale Agreement to provide for repayment of advances over a 20 year term and advances in respect of unforeseen or other similar circumstances over the remaining portion of the 25 year operating term of the Service Agreement from the date of the completion of the advances related to a particular unforeseen or other similar circumstance, with provisions for acceleration in the event of a default by REF-FUEL or other termination of the Service Agreement or Conditional Sale Agreement.

When all advances are fully repaid, the Port Authority will provide good and marketable indefeasible, fee simple title to those

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portions of the Plant that constitute real property, insurable at regular rates by a title insurance company located in the State of New Jersey and title to those portions of the Plant that constitute personal property, in each case free and clear of all liens and encumbrances, with the exception of certain permitted encumbrances or those caused by acts of REF-FUEL.

If the Plant is accepted by the Port Authority with a processing capacity of less than 95% of name-plate processing capacity, BFI and APCI shall guarantee REF-FUEL's obligation to repay, or shall assume repayment of, the following amounts, severally to the extent of 50% of such amount each; provided that if either BFI or APCI fails to maintain an investment grade credit rating on their long-term debt, the portion guaranteed or assumed by the entity failing to maintain such credit rating shall be immediately due and payable:

1. If processing capacity is 75% or greater, up to 95%, of name-plate capacity, the aggregate principal amount of advances then outstanding shall be accelerated by an amount equal to the percentage by which processing capacity has been reduced and, within 60 days of such acceleration, REF-FUEL shall pay said amount.
2. If processing capacity is less than 75% of name-plate capacity, the aggregate principal amount of advances outstanding shall be accelerated by an amount equal to the percentage by which processing capacity has been reduced and, within 60 days of such acceleration, REF-FUEL shall pay an amount equal to 25% of the then outstanding advances, with the balance of such amount of accelerated advances to be repaid in two equal annual installments of principal with semi-annual interest on the unpaid balance. Repayment of the balance of such principal shall commence twelve months after the date of acceptance of the Plant and interest payments shall commence six months after the date of acceptance of the Plant.

If the Plant is not accepted by the Port Authority, the Service Agreement shall terminate, the then outstanding principal amount of advances shall be accelerated and

each of BFI and APCI shall guarantee REF-FUEL's repayment obligation or assume the repayment of such accelerated amount, severally to the extent of 50% of such amount each. The accelerated amount shall be repaid as follows: 25% of the then outstanding advances within 60 days of acceleration, with the balance of such amount of accelerated advances to be repaid in three equal annual installments of principal with semi-annual interest on the unpaid balance, subject to the maintenance by each of BFI and APCI of an investment grade credit rating on their long-term debt. Repayment of the balance of such principal shall commence 12 months after the date of termination of the Service Agreement and interest payments shall commence six months after the date of termination of the Service Agreement. If either BFI or APCI fails to maintain an investment grade credit rating on their long-term debt, the portion of the accelerated advances assumed or guaranteed by such entity failing to maintain such credit rating shall be immediately due and payable.

**Construction
Drawdown
Schedule**

A construction drawdown schedule providing for 36 advances and a final advance by the Port Authority, in respect of retainage, will be established. The principal amount of any advance, except the final advance which may only be changed with the consent of the Port Authority, may be increased or decreased on prior notice from time to time by REF-FUEL by up to \$5 million to accommodate changes in the construction schedule, subject to a quarterly reconciliation by the Port Authority.

Expenditures

REF-FUEL shall expend at least 85% of the total amount of all advances for the construction of the Plant, other than the final advance, on or prior to the scheduled acceptance date of the Plant and at least 85% of each additional advance shall be expended within three years from commencement of construction related to such additional advances. In the event that REF-FUEL fails to make such expenditures, the Port Authority may refuse to continue to provide further advances. REF-FUEL would be permitted to obtain other borrowings which would not be secured by the Plant or any of its assets, however, under the Service Agreement, the Port Authority would pay, in the debt service component, an amount equal to the debt service due as if such advances were made under the Conditional Sale Agreement.

Escrow Agreement

The major provisions of the proposed Escrow Agreement to be entered into between the Port Authority, REF-FUEL and an Escrow Agent to be selected by the Executive Director after consultation with REF-FUEL, are as follows:

Term

The Escrow Agreement shall be coterminous with the Service Agreement and provide for the administration of REF-FUEL's pledges of revenues and other assets in support of the Conditional Sale Agreement and shall provide for the receipt, temporary investment and disbursement of Plant revenues.

Escrow Agent

The Escrow Agent shall be a bank or a trust company organized under the laws of the State of New York or 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.

Compensation of Escrow Agent

The reasonable compensation for services performed by the Escrow Agent shall be a pass-through expense paid by the Port Authority as part of the service fee described in the summary of the Service Agreement at "Service Fee".

Investment of Funds

The Escrow Agent shall invest the monies in the various accounts to be established during the construction and operation periods of the Service Agreement, on a temporary basis until needed for the purpose intended, in certain agreed upon investment securities, upon direction of REF-FUEL after consultation with the Port Authority, including, in regard to certain operating and surplus funds, investment in commercial paper or demand notes of BFI or APCI to the extent of 50% each with regard to such monies, subject to certain credit and other requirements.

Disbursement of Construction and Equity Funds

The Escrow Agent shall disburse monies in the Construction and Equity Funds upon presentation of a certificate by an authorized representative of REF-FUEL detailing the purpose of such expenditure. Advances from the Construction Fund for the construction of the Plant, with the exception of certain limited preliminary development expenses, shall only be

for purposes of qualifying expenditures to provide solid waste disposal facilities.

**Replacement
Cost
Certificate**

Upon acceptance of the Plant, REF-FUEL will provide a replacement cost certificate issued by a nationally recognized insurance broker or carrier stating that the minimum replacement cost of the Plant is at least 133% of advances provided under the Conditional Sale Agreement for the construction of the Plant and shall also provide an insurance policy for the Plant issued in an amount at least equal to such minimum replacement cost. Such certificate and insurance policy will establish REF-FUEL's equity capital (as the minimum replacement cost of 133% of advances) for purposes of certain termination payments under the Service Agreement. Upon issuance of such certificate, the Escrow Agent will return any unspent monies in the Equity Fund to REF-FUEL. In the event such certificate is not issued or the insurance policy for the Plant does not reflect at least such minimum replacement cost, unspent monies in the Equity Fund will be used to repay advances under the Conditional Sale Agreement and REF-FUEL's equity capital will be established as if such certificate had been issued indicating such minimum replacement cost of 133% of advances.

Site Lease Agreement

The major provisions of the proposed Site Lease Agreement between the Port Authority and REF-FUEL, are as follows:

Term

The Site Lease Agreement provides for a term equal to the term of the Service Agreement. REF-FUEL's occupancy of the Blanchard Street Site will generally be governed by the terms of the Service Agreement and upon its expiration, REF-FUEL may exercise up to six optional 5 year renewal terms during which the provisions of the Site Lease Agreement would govern. During both the initial and renewal terms, the Blanchard Street Site may only be used for mass burn resource recovery purposes.

Rent

During the term of the Service Agreement, under the Site Lease Agreement, REF-FUEL will pay a nominal rental, and in the six optional five year renewal periods, REF-FUEL will pay an annual rental equal to the fair market value

rental of the unimproved land (for industrial uses) and 5% of net energy revenues and of gross tipping fees received by the Plant from its customers.

**Determinations
of Fair Market
Value**

If a determination of the fair market value of the rent or of the Plant is required, REF-FUEL shall notify the Port Authority of its estimate of such fair market value. In the event that the Port Authority rejects such estimate, the fair market value shall be determined by a board of appraisers to be selected by the Port Authority and REF-FUEL, which appraisers in the case of a determination with respect to rental shall be members of the American Institute of Real Estate Appraisers, or equivalent organization selected by REF-FUEL and the Port Authority and in the case of a determination with respect to the Plant shall be members of a national industrial appraisal or industrial real estate association or institute selected by REF-FUEL and the Port Authority.

**Site
Indemnification**

REF-FUEL is concerned about the potential for contaminants at the Blanchard Street Site (not selected by REF-FUEL) and on the adjacent Ottilio property which may give rise to unbudgeted financial exposures greater than REF-FUEL is prepared to accept.

A draft document entitled "Essex County Resource Recovery Project Recommendations and Mitigation Measures Dealing with Subsurface Contamination Issues", dated November 9, 1984, prepared by the NJDEP Hazardous Site Mitigation Administration and Division of Water Resources, (and referred to by the New Jersey Public Advocate in written comments, dated January 18, 1985, to NJDEP on Project Permits) states, "in general the entire southern portion of the property is contaminated to some extent with lead and petroleum hydrocarbons" and "since there is insufficient evidence to identify a source of contamination on-site but sample results indicate soils and groundwater contamination throughout the site, a soils sampling program shall be implemented to test the excavated materials." NJDEP's report in regard to the source of groundwater contamination, states, "it is possible that an off-site source exists (Ottilio Landfill),

however, DWR (Division of Water Resources) can not make this determination with the information available. It is also possible that an on-site source exists such as the soils contaminated with elevated levels of petroleum hydrocarbons." The Housing Authority has a contractor at the Blanchard Street Site engaged in removing visible drums and tanks and further work to improve environmental conditions. Since contaminants may remain at the Blanchard Street Site and on nearby sites which might cross contaminate or otherwise materially affect the Blanchard Street Site, it is deemed prudent for the Executive Director to obtain authorization for him: (a) to enter into an agreement with a consultant to prepare a Plan of Mitigation in consultation with the Chief Engineer and Director of Economic Development and (b) to enter into an agreement with a contractor for mitigation of conditions, materials and substances on the Site and on nearby sites to the extent they may materially affect the Site, in order to achieve conformance with applicable laws, regulations and requirements related to the protection of the environment, persons and property.

Notwithstanding REF-FUEL's requirement that the Port Authority assume responsibility for failures or inadequacies of the Mitigation Plan, the contents of the Mitigation Plan already prepared by the Housing Authority's Contractor without Port Authority participation may be binding on the Port Authority once it acquires title to the Site since the Housing Authority's Mitigation Plan was prepared pursuant to an Administrative Consent Order with the NJDEP, the provisions of which are binding on the Housing Authority's successors. Staff will discuss this matter with NJDEP and endeavor to negotiate appropriate changes in the Mitigation Plan in our effort to ensure that the ultimate Mitigation Plan is as effective as possible.

The dewatering process which will be undertaken by REF-FUEL in the construction of the Plant's garbage pit, approximately 35 feet deep by 500 feet in length by 65 feet in width may introduce cross-contamination from the adjacent Ottilio property, a former waste dump (which NJDEP has requested the United States

Environmental Protection Agency to include on the superfund national priority list of hazardous waste sites). Accordingly, REF-FUEL as a condition of its participation in the Project at the Blanchard Street Site requires that the Port Authority enter into the following broad assumption of liability and indemnification agreement:

- (a) The Port Authority and REF-FUEL have been and will be involved in the formulation of a plan of mitigation as it may be amended or supplemented from time to time (the "Mitigation Plan") which plan, when approved by the New Jersey Department of Environmental Protection (NJDEP) as a condition of the Plant's solid waste permit will be designed to take into account certain pollutants and/or contaminants which may exist on the Blanchard Street Site as of the date of the Notice to Proceed under the Service Agreement, and to achieve conformance with laws and regulations relating to protection of the environment, persons and property applicable at that time. Notwithstanding REF-FUEL's involvement, the Port Authority hereby agrees to assume full responsibility and liability that may arise from the failure or inadequacy of the Mitigation Plan, when implemented in accordance with the terms and conditions of such Mitigation Plan to contain, eliminate, or adequately treat such pollutants and/or contaminants or prevent the release of inadequately treated pollutants and/or contaminants at or from the Blanchard Street Site subject to the exclusions with respect to REF-FUEL and others set forth at subsection (b) below.
- (b) The Port Authority agrees to protect, indemnify and hold harmless REF-FUEL, its partners, parents, and grandparents and their respective officers, members, employees, agents, contractors, subcontractors and materialmen from and against all liabilities, actions, damages, claims, demands, requests, judgments, losses, costs, expenses, suits or actions, including reasonable attorney's fees for

investigation and defense (collectively the "Liabilities"), for or on account of personal injury to, or death of, any person or persons (excluding employees of REF-FUEL, its partners, parents and grandparents); clean-up or other mitigation; or loss of or damage to property of third persons, excluding property of REF-FUEL and its partners, parents and grandparents and their respective officers, members, employees, agents, contractors, subcontractors and materialmen; physical loss of or physical damage to property of REF-FUEL, its partners, parents and grandparents and their respective officers, members, employees, agents, contractors, subcontractors and materialmen; and notices of compliance or noncompliance (to the extent such indemnification is legally permitted) arising in any manner whatsoever out of:

- (i) failure or inadequacy of the Mitigation Plan when implemented to contain or adequately treat pollutants and/or contaminants existing as of the date of the Notice to Proceed under the Service Agreement or prevent the release of inadequately treated pollutants and/or contaminants (existing as of the date of such Notice to Proceed) at or from the Blanchard Street Site except: (A) as to Liabilities arising hereunder, not exceeding \$10 million, to the extent Liabilities arising hereunder result from REF-FUEL's, its contractors', subcontractors', materialmen's or agents' failure to follow the specific procedures or instructions set forth in the Mitigation Plan or failure to conform to generally accepted construction standards that would apply to the specific work under the then existing conditions of the Site and (B) as to Liabilities arising hereunder exceeding \$10 million, to the extent that Liabilities arising hereunder result from REF-FUEL's, its contractors', subcontractors', materialmen's or agents' (1) gross negligence in failing to follow the

specific procedures or instructions set forth in the Mitigation Plan or (2) gross negligence in failing to conform to generally accepted construction standards that would apply to the specific work under the then existing conditions of the Site.

- (ii) pollutants and/or contaminants existing as of the date of the Notice to Proceed under the Service Agreement and which are deposited on or may discharge into or from the soil, groundwater, surface water or air (to the extent such air emissions result from such pollutants and/or contaminants and not from plant operations) at or near the Site, including the Ottilio site and other adjacent sites as well as present and future cross-contamination related thereto except: (A) as to Liabilities arising hereunder not exceeding \$10 million, to the extent Liabilities arising hereunder result from REF-FUEL's, its contractors', subcontractors', materialmen's or agents' failure to follow the specific procedures or instructions set forth in the Mitigation Plan or failure to conform to generally accepted construction standards that would apply to the specific work under the then existing conditions of the Site and (B) as to Liabilities arising hereunder exceeding \$10 million, to the extent that Liabilities arising hereunder result from REF-FUEL's, its contractors', subcontractors', materialmen's or agents' (1) gross negligence in failing to follow the specific procedures or instructions set forth in the Mitigation Plan or (2) gross negligence in failing to conform to generally accepted construction standards that would apply to the specific work under the then existing conditions of the Site.

The cumulative amount of all judgments to be paid and satisfied by REF-FUEL, its partners, parents and

grandparents under the foregoing paragraph (b)(i)(A) and (b)(ii)(A) shall in no case exceed a total of \$10 million.

The foregoing provisions shall survive any expiration or termination of the Site Lease Agreement.

REF-FUEL, however, will provide appropriate indemnities to the Port Authority for Liabilities resulting from geotechnical conditions of the Site arising from its construction activities.

The Port Authority's exposure under this assumption of liability-indemnification agreement can be lessened to the extent a Plan of Mitigation can effectively and within an estimated price range ameliorate environmental conditions to achieve compliance with applicable laws and regulations relating to the protection of the environment, persons and property and to the extent the tipping fee is available (only if the Plant is in operation; if the plant is not in operation to the extent that the Port Authority and the County undertake the development of a replacement Plant) to cover associated costs pursuant to the Port Authority's agreement with the County.

Additionally, environmental impairment liability insurance is not obtainable and, furthermore, REF-FUEL's attorney advises that REF-FUEL's general liability insurance policy will be endorsed to delete coverage not only for gradual, non-sudden pollution but also sudden-accidental occurrences related to environmental conditions. In effect, the Port Authority under the open-ended assumption of liability-indemnification agreement required by REF-FUEL, will be, an insurer to the extent no tipping fee is available.

For release of certain pollutants into the environment including air emissions from the Plant stack, strict liability regardless of fault may be imposed by the courts.

Site Acquisition

Staff will identify the various parcels of lands (within the Master Plan's resource recovery site area) in which fee or easement interests must be acquired for the Project including the associated ingress-egress roadway. Rail, utility and electrical interconnection access requirements may necessitate acquisition of additional property interests within such site areas. The owner of the Blanchard Street Site is the Housing Authority. Owners of land over which the access road will run include Conrail, the New Jersey Turnpike Authority, PSE&G and the State of New Jersey which claims title to certain now or formerly tide flowed property. Other parties having easements of record within the Blanchard Street Site or the roadway properties include the Transcontinental Gas Pipe Line Corporation, PSE&G and Norpak Corporation. Preliminary title reports and surveys have been obtained and are in the process of being analyzed to verify the identity of the various property owners from whom property interests have to be acquired and to ascertain the liens and encumbrances on the properties which are outstanding and which will have to be eliminated. While staff's intention is to acquire the necessary property interests by purchase after negotiation, it is deemed prudent to also request authorization to acquire the necessary property by condemnation if circumstances warrant, subject, of course, to the requirement of the Port Authority Industrial Development Projects Statute that no acquisition of property owned by the State or any municipality or public authority, agency or commission may be undertaken without the consent of such governmental entity. Certain further easement interests required by PSE&G for the electrical power interconnection between the Plant's and PSE&G's electrical station will be acquired by the Port Authority.

The Port Authority's appraiser, Franklin Hannoeh, before completing his appraisal of the Blanchard Street Site, has requested data on the extent of contaminants thereon and the estimated costs of mitigation therefor. This topic is important not only in connection with the appraisal of the Blanchard Street Site but also in view of REF-FUEL's requirement that the Port Authority indemnify it against all claims and expenses on account of personal injury, death, property damage, clean-up or other mitigation arising out of site conditions, including cross-contamination from the Ottilio site which is adjacent to the Blanchard Street Site. We have requested information from the NJDEP regarding certain environmental clean up activities now being undertaken by the Housing Authority pursuant to an administrative consent order with the NJDEP. The Port Authority's Engineering Department, with the help of REF-FUEL and consultant(s), if necessary, will evaluate what mitigation work remains to be performed in order for the Blanchard Street Site to be developed for the Plant and what the estimated costs might be so that this data may be supplied to the appraiser.

Before completing his appraisal of the value of the fee or easement interests which will have to be required for the ingress-egress roadway to the Plant, Mr. Hannoeh has asked that the right of way be plotted on a survey of the impacted parcels of land so that consequential and

severance damages to the remainder of the parcels may be estimated. The Board's authorization will enable REF-FUEL to design the access roadway right of way so that the plotting the appraiser requires may be completed.

The most direct route for the ingress-egress roadway would be across the Ottilio site. Because of the environmental problems associated with this land, and the traffic congestion associated with Blanchard Street, another possible access route, the currently planned ingress-egress roadway, was selected. This path would run under a Conrail right of way bridge necessitating replacement with a larger bridge at the Port Authority's cost, which amounts will be included in the costs of or related to the Project. The road would also pass below the elevated New Jersey Turnpike and bridge a stream of water known as "Lawyers Ditch" which drains into the Passaic River. While not navigable in fact, the U.S. Coast Guard takes the position that this stream is navigable in law, thus subject to Coast Guard jurisdiction which requires a Coast Guard Bridge Permit. This permit with an associated environmental assessment and possibly a National Environmental Policy Act Environmental Impact Statement could take a period of time to secure which is not consistent with the Project schedule. Staff is considering seeking congressional action to resolve this situation and is also exploring with NJDEP the possibility of the clean-up of the Ottilio site, now owned by the City of Newark and Deleet Merchandising Company, which clean-up would open up for further consideration the option of an ingress-egress roadway across the Ottilio site.

Public Service Electric & Gas Company Agreement (Energy Contract)

With Port Authority participation, substantial agreement has been reached between PSE&G and REF-FUEL, under which PSE&G would purchase the net electrical energy produced by the Plant, excluding electrical energy consumed by the Plant, at a rate of 110% of the Pennsylvania-Jersey-Maryland Billing Rate which has been defined by the New Jersey Board of Public Utilities to be PSE&G's avoided cost, and generation capacity from the Plant, in accordance with the terms and conditions of an Energy Contract to be entered into. In addition, under the Energy Contract, PSE&G would provide backup electrical energy power to the Plant, if necessary, and the Plant would be interconnected to the PSE&G system. In the event the Port Authority exercises its option under the Service Agreement to purchase the Plant, it shall also have the right under the Energy Contract to assume the Energy Contract for its unexpired term.

Certain Other Agreements

The Executive Director would be authorized to enter into such other agreements with REF-FUEL or such other parties as may be necessary or desirable to effectuate the construction or operation of the Plant, including those necessary for provision of residue disposal sites and alternate disposal sites, mitigation and off site work.

Environmental Approvals

The Environmental Impact Statement (EIS) and necessary environmental permits have been reviewed by the NJDEP. The EIS has been approved by NJDEP and draft permits were issued in November 1984. A public hearing was held on such draft permits on December 17 and 18, 1984 and the hearing record remained open through January 18, 1985. Permits are expected to be issued by the NJDEP by early May 1985.

Air pollution offsets for total suspended particulates and non-methane hydrocarbons are required by the NJDEP because the area in which the Plant will have air pollution impacts is not in attainment of federal air quality standards. Such offsets can be obtained either by purchasing the rights to emit pollutants from a plant that is closing or by reducing emissions from an existing plant. Negotiations to obtain the required offsets have begun and are expected to be completed by the summer of 1985.

New Jersey Board of Public Utilities

It is intended that certain of the agreements in connection with the effectuation of the Project, including the Energy Contract, will be subject to a one-time filing for approval by the BPU.

Whereupon, pursuant to the foregoing report, the following resolution was unanimously adopted, Commissioner Van Fossan abstaining:

RESOLVED, that subject to the ability of the Port Authority to make necessary certifications, including those necessary prior to the issuance of Port Authority Consolidated Bonds:

1. the total costs of or related to the Essex County Resource Recovery Facility (Project) be and the same are hereby increased to approximately \$343 million with an increase in the Port Authority's expenditures or moneys provided for financing provided in connection therewith to an amount not to exceed \$236 million, including approximately \$23 million in connection with certain contingencies for up to one year of construction delays;

2. the Executive Director be and he is hereby authorized to provide an amount presently estimated at \$61 million in 1985 dollars for capital costs resulting from the occurrence of unforeseen or other similar circumstances, which amount will be determined and adjusted based on a service fee increase limitation of up to \$7.50 per ton, at January 1, 1983, as adjusted for escalation until used, of acceptable solid waste, computed on the basis of 680,000 tons per year, to be paid by the Port Authority as a component of the service fee to American REF-FUEL Company of Essex County (REF-FUEL) for solid waste disposal services with a correspondingly increased tipping fee to be paid by the County of Essex to the Port Authority;

3. the Executive Director be and he is hereby authorized to enter into a Host Municipality Agreement with the City of Newark and the County of Essex concerning the Project, which agreement, among other matters, will contain terms and conditions to effectuate the major provisions of the proposed agreement summarized in the foregoing report;

4. the Executive Director be and he is hereby authorized to enter into an agreement(s) with the County of Essex concerning the Project, which agreement(s), among other matters, will contain terms and conditions to effectuate the major provisions of the proposed agreement summarized in the foregoing report and such other agreements with the County or such other parties as may be necessary or desirable to effectuate the provision of residue disposal sites and alternate disposal sites;

5. the Executive Director be and he is hereby authorized to enter into a Service Agreement with REF-FUEL, a general partnership of subsidiary corporations formed by each of Browning-Ferris Industries, Inc. and Air Products and Chemicals, Inc., concerning REF-FUEL's design, construction, start-up and acceptance testing and operation of the mass burn resource recovery plant (Plant), which agreement, among other matters, will contain terms and conditions to effectuate the major provisions of the proposed agreement summarized in the foregoing report, and such other agreements with REF-FUEL or such other parties as may be necessary or desirable to effectuate the construction or operation of the Plant, including those necessary for provision of residue disposal sites and alternate disposal sites, mitigation and off site work;

6. the Executive Director be and he is hereby authorized to enter into a Conditional Sale Agreement with REF-FUEL under which the Port Authority would provide advances to REF-FUEL to enable REF-FUEL to finance a portion of the capital costs related to the Plant, including those with respect to unforeseen or other similar circumstances, which agreement, among other matters, will contain terms and conditions to effectuate the major provisions of the proposed agreement summarized in the foregoing report;

7. the Executive Director be and he is hereby authorized to enter into an Escrow Agreement with REF-FUEL and an escrow agent to be determined by the Executive Director after consultation with REF-FUEL, to provide for the administration of REF-FUEL's pledges of revenues and other assets in support of the Conditional Sale Agreement and to provide for the receipt, temporary investment and disbursement of Plant revenues, which agreement, among other matters, will contain terms and conditions to effectuate the

major provisions of the proposed agreement summarized in the foregoing report;

8. the Executive Director be and he is hereby authorized to enter into a Site Lease Agreement under which REF-FUEL will lease the Plant site and will be indemnified for certain site conditions, which agreement, among other matters, will contain terms and conditions to effectuate the major provisions of the proposed agreement summarized in the foregoing report;

9. the Committee on Construction be and it is hereby authorized, subsequent to, and subject to, execution of the agreement or agreements required by Sections 11 and 12 of the Port Authority's Industrial Development Projects Statute, on behalf of the Port Authority, to find and determine that it is necessary for a public use to acquire a fee simple absolute or lesser interest in certain blocks and lots (to be specifically enumerated) in the City of Newark, State of New Jersey for the industrial development project or facility purposes namely, for the Project including but not limited to road, rail, utility and electrical interconnection access thereto;

10. the Executive Director be and he is hereby authorized to: (a) enter into an agreement with a consultant, to be selected, for the preparation of a Plan of Mitigation, to be developed in consultation with the Chief Engineer and Director of Economic Development, for conditions, materials and substances on the Site and on nearby sites to the extent they may materially affect the Site, which Plan of Mitigation will be designed to achieve compliance with applicable laws, regulations and environmental requirements and be submitted to the New Jersey Department of Environmental Protection for approval as a condition of the Solid Waste Permit and (b) enter into an agreement, with a contractor to be selected by the Executive Director, for mitigation of conditions, materials, and substances on the Site and on nearby sites to the extent they may materially affect the Site, in order to achieve conformance with applicable laws, regulations, and requirements relating to protection of the environment, persons and property;

11. the Committee on Construction be and it is hereby authorized, subject to execution of the agreement or agreements required by Sections 11 and 12 of the Port Authority's Industrial Development Projects Statute and the development of the above-mentioned Plan of Mitigation, to authorize the Executive Director to acquire a fee simple absolute or lesser interest in said property, by purchase for prices and upon conditions to be approved by the Committee, or by condemnation or the exercise of the power of eminent

(Board - 4/11/85)

domain, and to incur all expenses necessary or incidental thereto, provided that no property vested in or held by the State of New Jersey or any municipality, public authority, agency or commission shall be acquired without the authority or consent of such entity or by appropriate legislation, pursuant to Section 8 of said Port Authority Statute;

12. the Committee on Construction be and it is hereby authorized to authorize General Counsel, subject to the foregoing requirements of the Port Authority's Industrial Development Projects Statute, in the name of and on behalf of The Port Authority of New York and New Jersey: to conduct a condemnation proceeding to acquire a fee simple absolute or lesser interest in all or part of said property for the Project, to do all things required by law in connection therewith and to incur all expenses necessary or incidental to the conduct of proceedings for the acquisition of said property; and

13. the Committee on Construction be and it is hereby authorized to authorize the Executive Director to grant easements or leases on terms to be approved by the Committee, in addition to and other than the REF-FUEL Site Lease Agreement, on property the Port Authority acquires in connection with the Project, to Public Service Electric & Gas Company and to other entities, as appropriate in the interests of the Project; and it is further

RESOLVED, that the form of all documents or agreements necessary to effectuate the Project be subject to approval by General Counsel or his authorized representative.

Whereupon, the meeting was adjourned.

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Thursday, May 9, 1985

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MINUTES of meeting of The Port Authority of New York and New Jersey held Thursday, May 9, 1985, at the Port Authority offices, One World Trade Center, City, County and State of New York.

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

Peter C. Goldmark, Jr., Executive Director
 Doris E. Landre, Secretary
 Robert J. Aaronson, Director of Aviation
 Anthony J. Barber, Acting Director of Tunnels, Bridges and Terminals
 Gwendolyn K. Crider, Administrative Assistant
 Sidney Frigand, Assistant Executive Director/Director of Public Affairs
 Louis J. Gambaccini, Assistant Executive Director/Director of Administration
 Francis A. Gorman, Director of Rail Transportation
 Louis J. LaCapra, Assistant Director of Personnel
 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
 Rino M. Monti, Director of Engineering/Chief Engineer
 James O'Malley, Deputy Director of Management Information Services
 Martin E. Robins, Director of Planning and Development
 Robert N. Steiner, Deputy Port Director
 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
 Marvin Weiss, Director, Office of Minority Business Development
 Marshal L. Wilcox, Jr., Treasurer
 Robert N. Williams, Deputy Director of General Services
 Thomas C. Young, Jr., Principal Information Officer, Public Affairs

The meeting was called to order by the Chairman.

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of April 11, 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.

The Secretary reported that in the April 11, 1985 Minutes on page 136, paragraph 8, lines 1 and 2; page 137, number 5 and page 138, paragraph 2, line 1, the figure "\$230,000" should read "\$255,000". She further reported that on page 137, number 3, line 3; page 137, paragraph 10, line 4, the figure "\$50,000" should read "\$75,000", and in number 4, line 5, the figure "\$75,000" should read "\$50,000".

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 May 9, 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 May 9, 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 May 9, 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 May 9, 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 - 5/9/85)

Kennedy International Airport - Inter-Terminal Bus Service - Elimination of Service Charge to Airlines for Affinity Bus Service

It was reported that the existing inter-terminal bus contract at Kennedy International Airport (AYB-306) expires on May 31, 1986, with the Port Authority having the option to extend it through May 31, 1987. Under the terms of the agreement, the contractor, Hudson General, provides ground transportation services which consist of a Central Terminal Area (CTA) inter-terminal service, an Autolink service, an Affinity service and a bus service to and from the long-term parking lots.

The CTA Inter-Terminal Connecting Bus Service provides coach service among all the airline terminals within the CTA, at no cost to the passengers. Under an agreement with the airlines, 50% of the cost of this service (exclusive of the Affinity Service) is paid for by the airlines, as part of the flight fee, and 50% is absorbed by the Port Authority.

Autolink uses a specially-designed wheelchair van for handicapped patrons and station wagons for V.I.P.'s and quick connection needs. The airlines requesting this custom service pay \$3 per passenger. Any costs that are not covered by this charge are recovered through the flight fee.

The Affinity service is an exclusive bus service that the airlines may request when there is a need to transport a large group of passengers (currently a minimum of fifteen) between terminals. Airlines utilizing this service currently pay \$45 per movement with any additional expenditures over and above this amount absorbed by the Port Authority.

The long-term parking lot service provides a free bus that transfers patrons between the CTA unit terminals and long-term parking lots Nos. 8 and 9. This service is funded by revenues from the long-term parking lot operation.

It was recalled that the Board, at its meeting on November 12, 1981, authorized the Executive Director to eliminate the passenger fare on the CTA inter-terminal bus at Kennedy International Airport, effective December 13, 1981. This was done in the interest of improving public service and as a means of enhancing Kennedy International Airport's reputation and competitive position. Although this policy proved successful in achieving these two basic goals, it has also made increasingly clear the strong inter-relationship between the Affinity Bus Service program and the CTA bus service. Since the airlines currently pay \$45 for each Affinity Bus movement they request, there is a trend developing to reduce operating costs whereby airline agents are steering Affinity groups to curbside where they congregate waiting for the no-fare CTA bus connection service. This action reduces airline operating costs, but works against Port Authority goals of improving transfer connection times for our customers and reducing congestion on the curb frontages.

The present fee of \$45 was established on June 1, 1981 and was, at that time, thought to be sufficient to cover all costs. It is estimated that the total cost of the Affinity Bus Service program for the calendar year 1985 will approximate \$415,000 rising to about \$470,000 in 1986.

(Board - 5/9/85)

Under the proposed arrangement, the airlines would no longer be charged a fee for each Affinity movement, but rather would pay 50% of the cost thereof, as defined, as part of the flight fee. The other 50% would be absorbed by the Port Authority putting this arrangement on the same basis as our existing agreement with the airlines relevant to the cost-sharing formula for the CTA bus service. The Autolink service would remain unchanged, with the airlines continuing to pay a fixed fee of \$3 per passenger and the balance of the cost, as defined, going into the flight fee.

Staff has been negotiating the aforementioned Affinity Service cost-sharing formula with the Dewey Lessee Airlines in an effort to restore a better balance between the Affinity and the CTA bus services. Staff has pointed out to the airlines the benefits that restoring a proper relationship between these two services will promote, namely a substantially improved level of service for inter-line connection service; reduced bus and patron congestion on roadways and curb frontages and a potential increase in Kennedy International Airport's volume of airline tour groups who presently use competing gateway airports for inter-line international connections. As a result of these negotiations, the Dewey Lessee Airlines have indicated their willingness to engage in a twelve to eighteen-month test to determine the effectiveness of this new policy.

It is therefore recommended that effective June 1, 1985, the start of the busy summer season, the current Affinity charge of \$45 be eliminated and the Port Authority and the airlines share the cost of the Affinity service on the same 50-50 basis currently used to cover the CTA bus service cost. During the experimental period, the Port Authority and the airlines will evaluate the program to determine the value of making it permanent.

It was therefore recommended that the Executive Director be authorized for and on behalf of the Port Authority to temporarily eliminate the charge to airlines for the Affinity Bus service at Kennedy International Airport and to enter into agreements with the Dewey Lessees concerning the flight fee and the Unit Terminal Lessees and the Wing Building Lessees amending the provisions of the various agreements concerning ground transportation within the Central Terminal Area, all in accordance with the foregoing.

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 temporarily eliminate the charge to airlines for the Affinity Bus serving the various airline terminal buildings at Kennedy International Airport, effective June 1, 1985 for an experimental period of from twelve to eighteen months; and it is further

RESOLVED, that the Executive Director, for and on behalf of the Port Authority be and he hereby is authorized to enter into agreements supplemental to the Dewey, Unit Terminal, and Wing Buildings leases at Kennedy International Airport whereby 50% of the cost of the Affinity Bus Service, as defined, would become a part of the cost of providing, maintaining and operating the public aircraft facilities under the Dewey Leases and 50% would be the obligation of the Port Authority; the form of the agreements to be subject to the approval of General Counsel or his designated representative.

LaGuardia Airport - Hudson General Corporation Common Air Cargo Facility Lease of a Portion of Hangar 7

It is recalled that at its September 13, 1984 meeting, the Board authorized the acceptance of a surrender from Butler Aviation, LaGuardia Airport, Inc., under its Fixed Base Operator Lease, of Hangar 7 and its related office space, effective October 31, 1984, such hangar being in excess to Butler Aviation's needs to maintain general aviation aircraft. It was anticipated that this space would be used to accommodate the development of a common air cargo facility by Hudson General Corporation. The common air cargo facility was expected to be covered by a short-term Agreement, however, because of the increased scope of work necessary to convert the premises for cargo handling use, the construction conversion costs now appear to be estimated at approximately \$800,000, which is far in excess of Hudson's original estimate. Consequently, Hudson has requested, a five-year lease to allow a reasonable amortization period.

When the construction of the new East End Passenger Terminal at the Airport commences, and Hangar 8 and possibly all or part of Hangar 6 are demolished, certain air carrier operations, including air cargo handling, storage of aircraft and automotive parts and supplies, and commissary supplies, may need to be relocated. Due to the limited amount of space available at the Airport, it is necessary that the Port Authority have the right to terminate the proposed Hudson General Lease in Hangar 7 in order to provide space for the aforementioned functions. This right of termination would be exercisable by the Executive Director, at his discretion. In the event it becomes necessary to exercise such right to terminate, the Port Authority would be obligated to reimburse Hudson General its unamortized capital costs for the aforesaid cargo facility conversion up to a maximum of \$800,000 based on a straight-line, five-year write-off with no interest. This payment of the unamortized construction costs will be recovered from a combination of the airline tenant(s) relocating to Hangar 7 and those which will occupy the proposed new East End Terminal.

Hudson General will have complete responsibility for the maintenance and operation of the leased premises, except for the maintenance of the structural supporting frame and roof which shall be the responsibility of the Port Authority. The Port Authority will provide water and electricity to the premises to be paid for by Hudson General on a metered basis.

It was therefore recommended that the Executive Director be authorized, for and on behalf of the Port Authority, to enter into an agreement of lease with Hudson General Corporation at LaGuardia Airport, all in accordance with the foregoing.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into a lease with Hudson General Corporation for a term of five years commencing on or about May 15, 1985, at an annual rental of \$109,404, covering approximately one-half of the floor area of Hangar 7 at LaGuardia Airport for use as a common air cargo facility, with the Executive Director to have the right to terminate the lease in the event that the leased premises are required to accommodate displaced air carrier operational functions on the Airport; and with the Port Authority being obligated, in the event of such termination, to reimburse Hudson General for its unamortized capital costs, up to a maximum of \$800,000, of converting the premises to a common air cargo facility.

(Board - 5/9/85)

Aviation Department Assistance to Regional Aviation Consulting Firms in Connection with the Submittal of Proposals for and the Performance of a Feasibility Study of a New International Airport in The People's Republic of China

It was reported that in the interest of promoting international trade and commerce through the New York/ New Jersey region and advancing regional involvement in foreign airport development, staff proposes to work with appropriate regionally-based airport consultants in order to assist these consultants in promoting their design and construction management services abroad. Many foreign countries interested in airport development and modernization do not have the capability of executing airport planning and design and look to help from outside their countries. Airport services are presently provided by airport organizations principally from the Netherlands, France, Britian and Germany. Consultant firms located in the New York/New Jersey region and others throughout the nation are involved in early-on competition for the design and construction management of foreign airport projects. However, without institutional support by the United States government and airport operators, other foreign organizations backed by their governments all too frequently are awarded the work.

On April 9, 1985 the United States Trade Development Program (TDP) issued notice of a Request for Proposals (RFP) tendered by the People's Republic of China (PRC) for a feasibility study of a new international airport in the Shenzhen Special Economic Zone, Responses to the RFPs were to be received in China no later than April 30 and a decision is expected by June 1, 1985. PRC is expected to entertain bids from a list of United States firms, as well as from foreign consultants, including the British Airport Authority, Paris Airport Authority and other such entities, which have been successful in gaining major airport development contracts around the world. In order to help obtain international contracts and their resulting benefits for United States firms, TDP has committed to PRC \$700,000 towards the \$800,000 airport feasibility study.

The Shenzhen Airport project first came to the attention of staff last fall when Nai C. Yang, who has an independent engineering consultant firm located in New York and is a former Port Authority Chief Civil Engineer, approached Aviation Department staff. Based upon communication with officials of the Civil Aviation Administration of China (CAAC), Mr. Yang proposed that the Port Authority take a lead role in conducting the feasibility study, in association with his firm.

Staff believes that the Port Authority's association with a consulting firm or firms from the region will enhance the possibility of obtaining the feasibility study contract for a locally-based firm. The Federal Aviation Administration (FAA), which assisted PRC in developing the RFP, and the TDP have indicated that they would favor Port Authority participation in a supporting role. In addition to gaining entree for the region's airport design and construction firms into the potentially extensive Chinese market for such services, benefits for the New York/New Jersey region might include millions of dollars in additional trade and commerce through the region.

(Board - 5/9/85)

It is anticipated that Aviation Department staff in cooperation with other staff would perform three basic tasks: (1) coordination of the work of the consultant(s); (2) reviewing, evaluating and critiquing the work of the consultant(s) at appropriate stages of the study and (3) providing expertise on airport management, operations and maintenance. Staff anticipates that in the event a consultant or consultants from the region is (are) selected to perform the study, 10 to 20% of the study would be performed by Port Authority staff and the Port Authority would be reimbursed its costs. Authorization to enter into such an agreement or agreements would be sought when the terms are finalized. However, because of the need to submit responses to the RFP, tendered by the PRC, prior to April 30, and in order to maximize the benefits of Port Authority participation to locally-based consultants responding to the RFP, after notifying the Board of the intention to do so, staff informally advised several such consultants that, if one of them is selected to perform the study, subject to Board approval, the Port Authority would participate in the study.

In addition to Mr. Yang's consulting firm, staff offered its assistance in this project to appropriate consultants in the New York/New Jersey region who have conducted major airport planning studies and have substantial airport planning staffs located in the region.

It was therefore recommended that the Board approve the action of the Executive Director in authorizing the Aviation Department (1) to explore with aviation consulting firms based in the region how it might assist them in preparing their responses to a Request for Proposals (RFP) from the People's Republic of China for the performance of a feasibility study of a proposed new international airport in the Shenzhen Special Economic Zone and (2) to participate in the feasibility study if one or more of these consulting firms is selected to perform the study.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board approves the action of the Executive Director in authorizing the Aviation Department (1) to explore with aviation consulting firms based in the region how it might assist them in preparing their responses to a Request for Proposals (RFP) from the People's Republic of China for the performance of a feasibility study of a proposed new international airport in the Shenzhen Special Economic Zone and (2) by participating in the feasibility study if one or more of these consulting firms is selected to perform the study.

(Board - 5/9/85)

Port Authority Bus Terminal - Central Park Gourmet, Inc. - Lease Number LBT-477 - Supplement No. 2

It was reported that the Committee on Operations, at its meeting on January 13, 1983, authorized a 20-year lease with Central Park Gourmet, Inc., which submitted the successful proposal from those solicited on a competitive basis, for the operation of a restaurant and liquor bar in the South Wing of the Port Authority Bus Terminal, at an annual basic rental for the premises at the rate of \$155,000 per year for the first five years of the term, \$166,000 per year for years six through ten, \$177,000 per year for years eleven through fifteen and \$198,000 per year for the final five years, against a percentage rental equivalent to 20.211% of all annual gross receipts arising from the tenant's operations. The premises were delivered to the tenant for construction and space preparation work therein effective August 1, 1983. Pursuant to the terms of the lease, payment of rental was accordingly fixed to begin on the earlier of January 28, 1984, or the date the tenant would complete its space preparation work and subsequently begin public operations in the premises.

The Board, at its meeting on July 12, 1984, authorized a postponement of the commencement date for the payment of rentals, under the lease, to the earlier of November 1, 1984 or the date the tenant would complete its space preparation work and begin public operations, and increased the initial limitation on the costs for which the tenant would be reimbursed by the Port Authority without cause to \$500,000.

In addition, the Board authorized the Port Authority to pay the tenant up to the sum of \$350,000 towards the cost of construction, which will reduce the maximum amount due the tenant in the event the letting is terminated by the Port Authority without cause, with the tenant obligated to repay such amount over a five-year period commencing one year after completion of the construction and renovation work in the premises in equal monthly installments equivalent to the annual amount determined by multiplying the total Port Authority investment in such construction by an annual factor of .303737.

Subsequent to such Board authorization, the tenant was unable to reach agreement with its contractor on the cost for the extensive necessary structural changes required by the Port Authority and the contractor withdrew from the job. Negotiations with sub-contractors to complete the work and the need to make changes in the construction already in place further delayed the completion of work and substantially increased the tenant's costs. It is now estimated that all work will be completed no later than June 1, 1985. Tentative agreement, therefore, has been reached with the tenant, subject to the approval of the Board, to postpone the commencement date of the rental from November 1, 1984 to May 1, 1985. All other terms and conditions of the lease as previously authorized will remain in full force and effect.

It was therefore recommended that the Board authorize the Executive Director on behalf of the Port Authority to enter into an agreement with Central Park Gourmet, Inc. amending its lease with the Port Authority on the terms and conditions outlined above.

(Board - 5/9/85)

Whereupon, the following resolution was unanimously adopted, Commissioner English abstaining:

RESOLVED, that the Board authorize the Executive Director to enter into an agreement with Central Park Gourmet, Inc. amending its lease with the Port Authority to provide for the postponement of the commencement date for the payment of rentals under the lease to May 1, 1985; and it is further

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

(Board - 5/9/85)

Lincoln Tunnel - Emergency Garage Extension - Contract LT-110.041 - Increase in Payment Under an Agreement with Architects DiGeronimo

It was reported that the Board, at its meeting on December 9, 1982, authorized the Chief Engineer to enter into agreements for the performance of architectural and engineering services for small scale projects. The Chief Engineer was further authorized to amend these agreements and increase the compensation payable thereunder by an amount not to exceed \$100,000 per agreement provided that the total compensation payable under each agreement, as amended, could not exceed \$250,000.

In accordance with this authorization, the Chief Engineer entered into an agreement with Architects DiGeronimo on July 7, 1983, for professional engineering services and advice including the development of preliminary design, contract preparation, construction cost estimating, pre-award and post-award contract changes and review and approval of shop drawings, all in connection with Contract LT-110.041, Lincoln Tunnel, Emergency Garage Extension.

The agreement provided for compensation to Architects DiGeronimo not to exceed \$44,745. Subsequent to the start of Architects DiGeronimo's design effort, the scope of work was increased to include a temporary garage, additional granite fascia, three separate mechanical ventilation schemes which resulted in a final design of a ventilation tower to meet code requirements on carbon monoxide levels, and a modification to the existing mechanical room.

The agreement provides that in the event of a material change in the scope of work, the Chief Engineer may, in his discretion, increase the maximum compensation payable to the consultant.

In six separate amendments to the agreement, between December 1983 and February 1985, the compensation payable thereunder was increased from \$44,745 to \$124,801. These amendments were the direct result of the above-mentioned increased scope of work.

The above additions in compensation were approved on the basis of estimates of the work submitted by the consultant; however, upon completion of the contract documents, the consultant requested additional compensation on the basis that it had grossly underestimated the work required to perform these changes. Based on the documentation submitted by the consultant, the Chief Engineer recommends the authorization of additional compensation including an allowance for future project changes, of up to \$150,199, for a total compensation to the consultant not to exceed \$275,000.

It was therefore recommended that the Board authorize the Chief Engineer to increase the total compensation payable under an agreement with Architects DiGeronimo from \$124,801 to \$275,000, for professional engineering services including the preparation of contract documents, post-award contract changes and the review of shop drawings in connection with Contract LT-110.041, Lincoln Tunnel, Emergency Garage Extension.

(Board - 5/9/85)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Chief Engineer to increase the total compensation payable under an agreement with Architects DiGeronimo from \$124,801 to up to \$275,000, for professional engineering services including the preparation of contract documents, post-award contract changes and the review of shop drawings in connection with Contract LT-110.041, Lincoln Tunnel, Emergency Garage Extension.

(Board - 5/9/85)

Expansion of Foreign Trade Zone No. 49 to Include a Subzone at the Hooton Chocolate Company Plant in Newark, New Jersey

It was reported that subzones are special-purpose ancillary sites authorized by the Foreign-Trade Zones Board to permit the conduct of operations by firms that cannot be accommodated within an existing general-purpose zone when it can be demonstrated that the activity, usually manufacturing, will result in a public benefit. Foreign-Trade Zone regulations require that applications for subzones be requested by a general purpose Foreign Trade Zone grantee, which has ultimate responsibility for a subzone. As grantee of Foreign Trade Zone No. 49 at the Port Newark/Elizabeth-Port Authority Marine Terminal, the Port Authority has been asked by the Ambrosia Chocolate Company to apply for subzone status for its Hooton Chocolate Company manufacturing plant in Newark, New Jersey.

The Ambrosia Chocolate Company, a division of W. R. Grace & Company, is the leading U.S. supplier of bulk industrial cocoa-based and related products to the confectionary, baking and dairy industries. The Hooton Chocolate Company is one of Ambrosia's two principal plants, the other located in Milwaukee, Wisconsin, and produces and sells approximately fifty million pounds of chocolate and cocoa-based products annually. The Hooton plant, which has been operating in Newark for the past ninety years, presently employs approximately 100 people. Over the past two years, because of the dramatic difference between world sugar and domestic sugar prices, Hooton has lost approximately ten million pounds of business to imports. As a defensive measure, Hooton has turned to purchasing finished chocolate products from foreign producers and reselling it to current U.S. customers. However, this is temporary and unsatisfactory because foreign producers are now selling directly to some of Hooton's customers.

To retain this business in Newark and allow Ambrosia to compete on an equal basis with foreign producers, Ambrosia requires subzone status. Zone status will enable Ambrosia to purchase foreign sugar at the world price and process it into finished chocolate products not subject to quota; thus eliminating the need to purchase finished products from Canada. In addition, the zone will assist Ambrosia in developing an export business through the processing of imported and domestic ingredients. Through zone status, continuation of this ninety-year old facility in the city of Newark will thus be assured.

Ambrosia has agreed to enter into an appropriate agreement with the Port Authority which will insure that the subzone will be operated by it without cost, expense or risk of loss to the Port Authority.

The Port Authority is the sponsor of the Ford Motor Co. subzone in Edison, New Jersey and has an application on file with the Foreign-Trade Zones Board for the General Motors' plant in Linden, New Jersey.

It was therefore recommended that the Board authorize the Executive Director to file an application with the Foreign-Trade Zones Board of the U.S. Department of Commerce for the establishment of a subzone at the Hooton Chocolate Company plant in Newark, New Jersey and to enter into an appropriate agreement with the Ambrosia Chocolate Company regarding the financial responsibility for operation of the subzone.

(Board - 5/9/85)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director and General Counsel be and they are hereby authorized to prepare and file an application with the Foreign Trade Zone's Board of the U. S. Department of Commerce to establish a subzone at the Hooton Chocolate Company plant in Newark, New Jersey and to enter into an appropriate agreement with the Ambrosia Chocolate Company regarding the financial responsibility for operation of the subzone.

(Board - 5/9/85)

Expansion of Foreign-Trade Zone No. 49 to Include the GATX Terminals Corporation Facility in Carteret, New Jersey

It was reported that GATX Terminals Corporation is a worldwide public terminal company specializing in the storage, transfer, processing and packaging of liquid bulks. As a public terminal, GATX owns no product but provides such services as buffer storage, intermodal transfer and product blending. At present, GATX has thirteen domestic facilities which together comprise 41.7 million barrels of storage capacity or about 25% of the public terminal storage capacity in the United States. GATX also has eight foreign terminals in four countries (Belgium, Japan, Singapore and Spain) which provide an additional 4.8 million barrels of storage capacity. In 1984, GATX's thirteen domestic facilities handled 409.3 million barrels of products.

As a result of changes in the structure of the petroleum industry in this region, the GATX facility on the west bank of the Arthur Kill in Carteret, New Jersey, which has a capacity of 6½ million barrels, is experiencing a shift from a storage support function for major oil companies' petroleum products and chemicals to a gasoline storage and blending function for gasolines and gasoline blendstocks owned by independent marketers. Gasoline blending is a relatively new business in the Port of New York/New Jersey. It involves the combining of imported and domestic components to produce finished gasoline, which is marketed in the New York/New Jersey metropolitan region and in New England under various independent labels. The retail price for such blended gasoline is traditionally a few cents per gallon lower than the pump price of a major brand gasoline. Since gasoline importing and blending is a highly competitive industry where profit margins are extremely thin, the ability to reduce the cost of gasoline several cents a gallon is critical.

Under Foreign-Trade Zones Board regulations, GATX is not authorized to apply for zone status and has asked the Port Authority, as grantee of the Port Newark/Elizabeth zone, to secure zone status for its Carteret Terminal. As grantee, the Port Authority does have ultimate responsibility for all zone facilities.

Zone status will enable GATX customers to defer duty on imported petroleum products; take advantage of the lower duty rates on blends; and, eliminate duty on re-exported products. Foreign-Trade Zone status will help to keep GATX and its customers competitive with both domestic and foreign gasoline blenders.

Foreign-Trade Zone status, in addition to adding approximately 25 new jobs and retaining the over 200 existing jobs in the Port Region related to GATX's operation, is expected to increase tonnage in the Port of New York/New Jersey. Other similar operations in the area have also expressed interest in zone status.

GATX has agreed to enter into an appropriate agreement with the Port Authority which will insure that the site will be operated by it without costs, expense or risk of loss to the Port Authority.

(Board - 5/9/85)

It was therefore recommended that the Board authorize the Executive Director to file an application with the Foreign-Trade Zones Board of the United States Department of Commerce to include the GATX facility in Carteret, New Jersey, in Foreign-Trade Zone No. 49 and to enter into an operating agreement with GATX Terminals Corporation regarding the financial responsibility for operation of the zone.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director and General Counsel be and they are hereby authorized to prepare and file an application with the Foreign Trade Zone's Board of the United States Department of Commerce to include the GATX facility in Carteret, New Jersey, in Foreign-Trade Zone No. 49 and to enter into an operating agreement with GATX Terminals Corporation regarding the financial responsibility for operation of the zone.

(Board - 5/9/85)

Essex County Resource Recovery Facility - Certification

It was reported that the Board, at its meeting on October 13, 1981, directed the Executive Director to undertake all necessary planning for a resource recovery plant in Essex County, New Jersey, including the solicitation of proposals for the design, construction and operation of the plant and an assessment of the financial feasibility of the plant, utilizing tax-exempt financing, government aid programs and private equity to the extent possible, and to present to the Board, for its further consideration, appropriate analyses and recommendations concerning such planning.

At its meeting on November 10, 1983, the Board, subject to the appropriate authorizations and amendments to the Industrial Development Master Plan setting forth potential industrial development sites and subject to the ability of the Port Authority to make necessary certifications including those necessary prior to the issuance of Port Authority Consolidated Bonds, authorized a project for the development of a resource recovery plant located in the Blanchard Street area of the City of Newark, County of Essex, at a cost of approximately \$260 million with a Port Authority expenditure of up to approximately \$165 million. The Executive Director was authorized to negotiate the agreements necessary to effectuate the project, including agreements with the City of Newark (City), the County of Essex (County), Browning-Ferris Industries (BFI) and/or an entity to be established by BFI, Public Service Electric & Gas Company (PSE&G), and others as appropriate, and present such agreements to the Board for its approval. At its meeting on March 8, 1984, the Board amended the Master Plan in connection with the Essex County Resource Recovery Facility (the Facility).

At its meeting on January 12, 1984, the Board authorized the Executive Director to enter into an agreement with BFI concerning certain developmental design work in connection with the planning of the Facility at a cost to the Port Authority of approximately \$1.8 million. At its meeting on April 11, 1985, the Board was advised that work pursuant to such authorization had been completed, and it was provided that, as part of the service agreement between the Port Authority and American REF-FUEL Company of Essex County (REF-FUEL), the Port Authority at its sole option, prior to the satisfaction or waiver of the conditions precedent to such agreement becoming effective, may require REF-FUEL to pursue further design, engineering and construction activities subject to mutual agreement as to the extent and cost of such further activities, in a total cost of up to approximately \$25 million, with the proviso that if the service agreement does not become effective, REF-FUEL would nevertheless be paid for such work. Upon execution of the service agreement and prior to reaffirmation of this certification, it is expected that REF-FUEL would pursue further design and engineering with respect to the planning for the Facility, including the making of arrangements for the acquisition of certain items of equipment for the Facility. Any on-site activities would not be undertaken until issuance of necessary permits, approvals and certifications. REF-FUEL is a general partnership of subsidiary corporations formed by each of BFI and Air Products and Chemicals, Inc., for the design, construction, start-up and acceptance testing of the plant and the provision of solid waste disposal services to the Port Authority.

(Board - 5/9/85)

At its meeting on April 11, 1985, the Board authorized, subject to the ability of the Port Authority to make necessary certifications, including those necessary prior to the issuance of Port Authority Consolidated Bonds, the increase of the total costs of or related to the Facility to approximately \$343 million with an increase in the Port Authority's expenditures or moneys provided for financing provided in connection therewith to an amount not to exceed \$236 million, including approximately \$23 million in connection with certain contingencies for up to one year of construction delays; additionally, the Executive Director was authorized to provide an amount presently estimated at \$61 million in 1985 dollars for capital costs resulting from the occurrence of unforeseen or other similar circumstances, which amount will be determined and adjusted based on a service fee increase limitation of up to \$7.50 per ton, at January 1, 1983, as adjusted for escalation until used, of acceptable solid waste, computed on the basis of 680,000 tons per year, to be paid by the Port Authority as a component of the service fee to REF-FUEL for solid waste disposal services with a correspondingly increased tipping fee to be paid by the County to the Port Authority.

The Executive Director was further authorized to enter into agreements necessary to effectuate the Facility, including agreements with the City, the County, REF-FUEL, an escrow agent, and others as appropriate including those agreements necessary to effectuate the purchase of the site. The major provisions of these agreements to be entered into and the relationship of the various parties to such agreements as described in the minutes of the April 11, 1985 meeting of the Board, entitled "Industrial Development Program - Essex County Resource Recovery Facility - Authority to Enter into Agreements and Acquire Site", at pages 161 et. seq., are incorporated by reference into this report as if set forth at length herein (the "April 11, 1985 minutes").

It is the opinion of the Acting Chief Financial Officer, based upon the description of the Facility and the major provisions of the various agreements to be executed as described in the April 11, 1985 minutes and upon supplemental information provided by the Director of the Economic Development Department and the Director of Engineering/Chief Engineer, that the Facility is financially viable and that its effectuation will not impair the credit or future borrowing capacity of the Port Authority. However, since the necessary permits have not as yet been issued, the agreements described in the April 11, 1985 minutes have not as yet been executed and the appropriate approvals or certifications in connection with the receipt of the proceeds of a \$15 million interest free loan originally from the Natural Resources Bond Act of 1980, received from the State of New Jersey, the equivalent of interest on \$15 million of tax-exempt debt, at an interest rate to be determined, received from the Hackensack Meadowlands Development Commission (both pursuant to an amended consent judgment between the County, the Hackensack Meadowlands Development Commission and the New Jersey Department of Environmental Protection) and either (a) provision of the equivalent of a \$25 million grant received from the State of New Jersey or any of its agencies for the Facility or (b) certification by the Committee on Finance that the \$25 million has become available from other sources allocated for the State of New Jersey, have not as yet been made or received, this opinion is based upon the assumption that such permits are issued, such agreements are executed with terms and conditions to effectuate the major provisions summarized in the April 11, 1985 minutes and such approvals or certifications are made or received. It is therefore recommended that reaffirmation of this certification on or before November 30, 1985, be subject to the occurrence of the foregoing; provided, however, that there is no substantial adverse change in the economic basis for this certification prior to its reaffirmation.

While the Acting Chief Financial Officer has given an opinion that the Facility is financially viable and that its effectuation will not impair the credit or future borrowing capacity of the Port Authority, he has identified a substantial business risk related to the Facility which is unquantifiable and thus, has not been reflected in the Facility economics upon which his opinion is based. There is a risk that the Port Authority may be subjected to liability or other increased costs for certain environmental matters with respect to the site, the operation of the Facility or the composition of the solid waste delivered to the Facility, the risk of which is presently uninsurable and not amenable to guaranteed limitation. The Director of the Economic Development Department has advised that based on Port Authority staff analyses and that of independent experts retained by the Port Authority evaluating the technology to be used at the Facility and the methods to be used in site preparation, which he believes to be accurate, it is not probable that the Port Authority will incur material liabilities or other increased costs arising with respect to the foregoing environmental matters. The Director of the Economic Development Department has also advised that such experts believe that mass burning technology (which includes the system proposed by REF-FUEL for the Facility), which has been used in over 200 mass burning plants in Europe, Japan and North America, is considered to be a proven technology, and that the analyses prepared by these experts, including an environmental impact statement, and the testimony of independent parties, satisfactorily demonstrate that the Facility is environmentally sound.

The Facility will be an additional facility of the Port Authority and, therefore, in connection with the first issuance of any Consolidated Bonds (or Notes) for purposes which include capital expenditures in connection with the Facility, the Port Authority is required by covenants with its bondholders to make a certification relating to the financial effect upon the Port Authority of the effectuation of the Facility as an additional facility of the Port Authority. Thus, certification is necessary if any portion of the proceeds of Consolidated Bonds or Consolidated Notes, the issuance of which in connection with this Facility is expected in the near future, is to be used for purposes of capital expenditures in connection with such additional facility.

The Acting Chief Financial Officer has reviewed the projected overall financial standing and condition of the Port Authority and the economics of the Facility on the basis of the issuance of Consolidated Bonds (including Consolidated Notes) to finance the Port Authority's total capital expenditures of or related to the Facility or moneys provided for financing provided in connection therewith.

The Acting Chief Financial Officer has also reviewed with the Commissioners his formal opinion to them consistent with Section 7 of the resolutions establishing outstanding series of Consolidated Bonds (including Consolidated Notes), subject to the foregoing, that in connection with the first issuance of Consolidated Bonds or Consolidated Notes for purposes which include capital expenditures in connection with the Facility, the application of any portion of the proceeds of any such Consolidated Bonds or Consolidated Notes will not, during the periods 1985 through 2020, the traditional term of Consolidated Bonds, and 1985 through 1995, the immediately ensuing ten-year period associated with Consolidated Bonds or Notes with a maturity of less than ten years, in the light of the Port Authority's estimated expenditures in connection with the Facility and the total anticipated revenues and expenses of the Port Authority during those periods, materially impair the sound credit standing of the Port Authority or the investment status of Consolidated Bonds or the ability of the Port Authority to fulfill its commitments, whether statutory or contractual or reasonably incidental thereto, including its undertakings to the holders of Consolidated Bonds.

(Board - 5/9/85)

In reaching this conclusion, the Acting Chief Financial Officer considered the covenants with holders of Port Authority Consolidated Bonds (including Consolidated Notes) to establish charges in connection with the Port Authority's facilities to the end that at least sufficient net revenues may be produced therefrom to provide for the debt service on all Consolidated Bonds, including those issued for the Facility.

It was therefore recommended that the Board make the above-described certification required by Port Authority bond covenants.

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

RESOLVED, that certification is hereby made that, in the opinion of the Port Authority in connection with the first issuance of Consolidated Bonds or Consolidated Notes for purposes which include capital expenditures in connection with the Essex County Resource Recovery Facility (the Facility) to be located in the City of Newark, New Jersey, subject to the issuance of all necessary permits, execution of the agreements authorized by the Board, at its meeting on April 11, 1985, in connection with the Facility and appropriate approvals or certifications in connection with the receipt of the proceeds of a \$15 million interest free loan originally from the Natural Resources Bond Act of 1980, received from the State of New Jersey, the equivalent of interest on \$15 million of tax-exempt debt, at an interest rate to be finally determined, received from the Hackensack Meadowlands Development Commission (both pursuant to an amended consent judgment between Essex County, the Hackensack Meadowlands Development Commission and the New Jersey Department of Environmental Protection) and either (a) provision of the equivalent of a \$25 million grant received from the State of New Jersey or any of its agencies for the Facility or (b) certification by the Committee on Finance that the \$25 million has become available from other sources allocated to the State of New Jersey, the issuance of such Consolidated Bonds or Consolidated Notes will not, during the periods 1985 through 2020 and 1985 through 1995, in the light of the Port Authority's estimated expenditures in connection with the Facility and the total anticipated revenues and expenses of the Port Authority during those periods, materially impair the sound credit standing of the Port Authority or the investment status of Consolidated Bonds or the ability of the Port Authority to fulfill its commitments, whether statutory or contractual or reasonably incidental thereto, including its undertakings to the holders of Consolidated Bonds; and it is further

RESOLVED, that the Committee on Finance be and it hereby is authorized to reaffirm said certification on behalf of the Port Authority at such time, on or before November 30, 1985, as such Consolidated Bonds or Consolidated Notes are issued, provided that all necessary permits have been issued, the agreements authorized by the Board, at its meeting on April 11, 1985, in connection with the Facility have been executed and the above-mentioned approvals or certifications have been received or made and, provided further, that there is no substantial adverse change in the economic basis for said certification; and it is further

(Board - 5/9/85)

RESOLVED, that in default of a reaffirmation of said certification by the Committee on Finance, said certification shall not apply to the issuance of such Consolidated Bonds or Consolidated Notes and the proceeds thereof shall be used for the stated purposes of such issuance other than the Facility, until such time as the Facility may be certified.

(Board - 5/9/85)

Bathgate Industrial Park - Amendment to Agreement with Ampco Printing Corporation

It was reported that the Board, at its meeting on January 13, 1983, authorized the Executive Director to enter into an agreement with Ampco Printing-Advertisers Offset Corporation, now Ampco Printing Corporation, (Ampco) for the letting of the entire approximately 82,000 square feet industrial building and adjacent parking and truck dock areas on Block 2915 at the Bathgate Industrial Park for an initial term not to exceed 24 years, 9 months.

The Executive Director executed the lease with Ampco on July 14, 1983. The lease agreement provides, among other things, that the Port Authority would provide Ampco with \$950,000 worth of finishing work in the premises and, in addition, the Port Authority would advance up to \$2.6 million for the purchase of certain equipment and the performance of certain finishing work in excess of that included in the lease agreement, with such advance to be repaid at a 12% annual rate of interest over fifteen years on a self-liquidating basis.

The total cost of equipment and finishing work spent to date amounts to approximately \$5.8 million, of which the Port Authority has advanced \$3.5 million and Ampco has provided \$2.3 million from its own resources. Of the total, Ampco has spent approximately \$3.2 million to relocate its printing operation from Manhattan and for acquisition, transportation, refurbishing and installation of equipment at the Bathgate plant. Ampco has also spent about \$2.6 million for finishing work mostly in the manufacturing portion of the Port Authority-owned building.

Ampco began its relocation from midtown Manhattan in March 1984, and was scheduled to be in their new facility at Bathgate by July 1984. Due to construction delays, Ampco completed their transfer to Bathgate in October 1984, four months later than planned. During most of 1984, Ampco's management concentrated their time and effort on administrative, relocation and construction matters rather than on the management and expansion of the business. As a result, sales for the fiscal year ended March 31, 1985 declined from the prior year.

In the spring of 1984, Ampco arranged for additional financing of up to \$600,000 through an equipment lease financing which required a personal guarantee by the President and majority stockholder of the company, Mr. Seymour Udell. Prior to completion of that transaction, Mr. Udell passed away and the equipment lease financing was cancelled. The combined effect of the construction delays, which required Ampco to incur rent expenses at both the Manhattan and Bronx facilities, the higher cost of the new facility, the inexperience of the company with respect to construction and relocation matters, the time they devoted to these matters, and the death of its President, impaired Ampco's ability to generate the amount of cash needed to finish the entire building.

Staff has reviewed Ampco's situation and determined that it is in the Port Authority's interest to increase the amount of funds available to be advanced under the terms of the existing lease from \$2.6 million to \$3.2 million. The additional \$600,000 will be used for finishing the office and interior space including the purchase of furniture and fixtures, making payments to contractors and consultants for finishing work in the manufacturing space, and for the purchase and installation of environmental control equipment which is necessary to meet U.S. Environmental Protection Agency standards regarding emissions from their printing press dryer stacks.

(Board - 5/9/85)

This additional equipment and building finishes advance amount may be requested by Ampco over a 24-month period during which Ampco will pay additional monthly rental to the Port Authority, during this 24-month period, calculated by multiplying the cumulative amount advanced by .010833. At the conclusion of this 24-month period, Ampco will make additional annual rental payments to the Port Authority for fifteen years, calculated by multiplying the total amount advanced by .154742. The Port Authority's recovery of this new investment is financially self-sustaining.

Ampco Printing, our first tenant at the Bathgate Industrial Park, has been most cooperative in showing its space to Port Authority staff, municipal and economic development entities who are interested in the progress at Bathgate, and several of our tenant prospects who sought to interview our existing tenants. Ampco has become an excellent public relations arm of our industrial development program.

It was therefore recommended that the Board authorize the Executive Director on behalf of the Port Authority to enter into an agreement with Ampco Printing-Advertisers Offset Corporation, now Ampco Printing Corporation, (AMPCO), amending its lease with the Port Authority on the terms and conditions outlined above.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director to amend the existing lease agreement with Ampco Printing-Advertisers Offset Corporation, now Ampco Printing Corporation, (AMPCO) to advance to Ampco an additional sum not to exceed \$600,000 for payment to contractors and consultants for building finishes and for additional equipment in the Port Authority industrial building on Block 2915 at the Bathgate Industrial Park, with such advance to result in additional annual rental payments over a seventeen-year period; and it is further

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

(Board - 5/9/85)

The World Trade Center - Fund for Regional Development Lease with Lumbermens Mutual Casualty Company; Sublease by Lumbermens to The First Boston Corporation

It was reported that Lumbermens Mutual Casualty Company currently occupies approximately 58,000 square feet of office space in Five World Trade Center under a lease which commenced in 1977 and expires on January 31, 1998. The amount of space is now considerably more than is required for the recently re-organized Lumbermens New York City operation. Consequently, tentative agreement has been reached with Lumbermens, subject to the Board's approval, for the leasing by the Port Authority on behalf of the Fund for Regional Development of approximately 43,500 square feet of space recently vacated by New York State in Two World Trade Center and for the subleasing by Lumbermens of its present Five World Trade Center space to The First Boston Corporation which presently has a substantial leasehold in that building.

The Two World Trade Center space would be turned over to Lumbermens Mutual Casualty Company upon execution of the agreements with Lumbermens and First Boston so that Lumbermens could rebuild that space and then vacate its Five World Trade Center premises by approximately October 1, 1985 with the possibility that Lumbermens could sub-lease to First Boston a portion of its space, not exceeding 15,000 rentable square feet, prior to such date. Lumbermens would pay a basic rental rate of \$29 per rentable square foot per year, commencing four months after it moves into the space and commences business operations therein, through January 31, 1998. Charges for electricity and cleaning would be additional. Lumbermens would also pay additional rent to cover increases in operating costs at the rate of 8/10 cents per rentable square foot per year for each 1 cent increase in the Porters' wage rate without fringe benefits above the Porters' wage rate without fringe benefits in effect on January 1, 1985; Lumbermens would also pay additional rent to cover increases in payments in-lieu-of taxes. Lumbermens would receive an allowance of \$16.50 per rentable square foot toward the reconstruction of the premises which would include the installation of a sprinkler system and would also receive an additional payment of \$87,000 as reimbursement for its previously expended design costs associated with a similar (although more favorable) arrangement involving Lumbermens and First Boston which the Board authorized at its meeting on February 9, 1984. Due to timing problems, involving the availability of the Fund space, the agreements were never executed.

Lumbermens will sublease its present premises in Five World Trade Center to First Boston effective upon Lumbermens move into the Two World Trade Center space, approximately October 1, 1985, and continuing through January 1998. First Boston's sublease rent would be at the rate of \$30 per rentable square foot per year for years one to five, \$33 per rentable square foot per year for years six to ten and \$37 per rentable square foot per year for years eleven through January 1998 (approximately 2 1/3 years). Charges for electricity and cleaning will be additional. The First Boston Corporation would also pay additional rent to cover increases in operating costs at the rate of 1 cent per rentable square foot per year for each 1 cent increase in the Porters' wage rate with fringe benefits above the Porters' wage rate with fringe benefits in effect on January 1, 1985; First Boston would also pay additional rent to cover increases in payments in-lieu-of taxes above those payable for the 1984-1985 tax year.

(Board - 5/9/85)

In order to compensate Lumbermens for the substantially higher rent on the Two World Trade Center space, for approximately 2 1/3 years (until January 31, 1988) they will be permitted to retain all or most of the amounts paid by First Boston in excess of the amounts Lumbermens would have paid for the subleased premises; from that date through the end of the term of the letting in 1998, Lumbermens and the Port Authority will share equally the amounts paid by First Boston in excess of the amount Lumbermens' would have paid for the subleased premises.

Instead of a sublease of the Five World Trade Center space from Lumbermens to First Boston, the transaction may be effected either by an assignment of Lumbermens' lease to First Boston or by the cancellation of Lumbermens' lease and a direct lease from the Port Authority to First Boston Corporation. In the event of either of these alternatives, Lumbermens' share of the amounts payable by First Boston in excess of the amounts Lumbermens would have paid for the subleased premises may be paid in a single payment discounted to the time of payment.

A real estate brokerage commission will be payable by the Fund for Regional Development to Kenneth D. Laub & Co. for the Lumbermens Mutual Casualty Company lease at Two World Trade Center at rates not in excess of those authorized by the Board at its meeting on August 11, 1977.

It was therefore recommended that the Board, on behalf of the Fund for Regional Development authorize a lease with Lumbermens Mutual Casualty Company, and on behalf of the Port Authority authorize an arrangement whereby Lumbermens Mutual Casualty Company's existing space would be leased to The First Boston Corporation, all on the terms and conditions outlined above.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Port Authority, acting on behalf of the Fund for Regional Development, to enter into a lease with Lumbermens Mutual Casualty Company for approximately 40,000 rentable square feet of space on the 31st floor in Two World Trade Center recently vacated by the State of New York and approximately 3,500 rentable square feet on another New York State floor which will be determined; and it is further

RESOLVED, that the Board authorize an arrangement whereby Lumbermens Mutual Casualty Company's present space in Five World Trade Center would be leased to The First Boston Corporation; and it is further

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

(Board - 5/9/85)

Howland Hook Marine Terminal - Agreements with The City of New York, United States Lines, Inc. and other Appropriate Parties

It was reported that United States Lines, Inc. has been the lessor of the Howland Hook Marine Terminal under agreement with The City of New York since 1974 for a term now expiring August 30, 2006. United States Lines, Inc. is in the process of acquiring a new fleet of huge containerships with a capacity in excess of 4,200 20-foot equivalent containers. These ships have been positioned in United States Lines' new around-the-world service, implementing the load center concept in that they will only make two port calls on the East Coast, Savannah and New York.

In order for United States Lines to continue to use the Port of New York, substantial investment in the Terminal is required. United States Lines and the City have been discussing the necessary improvements over the past year. Both parties requested the Port Authority's involvement in arrangements for the Terminal improvements.

A Memorandum of Understanding dated April 17, 1985 has been signed with The City of New York and United States Lines, Inc., setting forth the understanding arrived at among the parties with respect to the Howland Hook arrangement. It specifically notes that all agreements necessary to implement the Memorandum are subject to the approval of the Port Authority Board of Commissioners, the New York City Board of Estimate and the Board of Directors of United States Lines. That Memorandum generally sets forth the understanding as follows:

United States Lines, Inc., with the consent of the City, will assign the Terminal lease to the Port Authority for a term ending 35 years following the third anniversary of its effective date, upon either a resolution by the Board of Estimate or upon approval by the Federal Maritime Commission, whichever is later. The action will constitute an effective term of 38 years. The Port Authority will pay the rent to the City which will be an amount not to exceed \$5.5 million per year. Rent to the City could be somewhat less if certain construction now covered by the lease is not completed. The Port Authority will sublease the Terminal to United States Lines including additional property which will have to be acquired from others and from the City for the new Terminal arrangement.

The Port Authority will reimburse United States Lines for on-site improvements to the Terminal in two phases. Phase I in the amount of approximately \$60 million and Phase II in the amount of approximately \$25.7 million. Phase I improvements will include demolition of existing structures to create necessary open area, construction of new facilities including LCL (less than container load), building, maintenance and repair building, administration building, installation of four new and improvement of two existing container cranes, deepening of berths and on-site rehabilitation. Phase I and the amounts set forth above also includes the acquisition of certain properties from others. Phase II will include expansion of the berthing area and development of additional upland. In addition, the project includes an allowance for 300,000 square feet of distribution buildings to serve the Howland Hook Terminal. Such buildings will be advanced as market conditions and rent/cost relationships indicate that they will be financially self-sustaining.

Upon commencement of the sublease, United States Lines will pay to the Port Authority the rental presently paid to the City, approximately \$5.5 million. Additional rentals up to \$5.5 million per year are payable and are based upon reimbursement by the Port Authority of \$60 million during Phase I and up to \$1.375 million based upon reimbursement of \$25.7 million during Phase II. Upon completion of Phase I and Phase II, United States Lines will pay to the Port Authority a basic rental of \$6,187,500 per year plus a rental based upon a unit fee of \$22.50 per container with an agreed minimum annual rental based on throughput of 275,000 containers. The unit fee will be escalated by 7½% on each third anniversary of the completion of Phases I and II. The minimum rental following the completion of Phases I and II and dredging of a 40-foot channel to Howland Hook would be \$12,375,000.

If at the time of the completion of Phases I and II, the channel leading to Howland Hook has not been dredged to 40 feet below mean low water, then the basic rental will be \$4,812,500 and the unit fee \$17.50 until the dredging is completed. Under the terms of the Memorandum, the Port Authority will assure the dredging of access channels to Howland Hook and the berths of the Terminal to a depth of 40 feet and will maintain the berths of the Terminal to that depth. The dredging of berths is part of Phase I work. The parties recognize that it is the Port Authority's intention to pursue Congressional and other governmental approval, including Federal reimbursement for the access channel work. The Memorandum provides that should additional funds be necessary to complete the Phase I and II construction, all parties will not unreasonably withhold approvals for additional funds to be reimbursed with United States Lines incurring additional rental based on the Port Authority's then cost of borrowing used therefore times 1.0 coverage plus 7½%.

As part of the total above stated, the Port Authority will pay the acquisition costs of the specific properties to implement the improvements to the Terminal. The Port Authority will transfer all property acquired to the City at no cost on or before the expiration of the lease. Additional City owned lands are to be included as part of the lease at no additional rent.

The City shall implement a traffic study at its own cost to determine the improvements necessary for access and egress to and from the Terminal and movement of Terminal traffic on proximate streets and thoroughfares and for essential utilities. The Port Authority shall reimburse the City for up to the first \$5 million of the cost of such necessary traffic and utility improvements. The City will pay the balance of such improvement costs.

The assignment of the lease and the sublease with United States Lines shall not be effective until the Federal Maritime Commission either approves or denies jurisdiction over the agreements or upon a resolution of the Board of Estimate, whichever is later. It will be the City's responsibility to fund the project until the agreement is effective.

Authorization is being sought from the Board to grant to the Executive Director the authority to negotiate and enter into the necessary agreements, applications and other documents with The City of New York, United States Lines, Inc. and other appropriate parties with respect to the final terms and provisions of the agreements which would effectuate the arrangements set forth in the Memorandum and take such appropriate actions to implement the same and authorize the expenditure of such monies as may be deemed appropriate. It being understood that the amounts to be expended with respect to the project outlined above, excluding any amounts which may be required for the dredging of the access channels for which separate authorization shall be sought, shall not exceed \$110 million. Appropriate certifications, including those necessary to affect the project to be undertaken and in connection with the holders of Port Authority obligations, will be presented to the Board as they are developed.

(Board - 5/9/85)

It was therefore recommended that the Board authorize the project for the development and modernization of New York City's Howland Hook Container Terminal and that the Board authorize the Executive Director on behalf of the Port Authority to enter into various agreements and take such actions as set forth above with respect to the Terminal on the terms and conditions as outlined above.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that a project for the development and modernization of New York City's Howland Hook Container Terminal in Staten Island, including new cranes, buildings, berth expansions and rail intermodal improvements at an estimated cost of \$100-\$110 million be authorized; and it is further

RESOLVED, that the Board authorize the Executive Director to: (a) enter into an agreement or agreements with The City of New York and United States Lines, Inc. covering the assignment to the Port Authority of its lease covering the Howland Hook Marine Terminal, with appropriate amendments; (b) enter into a sublease with respect to the Terminal with United States Lines, Inc.; (c) enter into agreements with United States Lines, Inc., or others, or both, with respect to improvements and acquisitions to and for the Terminal; (d) enter into an agreement or agreements with The City of New York to reimburse the City for off-site improvements and (e) enter into such other agreements and take such other actions as may be necessary and appropriate to accomplish the foregoing; and it is further

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

(Board - 5/9/85)

Port Authority Employment Relations Panel - Appointment of New York Member, Philip J. Ruffo, Esq.

It was reported that the Board, at its meeting on September 29, 1976, adopted a revised Port Authority Labor Relations Instruction, subsequently amended on December 8, 1983, which provided for the establishment of a Port Authority Employment Relations Panel with responsibility for resolving disputes arising from the designation of managerial and confidential and supervisory employees, assisting in resolving negotiating impasses, processing improper labor practice charges and processing petitions for certification or decertification of employee organizations as negotiating representatives of Port Authority employees.

The Labor Relations Instruction further provides for the members of the Panel to be appointed for overlapping, three-year terms. The term of the New York Member of the Panel expired on December 31, 1984 and his successor is to be appointed for a term to expire on December 31, 1987, upon the written recommendation of the Chairman of the New York Public Employment Relations Board (PERB).

On March 14, 1985, Harold R. Newman, Chairman of PERB, after consultation with representatives of employee organizations, recommended that Philip J. Ruffo, Esq., a distinguished labor neutral and Professor of Law at New York Law School, be reappointed as New York Member for the new three-year term. Mr. Ruffo was first appointed as the New York member of the Panel on July 14, 1983, to serve the remainder of the term of Joseph R. Crowley, Esq., the New York Member of the Panel since February 1, 1982, who was appointed Chairman of the Panel on May 12, 1983.

Professor Crowley, Associate Dean of Fordham University School of Law, continues to serve as Chairman of the Panel until December 31, 1985, while John J. Pearce, Jr., former Executive Director of the New Jersey State Board of Mediation, continues as the New Jersey Member until December 31, 1986.

Members of the Panel, who are subject to removal or dismissal only upon charges and after a hearing before a hearing officer appointed jointly by the Chairman of PERB and its New Jersey counterpart, the Public Employment Relations Commission, may also appoint hearing officers, mediators, factfinders, attorneys or others, to assist them in their functions and to provide for their reimbursement and compensation at rates set pursuant to the Labor Relations Instruction. The Panel members themselves are compensated for each day spent in attendance at meetings or consultation or in the preparation of reports of determinations and are reimbursed for expenses actually incurred by them in the performance of their duties, all of which are further specified in the Labor Relations Instruction.

It was therefore recommended that the Board appoint Philip J. Ruffo, Esq., as New York Member of the Port Authority Employment Relations Panel for a term expiring December 31, 1987, in accordance with the Port Authority Labor Relations Instruction.

(Board - 5/9/85)

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

RESOLVED, that Philip J. Ruffo, Esq., be and he hereby is appointed New York Member of the Port Authority Employment Relations Panel for a term expiring December 31, 1987.

Whereupon, the meeting was adjourned.

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Thursday, June 13, 1985

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MINUTES of meeting The Port Authority of New York & New Jersey held Thursday, June 13, 1985, at the Port Authority offices, One World Trade Center, City, County and State of New York.

PRESENT:

NEW JERSEY

Jerry Fitzgerlad English
Robert V. Van Fossan
Philip D. Kaltenbacher
William K. Hutchinson
Henry F. Henderson, Jr.

NEW YORK

Robert F. Wagner, Acting Chairman
James G. Hellmuth
Howard Schulman
John G. McGoldrick
H. Carl McCall

Peter C. Goldmark, Jr., Executive Director
Patrick J. Falvey, General Counsel/Assistant Executive Director
Doris E. Landre, Secretary
Robert J. Aaronson, Director of Aviation
Anthony J. Barber, Acting Director of Tunnels, Bridges and Terminals
Gwendolyn K. Crider, Administrative Assistant
Louis J. Gambaccini, Assistant Executive Director/Director of Administration
Gene Gill, Director of General Services
Francis A. Gorman, Director of Rail Transportation
Philip LaRocco, Director, Economic Development Department
Donald R. Lee, Director of Audit
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
John B. McAvey, Assistant Chief Financial Officer
Rino M. Monti, Director of Engineering/Chief Engineer
Edward J. O'Malley, Director of Personnel
James J. O'Malley, Deputy Director of Management Information Services
Martin E. Robins, Director of Planning and Development
Lloyd D. Schwalb, Principal Information Officer, Public Affairs
Victor T. Strom, Director of Public Safety
Anthony J. Tozzoli, Port Director
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
Maryin Weiss, Director, Office of Minority Business Development
Marshal L. Wilcox, Jr., Treasurer
Thomas C. Young, Jr., Principal Information Officer, Public Affairs

The Meeting was called to order by the Acting Chairman.

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of May 9, 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 June 13, 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 June 13, 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 June 13, 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 June 13, 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 - 6/13/85)

Howland Hook Marine Terminal - Facility Certification

It was reported that the Board, at its meeting on May 9, 1985, authorized a project for the development and modernization of New York City's Howland Hook Marine Terminal in Staten Island, the City of New York, New York (the Facility), at an estimated cost of \$100 to \$110 million. The Executive Director was authorized to negotiate and enter into agreements necessary to effectuate the project, including agreements with the City of New York (the City), United States Lines, Inc. (U.S. Lines), and others as may be necessary and appropriate.

It was reported to the Board at its May 9, 1985 meeting that the property known as the Howland Hook Marine Terminal was leased by U.S. Lines from the City of New York since 1974. However, as the Marine Terminal is in need of substantial investment, U.S. Lines and the City requested the Port Authority's involvement in the management and improvement of the Marine Terminal in order for U.S. Lines to continue to use the Port of New York and New Jersey.

U.S. Lines is the single largest carrier for shipping on the New York side of the Port of New York and New Jersey and had been considering relocating part of its operations to another port as substantial improvements were needed to the Marine Terminal in order for it to handle the company's newly acquired fleet of large capacity containerships. In view of the foregoing, the Port Authority has decided to proceed with the modernization of the Facility, which would be part of the proposed Bi-State Port Development Program. While the project will not be provided on a financially self-sustaining basis, it is expected to solidify the Port's position as a load center for decades to come.

On April 17, 1985 a Memorandum of Understanding was signed among the City, U.S. Lines and the Port Authority, setting forth the parties' understanding with respect to the Port Authority's leasing, management and improvement of the Marine Terminal. U.S. Lines, with the consent of the City, is to assign its Marine Terminal lease to the Port Authority for a term which is to extend to 35 years following the third anniversary of the effective date of the lease assignment, and sublease, which shall be effective after all documents are executed and upon either a resolution of consent by the City's Board of Estimate or approval or denial of jurisdiction by the Federal Maritime Commission, whichever occurs later. The Port Authority is to sublease the Marine Terminal to U.S. Lines along with additional property which may be acquired by the Port Authority from others and from the City for the new arrangement.

Total capital expenditures for the Facility are estimated at \$100 to \$110 million for new cranes, land acquisition, buildings, berth expansions and rail intermodal improvements. Of this total the Port Authority is to reimburse U.S. Lines approximately \$85.7 million for land acquisition and on-site improvements to the Facility in two phases, reimburse the City up to \$5 million for the cost of necessary traffic and utility improvements, and, consistent with any necessary amendments to the City lease, spend approximately \$13 million for land acquisition, if necessary, and development/construction of up to 300,000 square feet of distribution buildings to serve the Facility as market conditions and rent/cost relationships indicate that they will be financially self-sustaining.

Should additional funds be necessary to complete the Phase I and Phase II construction, further approval by the Board will be sought, although the Memorandum provides that all parties will not unreasonably withhold approvals. If additional funds are authorized to be reimbursed to U.S. Lines, U.S. Lines would pay additional rental to the Port Authority.

(Board - 6/13/85)

The Port Authority has further agreed that it will assure the dredging of access channels in the Kill Van Kull and the Arthur Kill to Howland Hook and the berths of the Facility to a depth of forty feet and will maintain the berths of the Facility to that depth. The costs for this channel dredging are not included as part of the Facility's costs. Board authorization for this work will be sought as part of the proposed Bi-State Port Development Program. The Port Authority will pursue reimbursement of any funds expended for access channel work from the United States Government. To cover the Port Authority share of the dredging cost which may not be reimbursed by the United States Government, the Port Authority also plans to take advantage of any port-wide user charges which may be authorized by future Port legislation.

The Acting Chief Financial Officer, has submitted his formal opinion reviewing the Facility based upon the description of the Facility and the major provisions of the various agreements to be executed as described in the Board minutes of May 9, 1985 and, the Memorandum of Understanding of April 17, 1985, and upon supplemental information provided by the Director of the Port Department and the Director of Engineering/Chief Engineer. However, since the resolution of necessary actions by either the Federal Maritime Commission or the City's Board of Estimate have not as yet been made and the agreements described in the minutes of the Board's May 9, 1985 meeting have not as yet been executed, this opinion is based upon the assumption that such agreements are executed with terms and conditions to effectuate the major provisions summarized in the May 9, 1985 minutes and such necessary actions are taken. It is therefore recommended that reaffirmation of this certification, on or before December 31, 1985, be subject to the occurrence of the foregoing, provided that there is no substantial adverse change in the economic basis for this certification prior to its reaffirmation.

The Facility will be an additional facility of the Port Authority and, therefore, at the time of the first issuance of any Consolidated Bonds (or Notes) for purposes which include capital expenditures in connection with the Facility, the Port Authority is required by covenants with its bondholders to make a certification relating to the financial effect upon the Port Authority of the effectuation of the Facility as an additional facility of the Port Authority. Thus, certification is necessary if any portion of the proceeds of Consolidated Bonds or Consolidated Notes, the issuance of which in connection with this Facility is expected in the near future, is to be used for purposes of capital expenditures in connection with such additional facility.

The Acting Chief Financial Officer has reviewed the projected overall financial standing and condition of the Port Authority and the economics of the Facility on the basis of the issuance of Consolidated Bonds (including Consolidated Notes) to finance the Port Authority's total capital expenditures of or related to the Facility or moneys provided for financing provided in connection therewith.

The Acting Chief Financial Officer has also reviewed with the Commissioners his formal opinion to them consistent with Section 7 of the resolutions establishing outstanding series of Consolidated Bonds (including Consolidated Notes), subject to the foregoing, that in connection with the first issuance of Consolidated Bonds or Consolidated Notes for purposes which include capital expenditures for the Facility, the application of any portion of the proceeds of any such Consolidated Bonds or Consolidated Notes will not, during the periods 1985 through 2020, the

(Board - 6/13/85)

traditional term of Consolidated Bonds, and 1985 through 1995, the immediately ensuing ten-year period associated with Consolidated Bonds or Notes with a maturity of less than ten years, in the light of the Port Authority's estimated expenditures in connection with the Facility and the total anticipated revenues and expenses of the Port Authority during those periods, materially impair the sound credit standing of the Port Authority or the investment status of Consolidated Bonds or the ability of the Port Authority to fulfill its commitments, whether statutory or contractual or reasonably incidental thereto, including its undertakings to the holders of Consolidated Bonds.

In reaching this conclusion, the Acting Chief Financial Officer considered the covenants with holders of Port Authority Consolidated Bonds (including Consolidated Notes) to establish charges in connection with the Port Authority's facilities to the end that at least sufficient net revenues may be produced therefrom to provide for the debt service on all Consolidated Bonds, including those issued for purposes of capital expenditures in connection with the Facility.

It was therefore recommended that the Board:

1. certify that, in the opinion of the Port Authority in connection with the first issuance of Consolidated Bonds or Consolidated Notes for purposes which include capital expenditures for the Howland Hook Marine Terminal to be located in Staten Island, the City of New York, New York (the Facility), subject to appropriate approvals, the resolution of necessary actions by either the Federal Maritime Commission or the Board of Estimate of the City of New York and execution of the agreements authorized by the Board at its meeting on May 9, 1985, in connection with the Facility, the issuance of such Consolidated Bonds or Consolidated Notes will not, during the periods 1985 through 2020 and 1985 through 1995, in the light of the Port Authority's estimated expenditures in connection with the Facility and the total anticipated revenues and expenses of the Port Authority during those periods, materially impair the sound credit standing of the Port Authority or the investment status of Consolidated Bonds or the ability of the Port Authority to fulfill its commitments, whether statutory or contractual or reasonably incidental thereto, including its undertakings to the holders of Consolidated Bonds;

2. authorize the Committee on Finance to reaffirm said certification on behalf of the Port Authority at such time, on or before December 31, 1985, as such Consolidated Bonds or Consolidated Notes are issued, subject to the above-mentioned approvals and agreements and, provided that there is no substantial adverse change in the economic basis for said certification; and

3. provide that in default of a reaffirmation of said certification by the Committee on Finance, said certification shall not apply to the issuance of such Consolidated Bonds or Consolidated Notes and the proceeds thereof shall be used for the stated purposes of such issuance other than the Facility, until such time as the Facility may be certified.

(Board - 6/13/85)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that certification is hereby made that, in the opinion of the Port Authority, the issuance of Consolidated Bonds or Consolidated Notes for purposes which include capital expenditures for the Howland Hook Marine Terminal, to be located in Staten Island, the City of New York, New York (the Facility), subject to appropriate approvals, the resolution of necessary actions by either the Federal Maritime Commission or the Board of Estimate of the City of New York and execution of agreements authorized by the Board at its meeting on May 9, 1985, will not, during the periods 1985 through 2020 and 1985 through 1995, in the light of the Port Authority's estimated expenditures in connection with the Facility and the total anticipated revenues and expenses of the Port Authority during those periods, materially impair the sound credit standing of the Port Authority or the investment status of Consolidated Bonds or the ability of the Port Authority to fulfill its commitments, whether statutory or contractual or reasonably incidental thereto, including its undertakings to the holders of Consolidated Bonds; and it is further

RESOLVED, that the Committee on Finance be and it hereby is authorized to reaffirm said certification on behalf of the Port Authority at such time, on or before December 31, 1985, as such Consolidated Bonds or Consolidated Notes are issued, subject to the above-mentioned approvals and agreements, and provided that there is no substantial adverse change in the economic basis for said certification; and it is further

RESOLVED, that in default of a reaffirmation of said certification by the Committee on Finance, said certification shall not apply to the issuance of such Consolidated Bonds or Consolidated Notes, and the proceeds thereof shall be used for the stated purposes of such issuance other than the Facility, until such time as the Facility may be certified.

(Board - 6/13/85)

Port Newark - Interamerican Juice Co., Inc. - Additional Port Authority Investment

It was reported that the Board, at its meeting on April 12, 1984, authorized a twenty-five year lease with Interamerican Juice Co., Inc., for a 135,000 square feet site at Berth 24, Port Newark, with reimbursement by the Port Authority of up to \$4 million for the cost of the realty portion of construction of a bulk orange juice concentrate tank farm. At that time, Interamerican estimated the project to cost \$7 million, which was a preliminary planning estimated for a complex installation which is the first of its kind in the United States. Interamerican's contractor's final project estimate of August 1984 was \$10.5 million, which has now increased to \$11.9 million. Interamerican has requested an additional investment by the Port Authority of up to \$3 million to cover the cost of completing the building, storage tanks and other equipment.

This arrangement would provide for the repayment over a ten-year period of up to \$3 million plus imputed interest during construction for which Interamerican would pay an additional monthly rental of \$.014784 for each dollar of Port Authority investment. In order for the tenant to take advantage of certain tax benefits, at the end of the ten-year period, Interamerican will pay the Port Authority an additional \$1,000 as the full purchase of the equipment and, thereafter, the lessee shall be the owner of the equipment. Interamerican would have the right to accelerate the rental payments related to the Port Authority investment and in consideration of the acceleration would pay between the first and third year an additional amount equal to .03 of the accelerated rental; and between the fourth and sixth year with the additional amount to be .02 of the accelerated rental; and seven and ninth year .015 of the accelerated rental.

The Interamerican facility, which will be operational June 1, 1985, is expected to receive 100,000 tons of orange juice concentrate in its first year of operation, which is a 67% increase over its original projection of 60,000 tons per year.

It was therefore recommended that the Board authorize the Executive Director, on behalf of the Port Authority, to enter into a lease with Interamerican Juice Co., 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, to enter into an agreement with Interamerican Juice Co., Inc., providing for an additional investment by the Port Authority in the Port Newark orange juice concentrate storage facility of up to \$3 million which would be repaid by Interamerican over a ten-year period commencing June 1, 1985, at an additional monthly rental of \$.014784 for each dollar of Port Authority investment; the said lease to be in accordance with the foregoing; the form of the lease to be subject to the approval of General Counsel or his designated representative.

(Board - 6/13/85)

Port Newark/Elizabeth-Port Authority Marine Terminal - Lease with Cargill, Inc.

It was reported that Cargill Citro-American, Inc. is involved in the marketing, handling and processing of bulk commodities on a worldwide basis. With over 700 plants or offices in 48 countries and 40,000 employees, Cargill handles commodities as diverse as scrap metal, molasses, cotton, fertilizer and orange juice. Cargill entered the fruit juice business in 1977 with the purchase of an orange grove in Brazil and were the first to export Brazilian orange juice concentrate in bulk to the United States. They are presently shipping directly to Tampa, Florida, and wish to establish a facility at the Port Newark/Elizabeth-Port Authority Marine Terminal for the storage, blending and distribution of Brazilian orange juice concentrate, as well as other fruit juices and corn sweeteners. This facility follows the Interamerican Juice project and together should generate an estimated 160,000 tons per year of orange juice concentrate, a commodity new to the Port of New York/New Jersey. The proposed Cargill project, estimated to bring in approximately 60,000 tons per year, would include a building of approximately 25,650 square feet accommodating fourteen storage tanks with a capacity of approximately 2½ million gallons, a blending room and administrative offices, at an estimated cost of approximately \$6 million. Title to the equipment at Cargill's option will pass to Cargill at the end of the lease or upon termination.

The agreement with Cargill would provide for the following:

1. A 25 year lease commencing upon completion of construction but not later than September 1, 1986, unless the Executive Director authorizes an extension of the construction period;

2. A total annual rental of approximately \$815,504 with subsequent increases every two years based on the following:

a) repayment over the 25-year term of a maximum of \$6 million at a monthly rent of \$.009801 for each dollar of Port Authority investment;

b) \$77,832.50 per year for the 155,665 square foot leasehold;

c) \$.70 per ton on all the lessee's cargo loaded or unloaded at Berth 50 with an annual guarantee of \$28,000; and

d) \$.10 per gross registered ton per day of vessels loading or unloading the lessee's cargo at Berth 50.

The above land, cargo, and vessel rates shall be increased every two years by 50% of the percentage in the Regional Consumer Price Index between the lease commencement and the effective date of the increase.

(Board - 6/13/85)

3. In addition to the above, Cargill would also rent a small building of approximately 1,350 square feet located on the site for use as an administrative office during the construction period. The lease would be for a one-year term at an annual rental of \$7,425, with the right to either demolish the building upon expiration or extend for a term coterminous with the basic lease at a rate subject to negotiation. This building is presently leased by the Archdiocese of Newark for use as a chapel, which will be relocated to another site at Port Newark.

The lease would provide that both parties will conduct negotiations for an extension of the lease subject to all terms and conditions being mutually agreed upon by the 24th anniversary. Cargill shall have the right to terminate the letting at the end of fifteen years upon two years' written notice and the Port Authority shall have the right to terminate if the tenant is prevented from making use of the facilities substantially for waterborne products for a period of eighteen months or longer. In the event of termination by either party as described above, the tenant shall pay the balance of the unamortized investment; remove all improvements at the Port Authority's option; and, pay an amount equal to the basic land rent for two years at the rate in effect at the time of termination.

Like Interamerican Juice, a significant factor in attracting Cargill to this location was the Port Authority's flexibility in being able to offer Foreign-Trade Zone status at any site within the Port Newark/Elizabeth-Port Authority Marine Terminal. Foreign-Trade Zone activation of the Berth 50 site will enable Cargill to defer Customs' duties on the Brazilian orange juice concentrate, eliminate the payment of duties on any re-exported cargo and possibly reduce duty on certain blended projects.

It was therefore recommended that the Board authorize the Executive Director on behalf of the Port Authority to enter into a Lease with Cargill, 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 to enter into a twenty-five year lease with Cargill, Inc., with a simultaneous assignment to Cargill Citro-American, Inc., for approximately 3.6 acres at Berth 50 commencing upon completion of construction but not later than September 1, 1986 at an initial annual rental of \$815,504 and that the agreement provide for an investment by the Port Authority of up to \$6 million for the construction of a bulk juice concentrate storage facility; the said lease to be in accordance with the foregoing; the form of the lease to be subject to the approval of General Counsel or his designated representative.

(Board - 6/13/85)

Trans-Hudson Program - Increasing Public Transit Capacity to Lower Manhattan

It was reported to the Board, that the institution of a ferry service from Hoboken to lower Manhattan can be a strategic element in providing a significant new, high quality Trans-Hudson capacity for over 55,000 peak-period PATH and ferry commuters expected to travel to lower Manhattan each day. Such a ferry service could not only provide added capacity in the Hoboken-World Trade Center corridor, but could also permit improved flexibility in the entire PATH operation to better serve PATH's commuters destined to the World Trade Center and midtown areas.

The ferry service under consideration is a unique "system" patterned after the successful Sea-Bus operation in Vancouver, British Columbia. Commuter terminals with the capacity for up to an eight-vessel fleet would be located in the existing Hoboken Ferry Terminal and on the lower west side of Manhattan in the vicinity of the World Trade Center. The vessel and terminal system would be designed for very rapid loading and unloading (under one minute) and each double-ended catamaran vessel would accommodate 600 seated passengers. The travel time between Hoboken and lower Manhattan would be comparable to PATH and the fleet of vessels would permit rush hour service every four minutes. Operating during the peak weekday commuting hours, the ferry system alone would have an ultimate capacity to handle more than 9,000 people per hour.

With the tremendous capacity and flexibility of the ferry system, PATH would then be able to move appropriately and quickly to balance train allocations on the system to provide a higher quality of service (less crowding) than is possible today, maximizing benefits for all downtown transit commuters.

The next steps in the planning process for this series of downtown transportation capacity and quality improvements involve several items which need to move forward expeditiously. These include: alternative design configurations of the ferry vessels and terminals; negotiation of agreements with respective property owners of the terminal areas, and other necessary parties in New Jersey and New York and obtaining their concurrence on the recommended terminal design; preparation and submission of applications for regulatory and environmental permits and applications and, a formal process of solicitation of private operator interest in aspects of operation of the Hoboken to lower Manhattan ferry service. In addition, staff will develop a financial plan for the ferry system to address operating costs within the context of the entire Trans-Hudson System.

The cost for staff and professional advisory services for these next steps is estimated at \$8.5 million.

It was therefore recommended that the Board authorize the Executive Director to take the following steps related to the continued planning and design for a Hoboken to lower Manhattan ferry service at a cost not to exceed \$8.5 million:

1. preparation of detailed Stage I and II vessel and terminal engineering designs and capital cost estimates and appropriate operational analyses, including the retention of appropriate professional advisory services;
2. subject to final approval by the Board, negotiation of agreements on behalf of the Port Authority to obtain approvals and appropriate rights and property interests for potential ferry terminal facilities;

(Board - 6/13/85)

3. preparation and submission of applications for regulatory and environmental permits and approvals;

4. determination of interest of various operators in the whole or joint operation of a Hoboken to lower Manhattan ferry service; and,

5. exploration with the two states as to how most responsibly to manage the operating costs of a potential ferry system within the context of the entire Trans-Hudson system.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director be and he is hereby authorized to take the following steps related to the continued planning and design for a Hoboken to lower Manhattan ferry service at a cost not to exceed \$8.5 million: (1) preparation of detailed Stage I and II vessel and terminal engineering designs and capital cost estimates and appropriate operational analyses, including the retention of appropriate professional advisory services; (2) subject to final approval by the Board, negotiation of agreements on behalf of the Port Authority to obtain approvals and appropriate rights and property interests for potential ferry terminal facilities; (3) preparation and submission of applications for regulatory and environmental permits and approvals; (4) determination of interest of various operators in the whole or joint operation of a Hoboken to lower Manhattan ferry service; and (5) to proceed with further analysis on the issue of operating costs within the overall context of the Trans-Hudson system with awareness of the need for full exploration of the different opinions on this issue by the Board.

(Board - 6/13/85)

Trans-Hudson Program - Retention of Professional Services and Agreements with other Agencies for Planning Improvements

It was reported that in response to the forecast of continued growth in Trans-Hudson travel demand on top of current congestion at the Trans-Hudson crossings, staff, in conjunction with professional advisory firms and other agencies, has been conducting research and developing solutions designed to improve travel time and/or increase capacity. The Board, at its meeting on June 14, 1984, authorized Parsons, Brinckerhoff, Quade and Douglas, Inc., to undertake a preliminary analyses of such short and mid-term solutions. The study, which concentrated on lower Manhattan crossings, has been completed. In addition, staff of the Port Authority and other agencies have identified other potential projects to increase capacity of the systems including its feeder network. Staff resources are not sufficient to support the multiple feasibility analyses and physical planning efforts required to advance these potential projects, as well as the research necessary to support the program at a level and pace required.

The Trans-Hudson transportation network, composed of a feeder network as well as the Hudson River Crossings, is the responsibility of a number of public agencies and private companies. Therefore, at times, it will be appropriate for the Port Authority to pool resources with others to advance the planning of specific projects. In other instances it will be more appropriate for the Port Authority, independently, to retain professional services for planning a specific project while coordinating the effort with other agencies and private transit companies. This offers the opportunity to increase mass transit's share of the travel market through increased carrying capacity of the entire Trans-Hudson network.

The research conducted thus far has formed the basis for pursuing a number of planning initiatives. Further research work is required in order to detect changes which may affect planning efforts underway, to develop initiatives, and to provide more refined analyses required for specific projects. Items of work include (a) maintaining and improving Trans-Hudson data base as part of a monitoring program and to support specific projects, and (b) developing a profile of reverse (New York to New Jersey) commuters using the Trans-Hudson network. Also, a program of qualitative research will be performed to gauge underlying factors and attitudes with regard to choice of transportation mode. This research, which may include focus groups, indepth interviews and other qualitative techniques, will assess current travel behavior factors and probe reactions to new transit services and promotional efforts related to the Employee Liaison Transportation Program and other efforts.

The bulk of this new body of work will concentrate on improving access to midtown Manhattan, where a high concentration of Bergen County and Rockland County commuters still rely heavily on the auto as their mode of Trans-Hudson travel, and the Exclusive Bus Lane to the Lincoln Tunnel, which may be reaching capacity. Other portions of this effort will be devoted to exploring projects designed to increase capacity into lower Manhattan. Examples of projects include expansion of express bus lane service to the Lincoln Tunnel, park and ride lots, improved bus services to Trans-Hudson facilities and a bus ferry system. The bulk of the requested monies will be used to fund these projet planning efforts, specifically: physical and operational feasibility analysis and plans, and, an analysis and evaluation of the effectiveness of particular projects.

(Board - 6/13/85)

Where a firm is to be retained by the Port Authority, an interdepartmental panel will consider the qualifications of several firms and make a recommendation for retention of a specific firm based on the experience and the ability of the firm to undertake the planning effort within the required time frame. In addition to seeking minorities and women business enterprises as principals, the contracts will include provisions that the firm will make a good faith effort to meet set goals of MBE and WBE participation.

It was therefore recommended that the Board authorize the Executive Director to (a) retain one or more professional advisory service firms to undertake project planning and research activities in conjunction with the Trans-Hudson study and (b) enter into agreements with other public agencies for the purpose of jointly funding feasibility analyses and physical planning studies of short and intermediate term projects to reduce travel times and/or to increase capacity of the Trans-Hudson systems, where the total expenditure under a specific agreement provided for in (a) or (b) does not exceed \$250,000; and (c) enter into agreements provided for in (a) or (b) where the total expenditure under a specific agreement exceeds \$250,000, with the concurrence of the Chairman of the Port Planning Committee; the total expenditure by the Port Authority under all agreements entered into by the Executive Director under this authorization shall not exceed \$1,350,000.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to (a) retain one or more professional advisory service firms to undertake project planning and research activities in conjunction with the Trans-Hudson study, and (b) enter into agreements with other public agencies for the purpose of jointly funding feasibility analyses and physical planning studies of short and intermediate term projects to reduce travel times and/or to increase capacity of the Trans-Hudson systems, where the total expenditure under a specific agreement provided for in (a) or (b) does not exceed \$250,000; and (c) enter into agreements described in (a) or (b) where the total expenditure under a specific agreement exceeds \$250,000 with the concurrence of the Chairman of the Committee on Port Planning; the total expenditure by the Port Authority under all agreements entered into by the Executive Director under this authorization not to exceed \$1,350,000; and it was further

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

(Board - 6/13/85)

Contract HW-4 Multi-Facility Contract for the Furnishing of Services for Removal and Disposal of Polychlorinated Biphenyl (PCB) Fluids, Contaminated Devices and Solid Waste - Award

It was reported that Contract HW-4 provides for the furnishing of services for the removal and disposal of polychlorinated biphenyl (PCB) fluids, contaminated devices and solid waste at various Port Authority and PATH facilities for a one-year period.

The Port Authority has the right to order extra work during the term of the contract period in an amount not to exceed 10% of the total estimated contract price established for the one-year period.

The work under this contract is required as part of the Port Authority's replacement program of equipment that contains PCB fluids, including electrical transformers and capacitors. In addition, the work includes the removal and disposal of contaminated material that may be generated in the course of normal operation procedures and mitigation work at industrial park sites.

Contract HW-4 provides for continuation of PCB removal and disposal begun under Contract EXD-100.338, authorized by the Executive Director on November 7, 1983, and which is now due to expire on July 27, 1985. Contract HW-4 was publicly advertised as a two-year contract. Three bids were received on February 27, 1985. All bids were rejected as being incomplete or excessive in costs. The contract was rewritten as a one-year contract since changes in regulatory requirements affect costs to such an extent that contractors will not quote beyond a one-year commitment.

Contract HW-4 was rebid and bids were received on May 30, 1985. All bids again were rejected as being incomplete because all bidders took exceptions to terms and conditions within the contract. Since (1) bid prices were within the engineer's estimate; (2) the exceptions from all bidders are similar with respect to risks assumed by the contractor and cannot be addressed in a standard form of contract suitable for bidding; (3) bids were received from the leading contractors in the industry; and (4) the present contract expires on July 27, 1985, it is requested that authority be granted to negotiate and award the contract on the basis of the Proposals submitted, so as to assure continuity of the removal program.

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

1. negotiate with Cecos International, Transformer Services, Chemical Waste Management and Ensco Inc. (contractors); and

2. enter into a contract with the contractor offering the most advantageous combination of terms, conditions and price for Contract HW-4, Multi-Facility Contract for the Removal and Disposal of Polychlorinated Biphenyl (PCB) Fluids, Contaminated Devices and Solid Waste, at an estimated contract price of \$3,430,000 based on projected requirements, exclusive of extra work, for a one-year period subject to termination, at any time, without cause on 30 days notice, and to order extra work under the contract during the contract term in an amount not to exceed 10% of the total estimated contract price.

(Board - 6/13/85)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to negotiate with Cecos International, Transformer Services, Chemical Waste Management and EnSCO Inc. (contractors); and enter into a contract with the contractor offering the most advantageous combination of terms, conditions and price for Contract HW-4, Multi-Facility Contract for the Removal and Disposal of Polychlorinated Biphenyl (PCB) Fluids, Contaminated Devices and Solid Waste, at an estimated contract price of \$3,430,000 based on projected requirements, exclusive of extra work, for a one-year period subject to termination, at any time, without cause on 30 days notice, and to order extra work under the contract during the contract term in an amount not to exceed 10% of the total estimated contract price; and it is further

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

(Board - 6/13/85)

George Washington Bridge - New York Anchorage - Replacement of Granite Fascia Panels -
Contract GWB-194 - Award

It was reported that under contracts awarded in 1980 and 1983, granite fascia panels at the New York Anchorage of the George Washington Bridge were removed and stored to investigate deterioration of steel anchors and filler concrete. Deteriorated concrete and anchors were subsequently identified and removed.

Contract GWB-194 provides for the replacement of the granite fascia panels, with new anchors and filler concrete as required, and, at the option of the contractor, either installation of all new granite panels or reinstallation of previously removed panels combined with installation of new panels in the place of missing or damaged panels.

In addition, the contract provides for additional concrete removal at the buttresses on a net cost basis, estimated at \$50,000.

Portions of the work under this contract may be performed during weekend and nighttime hours so as to minimize interference with traffic flow. Additionally, the contract provides for the winter suspension of work if weather conditions do not permit further performance of the contract.

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 contract was publicly advertised and the following bids were received on May 30, 1985:

	CLASSIFIED WORK	UNCLASSIFIED WORK	ESTIMATED TOTAL AMOUNT
Ardsey Construction Co., Inc. Scarsdale, New York	\$492,000	\$4,023,750	\$4,515,750
Beaver Concrete Breaking Co., Inc.	468,500	4,436,500	4,905,000
P. C. & G. Construction Co., Inc. South Orange, New Jersey	729,500	5,161,959	5,891,459
ENGINEER'S ESTIMATE			\$4,000,000

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

(Board - 6/13/85)

It was therefore recommended that the Board authorize the Executive Director to award Contract GWB-194, Replacement of Granite Fascia Panels, New York Anchorage, George Washington Bridge, to Ardsley Construction Co., Inc. in the estimated total amount of \$4,515,750, to order extra work up to the amount of \$452,000 and to order net cost work.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to award Contract GWB-194, Replacement of Granite Fascia Panels, New York Anchorage, George Washington Bridge to Ardsley Construction Co., Inc. in the estimated total amount of \$4,515,750, to order extra work up to the amount of \$452,000 and to order net cost work.

(Board - 6/13/85)

Kennedy International Airport - North Cargo Area - Taxiway "X" - Contract JFK-220.055 - Award

It was reported that the Board, at its meeting on May 10, 1984, authorized the construction of a new taxiway, to be named Taxiway "X", parallel to and north of Runway 13L-31R, at Kennedy International Airport. The award of Contract JFK-220.055 falls within the scope of this authorization.

Contract JFK-220.055 provides for the construction of Taxiway "X" and the installation of a fuel line leak detection system on the existing airport fuel lines at Kennedy International Airport.

In addition, the contract provides for pumping oil contaminated ground water, removal of any unsuitable material and subsequent backfilling, on a net cost basis roughly estimated at \$150,000.

The proposed Taxiway "X" will provide direct access to and from Runway 13L-31R to the North Cargo Area with minimal or no delays. In addition, the construction of Taxiway "X" will increase the life of Runway 13L-31R and save the airlines, according to an FAA analysis, an estimated \$5 million in fuel costs per year by permitting Taxiway "X", instead of Runway 13L-31R, to be used for taxiing and queuing for Runway 22R and 22L departures.

Portions of work under this contract will be performed during nighttime hours and on an around-the-clock basis for three separate 72-hour periods to minimize interference with essential facility operations. Additionally, the contract also includes a provision for the winter suspension of work if weather conditions do not permit further performance of the contract.

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

In conjunction with AIP and in accordance with United States Department of Transportation regulations and the policy adopted by the Board, at its meetings on August 27, 1980 and June 14, 1984, the contract includes a provision that the bidder assure the Port Authority that it will meet the goal for Minority Business Enterprise participation of 10% for firms owned and controlled by minorities and 1% for firms owned and controlled by women.

The contract was publicly advertised and the following bids were received on May 23, 1985:

	LUMP SUM AMOUNT
Anthony Grace & Sons, Inc. and Edenwald Contracting Co., Inc. a joint venture Whitestone, New York	\$13,983,000
Willetts Point Contracting Corp. Flushing, New York	14,131,000
Naclerio Contracting Co., Inc. Bronx, New York	16,960,000
ENGINEER'S ESTIMATE	\$15,000,000

(Board - 6/13/85)

Anthony Grace & Sons, Inc., and Edenwald Contracting Co., Inc. 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 the Executive Director to award Contract JFK-220.055, Taxiway "X", North Cargo Area, Kennedy International Airport, to Anthony Grace & Sons, Inc., and Edenwald Contracting Co., Inc., a joint venture in the lump sum amount of \$13,983,000 and to order extra work up to the amount of \$1,399,000 and to order net cost work.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to award Contract JFK-220.055, Taxiway "X", North Cargo Area, Kennedy International Airport, to Anthony Grace & Sons, Inc., and Edenwald Contracting Co., Inc. a joint venture in the lump sum amount of \$13,983,000, plus an authorization of \$1,399,000 for extra work and a provision for net cost work.

(Board - 6/13/85)

**Kennedy International Airport - International Arrivals Building - East Ramp Paving -
Contract JFK-479 - Award**

It was reported that contract JFK-479 provides for pavement overlay at the east section of the International Arrivals Building Ramp, including repairs to taxi lanes, Taxiway "G", apron service roads, adjusting in-pavement utilities and installation of concrete pads at seven gate positions.

Portions of the work under this contract may be performed during nighttime hours so as to minimize interference with essential facility operations. In addition, all paving under the contract is to be completed by December 15, 1985.

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 contract was publicly advertised and the following bids were received on May 16, 1985:

	CLASSIFIED WORK	UNCLASSIFIED WORK	ESTIMATED TOTAL AMOUNT
Anthony Grace & Sons, Inc. Whitestone, New York	\$2,099,600	\$796,400	\$2,896,000
Willetts Point Contracting Corp. Flushing, New York	2,184,350	772,929	2,957,279
ENGINEER'S ESTIMATE			\$2,400,000

Anthony Grace & Sons, Inc. 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 the Executive Director to award Contract JFK-479, East Ramp Paving, International Arrivals Building, Kennedy International Airport, to Anthony Grace & Sons, Inc. in the estimated total amount of \$2,896,000 and to order extra work up to the amount of \$290,000.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorizes the Executive Director to award Contract JFK-479, East Ramp Paving, International Arrivals Building, Kennedy International Airport to Anthony Grace & Sons, Inc. in the estimated total amount of \$2,896,000 and to order extra work up to the amount of \$290,000.

(Board - 6/13/85)

Kennedy International Airport - Transportation Brokerage Program - Retention of Professional Service Firm

It was reported that the Aviation Department is involved in a comprehensive effort to increase the role of public transportation in airport access. Substantial progress has been made in improving the standard of transportation for air passengers through projects such as the consolidated ground transportation counters, the Air TransCenter in the Port Authority Bus Terminal, and ground transportation informational programs. The Transportation Brokerage Office would address another important access component, commuting of airport employees.

Traffic created by employee vehicles arriving at and leaving Kennedy International Airport contributes significantly to congestion for both off- and on-airport roadways. During some peak hours, employee vehicles constitute a substantial portion of airport traffic, due to the fact that 92% of Kennedy's ground employees commute by single-occupant vehicles (SOV's). If the Port Authority could shift 20% of these employees to high occupancy vehicles (HOV's), total peak-hour traffic congestion would be reduced by 7%.

Public Transportation Brokers are individuals or companies that manage a client's public transportation needs. The Transportation Broker staffs an office and promotes and coordinates employee use of a "family" of transportation services, including carpooling, vanpooling and public transit.

The Transportation Brokerage Program at Kennedy International Airport would be accomplished in two phases. In the first phase, the Transportation Broker would inventory the transportation resources available to airport employees; analyze the market for existing, latent and future demand for share-a-ride transportation; identify institutional, financial, labor and other constraints that may hinder the establishment of a Transportation Brokerage Program and formulate alternatives which would address these problems including strategies designed to maximize employee use of HOV's; outline the probable financial and administrative commitments that would be required to demonstrate the utility of this program; and develop the program design. Following a review of the study, the Executive Director could, in his discretion, authorize a second phase, which would result in the implementation of a two-year demonstration program.

At its meeting on March 21, 1985 the New York Metropolitan Transportation Council, the designated Metropolitan Planning Organization for the New York Metropolitan Area, approved a total of \$63,750 in Federal Highway "PL Regional" funds (to be matched by \$11,250 in Port Authority funds or services-in-kind) - an 85%-15% matching basis - for the planning and program design phase of this Transportation Brokerage Program. It is currently estimated that the second phase of this project, the operation of a Brokerage Office for a two-year period, would involve an expenditure by the Port Authority of approximately \$250,000. The Port Authority would fund this phase of the project. The actual cost to operate the two-year demonstration will be dependent on the information gathered during the first phase of this project. If this cost exceeds the aforementioned estimate, additional authorization will be sought.

(Board - 6/13/85)

Because of the distinct phases attached to this project, and the need for a professional opinion with specific share-a-ride expertise and experience, staff recommended that outside assistance be sought. A Request for Proposal (RFP) was mailed to twelve consultants deemed qualified to provide the required expert services, and proposals were received from the following firms on May 15, 1985:

FIRM	PROPOSED BUDGET*
Kassner-Pierce Consulting Engineers Philadelphia, Pennsylvania	\$259,400
Island Rides, Inc. Melville, New York	271,778
The Rideshare Company Hartford, Connecticut	328,800
People Ridesharing Systems, Inc. Newark, New Jersey	432,600
Moran, Stahl & Boyer New York, New York	436,500

*Includes both phases of the program

A Selection Committee, which consisted of representatives of the Aviation and Planning and Development Departments, evaluated the proposals against pre-determined and weighted criteria and concluded that the Rideshare Company is best qualified to perform the project. Included in the criteria were factors such as responsiveness to the RFP, previous experience, quality of staff to be assigned, work program and project costs.

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

1. enter into an agreement with The Rideshare Company to analyze the need for and the feasibility of establishing a Transportation Brokerage Program at Kennedy International Airport;

2. accept \$63,750 of Federal Highway Administration "PL Regional" funds which were approved by the New York Metropolitan Transportation Council to defray the expenses of the study phase and which are to be matched by \$11,250 in Port Authority funds or services-in-kind; and,

3. in his discretion, authorize The Rideshare Company to establish a pilot Transportation Brokerage Program at Kennedy International Airport for a two-year period at an expenditure currently estimated at \$275,000.

(Board - 6/13/85)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director:

1. to enter into an agreement with The Rideshare Company, to analyze the need for and the feasibility of establishing a Transportation Brokerage Program at Kennedy International Airport, at an expenditure presently estimated at \$75,000;

2. to accept \$63,750 of Federal Highway Administration "PL Regional" funds which were approved by the New York Metropolitan Transportation Council to defray the expenses of the study phase and which are to be matched by \$11,250 in Port Authority funds or services-in-kind; and

3. in his discretion to authorize the Rideshare Company to establish a pilot Transportation Brokerage Program at Kennedy International Airport for a two-year period at an expenditure currently estimated at \$250,000 and it was further

RESOLVED, that the form of the agreements with the Rideshare Company and for acceptance of Federal Highway Administration be subject to the approval of General Counsel or his authorized representative.

(Board - 6/13/85)

Newark International Airport - International Departures Facility Host Services of New York, Inc. -
Revision to Agreement ANA-158

It was reported that the Board, at its meeting on April 12, 1984, authorized a project for the construction of an International Departures Facility in Terminal C at Newark International Airport, to complement the International Arrivals Facility which opened in June 1984. The International Departures Facility, now approaching completion, is scheduled to commence serving international flights on or about July 1, 1985.

Host Services of New York, Inc. currently is authorized to operate two temporary eating and beverage facilities in Terminal C under terms of an interim month-to-month agreement (ANA-158) which contains a 30-day termination right without cause. It is contemplated that this agreement will continue in effect while People Express is constructing its permanent Terminal C facility in C-1 and C-2, which is expected to extend into 1987.

One of the existing Host food and beverage facilities in Terminal C is a snack bar/cocktail lounge located in the People Express temporary passenger terminal on the Departures Level. The other, a mobile cart, is available to serve the Port Authority's International Arrivals Facility when the need exists.

Staff has now determined that an additional snack bar/cocktail lounge facility is needed in the Port Authority's International Departures Facility.

Neither of the existing temporary food and beverage facilities was designed nor located to serve travelers using the International Departures Facility. Furthermore, the International Departures Facility is separated from the People Express portion of Terminal C by a demising wall which is to remain in place during construction by the carrier. The proposed food and beverage facility is therefore required to meet the needs of the travelling public using the International Departures Facility. The future disposition of this food and beverage installation will depend on the level of activity within the International Departures Facility and the overall development of Terminal C following the removal of the demising wall.

Because of the limited amount of space and the need to accommodate as many passengers as possible in the waiting areas of the International Departures Facility, the proposed snack bar/cocktail lounge will be a basic type of facility providing a simple menu. The area is quite restricted, containing little storage space and virtually no "back of the house" kitchen capabilities. There will be a total of 130 seats. Food, for the most part, will have to be prepared elsewhere and delivered to the site. Due to the demising wall, no free circulation of passengers in Terminal C currently is planned on the Departures Level during the two-year construction period, thereby restricting potential customers in the International Departures Facility essentially to passengers departing on international flights, and to their relatives and friends.

(Board - 6/13/85)

In the context of these circumstances, an arrangement has been worked out with Host whereby the operator, under the proposed revision to existing Agreement ANA-158, will construct and provide interior finishes for the snack bar/cocktail lounge consisting of approximately 2,000 square feet using common seating with an "outdoor" patio type of environment. Tentative agreement has been reached with Host for its expenditure of monies required to develop and equip the proposed facility, including architectural and design fees, general contractor costs and extra work, new furniture, fixtures and equipment. Host's cost to develop this facility is estimated by the operator to be \$165,000.

The agreement with Host would continue to be subject to termination without cause and, in addition, the Port Authority would have the right to separately terminate the agreement as to the added space. In either of such events, the Port Authority would reimburse the permittee for the unamortized portion of its costs for constructing the facility on a seven-year straight line basis for furniture, fixtures and equipment and one a ten-year straight line basis for improvements, to the extent that such costs do not initially exceed \$165,000.

Under existing terms of the agreement with Host Services of New York, Inc., which would apply to this operation as well, gross sales from ANA-158 are additive to sales generated at Host facilities in Terminals A and B at Newark International (Agreement AN-684), the Main Passenger Terminal at LaGuardia Airport (AG-700), and the International Arrivals and Wing Buildings at Kennedy International Airport (AYA-700); and the established, applicable percentage fees approved previously by the Board and which are part of all these agreements will be applied to the gross sales from all these facilities combined and the amounts they represent paid by Host to the Port Authority.

It was therefore recommended to the Board, that the Board authorize the Executive Director on behalf of the Port Authority to enter into an agreement with Host Services of New York, Inc., amending its Permit agreement with the Port Authority on the terms and conditions outlines above.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize a revision to Permit Agreement ANA-158 with Host Services of New York, Inc., to add to the space under the Permit approximately 2,000 square feet of space on the Departures Level of the Port Authority's International Departures Facility at Newark International Airport for the development and operation of a snack bar/cocktail lounge facility therein at the permittee's sole cost and expense, estimated at \$165,000, The Port Authority to have the right to terminate the agreement separately as to the added space without cause, and to continue to have the right to terminate the agreement in its entirety without cause, and in either of such events the permittee would be reimbursed for the unamortized portion of its cost for constructing the facility to the extent that such cost does not initially exceed \$165,000; and it is further

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

(Board - 6/13/85)

Leasing and Rehabilitation of Additional Office Space - 84 Sip Avenue, Journal Square, Jersey City, New Jersey

It was reported that additional office storage space is required in New Jersey for a number of reasons. These include office space for staff to develop a Port Authority operations center, and for those assigned to the Transportation Operations Coordinating Committee (TRANSCOM). In addition, basement space is needed for staging areas for units that are relocating in or to the Journal Square area, such space ultimately to be used as a storage area when such moves have been completed. Finally, office space may be needed to accommodate projected staff growth in units assigned to the Journal Square area.

The Port Authority plans to develop an operations center that would have as its purpose coordinating and facilitating the flow of transportation information at Port Authority facilities and on main access routes to and from those facilities.

Approximately 5,500 rentable square feet of office space is available on the first floor to meet needs of staff offices for the Port Authority operations center and to provide for a "situation room" to coordinate New Jersey traffic information, an important complement to a similar one established in Long Island City by the New York City Traffic Bureau. In addition, this space will also accommodate Port Authority staff assigned to TRANSCOM for staff offices, a conference room to accommodate the large numbers of representatives of member agencies who meet regularly, and testing rooms for prototype communication equipment proposed for a Regional Traffic Information Center. Office space at the 84 Sip Avenue building will provide especially convenient access to personnel and communications equipment located in the adjacent Journal Square Transportation Center (JSTC).

Approximately 4,000 rentable square feet of basement space is also needed to provide staging areas and flexibility during office relocation for units presently or planned to be located in the Journal Square vicinity.

In addition, approximately 4,800 rentable square feet of office space is available and may be leased, depending upon Port Authority needs for office space, upon exercising an option in the proposed lease agreement.

Under the proposed lease, the Port Authority will pay a total of \$17.25 per square foot for approximately 5,500 rentable square feet of office space on the first floor and \$7 per square foot for approximately 4,000 rentable square feet of basement space. In addition, the Port Authority will be responsible for tenant electricity. The rental rate for the first year includes a proportional share of building operation and maintenance costs including security; cleaning; heating, air conditioning and the other utilities; and real estate taxes.

In order to make the space suitable for offices, provide for construction, moving and relocation services, purchase equipment and office furnishings and install a telephone and telecommunications service, expenses of approximately \$265,000 will be incurred.

(Board - 6/13/85)

The Board, at its meeting on November 8, 1984, authorized execution of a lease with Margulies Associates for approximately 32,500 rentable square feet of office space and 5,000 rentable square feet of basement space in the same building to meet the interim space needs of the Port Authority. Combined with this previous authorization, the Port Authority will now occupy 38,000 rentable square feet of office space and 9,000 rentable square feet of basement space and will occupy over 90% of the building's available space.

It is expected that occupancy will begin on approximately August 1, 1985.

It was therefore recommended that the Board authorize the Executive Director to execute a lease with Margulies Associates for 5,500 rentable square feet of office space and 4,000 rentable square feet of basement space in a building located at 84 Sip Avenue in the Journal Square area of Jersey City, New Jersey and secure an option to lease an additional 4,800 rentable square feet of office space and incur expenses for construction, moving and relocation services, purchase of equipment and office furnishings and the provision of telephone services.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director be and he hereby is authorized to execute a lease with Margulies Associates for 5,500 rentable square feet of office space and 4,000 rentable square feet of basement space in a building located at 84 Sip Avenue in the Journal Square area of Jersey City, New Jersey, for a period of five years, for a term commencing on or about August 1, 1985, with options for a three-year extension and for additional space to meet the interim space needs of the Port Authority. The rental rate is \$17.25 per square foot for the office space and \$7 per square foot for the basement space; these rental rates for the first year include all operations and maintenance costs, real estate taxes, janitorial services and utilities (except for tenant electricity); thereafter, the Port Authority would be required to pay its proportionate share of such cost increases only; if the option for the three-year extension is exercised, the rental rate for the office space would increase to \$20.36, and for the basement space to \$7.84; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized to secure an option to lease an additional 4,800 rentable square feet of office space available in the building at the same rates and conditions, if required, and execute the option within six months to accommodate staff growth of units now located at or scheduled to move to Journal Square; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized to incur expenses of approximately \$265,000 for construction, moving and relocation services, purchase of equipment and office furnishings and the provision of telephone services; and it is further

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

(Board - 6/13/85)

The World Trade Center - Fund for Regional Development - Lease with Guy Carpenter & Company, Inc.

It was reported that, subject to approval by the Board, staff has reached agreement with Guy Carpenter & Company, Inc., an international re-insurance brokerage firm, for the initial leasing of approximately 320,000 rentable square feet on floors 47 through 54, all of which are currently occupied by New York State in Two World Trade Center. The premises will be delivered in several agreed upon stages. The 53rd floor (Area A) is to be delivered on July 1, 1985 and floors 50, 51, 52 and 54 (Area B) are to be delivered on November 1, 1985; the 49th floor (Area C) is to be delivered March 1, 1986; the 48th floor (Area D) would be delivered on the fifth anniversary of the date payment of rental commences for Area B, and the 47th floor (Area E) would be delivered on the tenth anniversary of such date, all subject to postponement.

In order to insure timely delivery of the premises and to protect the tenant from holdover costs at his present location, Guy Carpenter will be entitled to a rent credit equal to two days rent for each day delivery of each area is delayed. In addition, Carpenter will have the right to cancel the lease if Area B has not been vacated by New York State on or before May 1, 1986. If the lease is not cancelled on such date, and if Area B has not been vacated by August 1, 1986, the lease would be automatically cancelled. In the event of either of these cancellations, Carpenter would be entitled to liquidated damages as a reimbursement for its costs in an amount equal to three days rent for Areas A, B and C in the event the lease is cancelled in May, or two days rent for Areas A, B and C in the event it is cancelled in August, multiplied by the number of days from the scheduled delivery date for the areas to the effective cancellation date. If the letting has commenced as to Area B but Area C (49th floor) is not yet available, Carpenter will be given temporary use of a different floor on a rent-free basis until that floor is available. If, in the Port Authority's opinion, Area C cannot be made available for inclusion in the premises, other contiguous floors in Two World Trade Center will be substituted therefor, and for Areas D & E (47 and 48) in which event, the basic rent stated below for these areas will be reduced by \$1 per rentable square foot per year for the initial term of the lease. If any of these rent credits, liquidated damages, rent reductions, and free rent amounts are triggered by New York State's failure to fully vacate the floors on the dates promised, these amounts will be deducted from relocation and rent subsidy payments due to New York State, pursuant to the Fund Agreement. Further, New York State has agreed to pay the costs of any interim relocations, of its own agencies, needed to make the floors available as promised.

Rent for Areas A, B and C would commence one year following delivery of each area to the tenant. This period includes time for the tenant to reconstruct the space. The rent for the first three years following the rent commencement date for each such area would be \$26 per rentable square foot per year; thereafter the rent would be \$28 per rentable square foot per year for years 4 and 5; \$31 per rentable square foot per year for years 6-10; \$37 per rentable square foot per year for years 11-15 and \$43 per rentable square foot per year for the balance of the initial term. Rent for Area D & E will be payable at the rate applicable to the balance of the premises at the time each such area becomes a part of the premises. Rent for these areas will commence four months following delivery thereof to the tenant. Guy Carpenter & Company, Inc. will also

(Board - 6/13/85)

pay additional rent to cover cleaning, electricity, increases in operating costs (at the rate of .55 cents per 1 cent increase in Porters wage), and payments in-lieu-of taxes using as a base whatever the 1984-85 annual per rentable square foot factor is finally determined to be, in the interim the base will be set at \$2.60. The lease would contain an option to extend the letting for one ten-year period at fair-market rental. Carpenter would be granted rights to lease two additional floors at fair-market rentals should they become available at any time during the lease. If The World Trade Center is sold, the tenant would be protected from major initial real estate tax increases resulting from the sale. In addition, in the event the Port Authority should enter into an amendment to the City Agreement increasing the payment in lieu of taxes payable under the 1967 agreement or an agreement with another taxing authority to make payments in-lieu-of taxes, Carpenter would not be required to pay any amounts which would be in excess of full real estate taxes which would be payable if The World Trade Center were privately owned, however, if such an amendment to the City Agreement is made as part of a sale transaction, Carpenter would not be required to pay any amounts in excess of the 1967 agreement as amended, prior to such amendment.

The space will be delivered "as is" and Guy Carpenter will receive an allowance of \$22 per rentable square foot toward its costs of construction in Areas A, B and C and an allowance of \$14 per rentable square foot towards the cost of construction in Area E including the installation of a sprinkler system in Areas A, B and C. This allowance may be taken in the form of reduction in the basic rent, during the initial lease term, using an interest rate approximating the Port Authority's bond borrowing rate.

There will be a real estate brokerage commission payable on this transaction at rates not to exceed the schedule of rates authorized by the Board at its meeting on August 11, 1977.

It was therefore recommended that the Board authorize the Port Authority, acting on behalf of the Fund for Regional Development, to enter into a lease agreement with Guy Carpenter & Company, Inc. on the terms and conditions outlined above.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Port Authority, acting on behalf of the Fund for Regional Development, to enter into a lease with the firm of Guy Carpenter & Company, Inc. for approximately 320,000 square feet of office space in Two World Trade Center to be vacated by the State of New York for an initial term expiring approximately sixteen years and three months from the commencement thereof, with an option to extend the letting for an additional ten years from the expiration of the initial term; and it is further

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

(Board - 6/13/85)

**Reimbursement Agreement with Newark Economic Development Corporation - Port Authority
Contribution Toward Cost of Land Acquisition in Condemnation Proceeding Brought by
the Housing Authority of The City of Newark**

It was reported that the Port Authority's participation in a project for development of an office building in the downtown Newark riverfront area emanates from the Governors' Bi-State Agreement and its related Board authorization from the Board's special meeting on June 29, 1983. The Board subsequently authorized the Executive Director to proceed with further planning of an office building of approximately 300,000 net rentable square feet at an approximate total cost of \$40 million on June 14, 1984, and, at the Board meeting on November 11, 1984, the Legal and Communications Center was certified as a facility of the Port Authority.

The development of this project has proceeded in accordance with Board authorizations. Based on the Port Authority's tentative agreement with the City of Newark and the Newark Economic Development Corporation (NEDC), dated June 15, 1984, acquisition and any required condemnation of land would be the responsibility of the Housing Authority of the City of Newark. All but one parcel of the site's Phase I 2.7 acres has now been acquired by the Housing Authority and, in fact, demolition of existing structures has begun on those parcels for which title has been cleared. The Housing Authority's condemnation of the remaining parcel, owned by Robert DiStasio and Joseph DiStasio, d.b.a. Sunoco-Penn Service Station, was contested by the owners. Discussions between the Housing Authority and the Sunoco-Penn Service Station owners has progressed to the point of a settlement. It is expected that the DiStasios will accept a sum of approximately \$400,000 to dispose of their fee interest in the premises. The total amount of NEDC's contribution is that part of the sum to be paid to Robert DiStasio, et. al. as settlement of DiStasio's litigation claim against the Housing Authority which exceeds the amount to be paid by the Housing Authority in accordance with its statutory limitations.

Without title to the remaining parcel, the City would be forced to halt demolition progress and the project's construction schedule may be seriously delayed. The Port Authority needs access to this land with the least delay possible so that construction may begin and the overall project schedule maintained. It is therefore necessary for the Housing Authority to agree to a settlement sum, even though that sum is expected to exceed the amount which the Housing Authority is empowered to pay for the dimensions of that parcel. In this case, the Housing Authority will be limited under Federal statutes to a payment of approximately \$250,000 of the expected \$400,000 settlement. NEDC and the Port Authority will agree to share equally the remaining cost, amounting to approximately \$75,000, but no more than \$100,000, from each organization. To facilitate this transaction, the Port Authority's payment will take the form of a reimbursement to NEDC for one-half of NEDC's expenditure in this connection. The agreement will provide that, in the event the Agreement dated June 15, 1984 does not become effective, or if for any reason the Port Authority does not go forward with this project, the NEDC will reimburse the Port Authority for the above-mentioned payment.

It was therefore recommended that the Board authorize the Executive Director to enter into an agreement with the Newark Economic Development Corporation (NEDC) providing for reimbursement by the Port Authority to NEDC of an amount estimated at \$75,000 (but not to exceed \$100,000) representing one-half of the contribution by NEDC toward the total property acquisition cost resulting from pending condemnation proceedings brought by the Housing Authority of the City of Newark against Robert DiStasio, et. al., owners of the Sunoco service station on the site of the planned Port Authority Legal and Communications Center.

(Board - 6/13/85)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director be authorized to enter into an agreement with the Newark Economic Development Corporation (NEDC) providing for reimbursement by the Port Authority to NEDC of an amount estimated at \$75,000 (but not to exceed \$100,000) representing one-half of the contribution by NEDC toward the total property acquisition cost resulting from pending condemnation proceedings brought by the Housing Authority of the City of Newark against Robert DiStasio, et al., owners of the Sunoco service station on the site of the planned Port Authority Legal and Communications Center.

(Board - 6/13/85)

Port Authority Employees - Retirement Policy for Non-Police Employees

It was reported that effective January 1, 1985, the New York Retirement and Social Security Law does not permit mandatory retirement on the basis of age for members of the New York State Employees' Retirement System, in which the Port Authority is a participating employer and of which all permanent Port Authority non-police employees must be members. This change, part of a broader statement of the public policy of the State of New York which became law in August 1984, supplements the Federal Age Discrimination in Employment Act of 1967, as amended, which currently protects workers between ages 40 and 70 from discrimination in employment (including, generally, mandatory retirement) on the basis of age. In March 1985, a similar public policy statement affecting public employees became law in the State of New Jersey.

A Port Authority policy prescribing a mandatory retirement age was originally adopted by the Board in 1936. Over the years, as staffing requirements, organizational needs, workload, economic pressures and applicable legislation changed, the mandatory retirement age was set at varying levels. Effective January 1, 1979, consistent with Federal legislation, the mandatory retirement age for non-police employees was adjusted from age 65 to 70, with the exception of bonafide executive or high policymaking employees who have held such a position for the two years immediately before retirement and who are entitled to an immediate non-forfeitable annual retirement benefit to which they have made no contribution of at least \$27,000 (the regulations would now require a \$44,000 benefit). These employees, who appear on a list designated by the Executive Director, have been subject to mandatory retirement at age 65, consistent with Federal law and regulations. Similarly, the Executive Director has also been authorized to designate those titles for which earlier mandatory retirement ages are appropriate because age is a bonafide occupational qualification for the position.

In conformity with the provisions of the New York Retirement and Social Security Law, it is therefore recommended that, effective January 1, 1985, the Port Authority discontinue the requirement that non-police employees retire at age 70 or, in the case of executive or high policymaking employees designated by the Executive Director, at age 65. The Executive Director would still be authorized to designate those titles for which mandatory retirement ages are appropriate because age is a bonafide occupational qualification reasonably necessary for the performance of the duties thereof. Any such designations made from time to time by the Executive Director would be filed consistent with existing policy, and requests for extensions beyond the mandatory retirement date would be subject to approval by the Committee on Operations upon recommendation of the Executive Director.

It was therefore recommended that the Board amend the resolution of the Board of Commissioners with respect to compulsory retirement adopted on March 12, 1936, as most recently amended by resolution of November 16, 1979, effective January 1, 1985, to provide as follows:

1. subject to exception provided below, no employee of The Port Authority of New York and New Jersey (other than a member of the Police Force) shall be retired on the basis of attaining a specified age;

(Board - 6/13/85)

2. any employee of The Port Authority of New York and New Jersey (other than a member of the Police Force) who holds a position in a title designated by the Executive Director as provided below for which a mandatory retirement age is appropriate because age is a bonafide occupational qualification shall be retired effective no later than the last day of the month in which such appropriate age is attained; provided, however, that the Committee on Operations may, in its discretion, suspend said compulsory retirement in individual cases upon recommendation of the Executive Director; and

3. that the Executive Director be authorized to designate, from time to time, those titles consistent with law and regulations prohibiting discrimination in employment based on age, for which mandatory retirement ages are appropriate because age is a bonafide occupational qualification (and to fix the appropriate ages in such cases), such designations to be filed with the Committee on Operations and the Secretary.

Whereupon, the following resolution was adopted, Commissioner H. Carl McCall voted "Nay":

RESOLVED, that the resolution of the Board of Commissioners with respect to compulsory retirement adopted on March 12, 1936, as most recently amended by resolution on November 16, 1979, be and the same hereby is amended, effective January 1, 1985, to provide as follows:

RESOLVED, that, subject to exception provided below, no employee of The Port Authority of New York and New Jersey (other than a member of the Police Force) shall be retired on the basis of attaining a specified age; and it is further

RESOLVED, that any employee of The Port Authority of New York and New Jersey (other than a member of the Police Force) who holds a position in a title designated by the Executive Director as provided below for which a mandatory retirement age is appropriate because age is a bonafide occupational qualification shall be retired effective no later than the last day of the month in which such appropriate age is attained; provided, however, that the Committee on Operations may in its discretion suspend said compulsory retirement in individual cases upon recommendation of the Executive Director; and it is further

(Board - 6/13/85)

RESOLVED, that the Executive Director be and he hereby is authorized to designate from time to time those titles, consistent with law and regulations prohibiting discrimination in employment based on age, for which mandatory retirement ages are appropriate because age is a bonafide occupational qualification (and to fix the appropriate ages in such cases), such designations to be filed with the Committee on Operations and the Secretary.

Whereupon, the meeting was adjourned.

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

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MINUTES of meeting of The Port Authority of New York and New Jersey held Thursday, July 11, 1985, at the Port Authority offices, One World Trade Center, City, County and State of New York.

PRESENT:

NEW JERSEY

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

NEW YORK

Robert F. Wagner, Vice-Chairman
 James G. Hellmuth
 Howard Schulman
 John G. McGoldrick

Patrick J. Falvey, General Counsel/Assistant Executive Director
 Doris E. Landre, Secretary
 Robert J. Aaronson, Director of Aviation
 Anthony J. Barber, Acting Director of Tunnels, Bridges and Terminals
 Gwendolyn K. Crider, Administrative Assistant
 Sidney Frigand, Assistant Executive Director/Director of Public Affairs
 Gene Gill, Director of General Services
 Jeffrey S. Green, Chief, Finance Division, Law
 Daniel M. Hahn, Assistant Chief Engineer for Design and Research
 James J. Kirk, Deputy Director of Rail Transportation
 Louis J. LaCapra, Assistant Director of Personnel
 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
 John R. Moran, Assistant Director of Audit
 James H. Mullen, Administrative Trainee
 James J. O'Malley, Director of Management Information Services
 Rosemary Scanlon, Assistant Director of Planning and Development/Chief Economist
 Robert N. Steiner, Deputy Port Director
 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
 Marvin Weiss, Director, Office of Minority Business Development
 Marshal L. Wilcox, Jr., Treasurer
 Thomas C. Young, Jr., Principal Information Officer, Public Affairs
 Gerard Fernandez, Jr., Bond Counsel, Hawkins, Delafield & Wood
 Donald J. Robinson, Bond Counsel, Hawkins, Delafield & Wood

The meeting was called to order by the Chairman.

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of June 13, 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 July 11, 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 Special meeting on June 26, 1985 and at its meeting on July 11, 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 July 11, 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 July 11, 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 Nominating Committee - Appointment of Acting Executive Director

Commissioner Van Fossan, Chairman of the Nominating Committee, reported that the Nominating Committee, at its meeting held earlier this afternoon, recommended that in light of the resignation of Peter C. Goldmark, Jr. from the position of Executive Director as of August 17, 1985, and pending submission of a report of the Selection Committee which is continuing its work, Patrick J. Falvey should be designated as Acting Executive Director, effective August 17, 1985, to serve until the appointment of an Executive Director.

It was the unanimous decision of the Commissioners that the recommendation of the Nominating Committee to designate Patrick J. Falvey as Acting Executive Director be approved.

(Board - 7/11/85)

La Guardia Airport - Contract PSE-425 - General Cleaning Central Terminal Building - Award to Aetna Maintenance, Inc.

It was reported that the Board, at its meeting on June 11, 1981, authorized the Executive Director to award Contract PSE-345 for the cleaning of the Central Terminal Building at LaGuardia Airport to Unified Services, Inc., a minority contractor, for a two-year term and to authorize two additional one-year extensions. Each of these extensions having been authorized, the current contract will expire on July 31, 1985.

Contract PSE-425 would be for a two-year period commencing August 1, 1985 and subject to termination by the Port Authority without cause on 30 days' notice. The term of the contract is subject to extension for two additional one-year periods, with the compensation due the contractor in each of the extension periods being subject to adjustment based on mutually agreed-upon cost increases or decreases related to the cost of labor. The price adjustment will be established as of the beginning of each extension period and will be computed based on the difference between the actual cost for wages, applicable taxes, insurance required by law, and supplemental benefits for employees incurred by the contractor for employees in the second year of the contract or the first extension year, as applicable. If the parties fail to agree on the adjusted compensation for any renewal period, or if for any other reason either of the parties refuses to execute an extension agreement, then the contract will expire at the end of the original term, or the first extension period, as the case may be.

The Port Authority would have the right to order extra work during the initial two-year term of the contract, and during each extension period, in an amount not to exceed 15% of the lump sum price agreed to for the said term. The Contract also provides that the contractor must pay at least the wages and benefits specified therein.

The following bids were received on June 12, 1985:

Company	Bid Price
Aetna Maintenance, Inc. East Hanover, New Jersey	\$2,062,783
Cleaning Emporium Westville, New Jersey	2,083,356
Unified Services, Inc. Washington, D. C.	2,122,780
Motley's Shampooing Co. Bloomfield, New Jersey	2,202,430
Urban Cleaning Contractors Bronx, New York	2,249,611
Hispanic Maintenance White Plains, New York	2,301,069

(Board - 7/11/85)

Company	Bid Price
Ebon Services Newark, New Jersey	\$2,403,433
Organized Maintenance Woodside, New York	2,427,048
Cycle Building Maintenance, Inc. Garden City, New York	2,466,902
Servair Maintenance, Inc. Jamaica, New York	2,493,761
Allied Maintenance Corp. New York, New York	2,631,490
Pritchard Services New York, New York	2,676,738
ISS Prudential Maintenance Corona, New York	2,803,015
Temco Services, Inc. Montclair, New Jersey	3,035,344

Staff has determined that Aetna Maintenance, Inc. is fully qualified to perform the requirements of the contract.

It was therefore recommended that the Executive Director be authorized for and on behalf of the Port Authority to award Contract PSE-425 for general cleaning in the Central Terminal Building at LaGuardia Airport to Aetna Maintenance, Inc. at the bid price of \$2,062,783, all in accordance with the foregoing.

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 award Contract PSE-425, General Cleaning Central Terminal Building, for a two-year term effective August 1, 1985, to Aetna Maintenance, Inc., the lowest qualified bidder, at its bid price of \$2,062,783 for the two-year term; and it is further

RESOLVED, that the Executive Director for and on behalf of the Port Authority be and he hereby is authorized at his descretion, to order extra work up to 15% of the entrie contract price; and it is further

RESOLVED, that the Executive Director for and on behalf of the Port Authority, be and he hereby is authorized, at his descretion, to extend the contract, and to authorize the expenditure for extra work up to 15% of the estimated contract price for each extension period.

(Board - 7/11/85)

La Guardia Airport - Contract LGA-220.030 - Aircraft Parking West of Runway 4-22

It was reported that the existing aircraft parking facilities at LaGuardia Airport are inadequate. Among other factors, deregulation of the airline industry has increased the number of early morning departures from LaGuardia, necessitating the need for additional overnight parking facilities. As a result, it is frequently necessary to remove active taxiways from operational status for utilization as overnight aircraft parking sites.

Staff therefore recommends that new parking facilities be constructed at a site west of Runway 4-22, south of Taxiway "E", north of Taxiway "F", and East of the Employee Parking Lot 10E. The proposed site would accommodate four B 727-200 and DC 9-80 aircraft. It is anticipated that construction would commence in November, 1985 and continue for approximately six months, with a provision for a winter suspension of construction.

Contract LGA-220.030 provides for the construction of an aircraft parking area at LaGuardia Airport and will include all paving, drainage and other related work for this construction. Contract LGA-220.030 will be publicly advertised and bids are scheduled to be received by September 30, 1985.

It was therefore recommended that the Board authorize:

1. a project for construction of an additional aircraft parking area west of Runway 4-22 at LaGuardia Airport, at an expenditure presently being estimated at \$3.6 million, including payments to contractors, an allowance for extra work and engineering, administrative and financing expenses; and

2. the Executive Director, in his discretion, either to award Contract LGA-220.030, Aircraft Parking West of Runway 4-22, 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, and to order extra work up to the amount of 10% of the bid accepted, or to reject all bids.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that a project for construction of an additional aircraft parking area west of Runway 4-22 at LaGuardia Airport, at an expenditure presently being estimated at \$3.6 million, including payments to contractors, an allowance for extra work and engineering, administrative and financing expenses, is authorized; and it is further

RESOLVED, that the Executive Director is authorized, in his discretion, either to award Contract LGA-220.030, Aircraft Parking West of Runway 4-22, 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, and to order extra work up to the amount of 10% of the bid accepted, or to reject all bids.

(Board - 7/11/85)

La Guardia Airport - Surrender of Premises on Finger No. 2 and Port Authority Investment in Improvements to Finger No. 3; Supplements to Republic Airlines, Inc., United Airlines, Inc., New York Airlines, Inc., and USAir, Inc., Month-to-Month Leases

It was reported that Republic Airlines, Inc., United Air Lines, Inc., New York Airlines, Inc., and USAir, Inc., currently operate at LaGuardia Airport under month-to-month leases. To accommodate the demand, desirable growth and additional schedules of Republic Airlines, New York Airlines and USAir, all tenants on Finger No. 2, it was deemed necessary, for better utilization and development of the Airport, to relocate Republic from its two gates and related holdroom operations and space on Finger No. 2 to Finger No. 3, where it would lease Gates 22 and 23 and related holdroom operations and space previously surrendered by Trans World Airlines and currently operated by the Port Authority, and to have Republic construct an expansion of the holdroom space at these two gates and the expansion of certain related operations space. The estimated cost of this construction, scheduled to be completed by December 1985, is \$1.8 million up to which amount the Port Authority will make periodic payments to Republic, with Republic to repay, in addition to the basic rental under the lease, an additional monthly rental based on an annual factor of \$.149861 for each dollar so invested by the Port Authority including interest during construction, over a fifteen-year period. In addition, Republic would have the right to schedule four flights per day on Finger No. 3 Gates operated by the Port Authority at the current turn-around charge under a separate 30-day Use Agreement. In the event the Port Authority terminates Republic's month-to-month lease other than for cause, or does not offer to extend the term of the letting thereunder, Republic's obligation to pay this additional rental shall be released. In any other event, Republic would remain liable, it being expected, however, that the incoming tenant or tenants would assume Republic's obligation to repay the Port Authority for the full amount still outstanding.

The surrender by Republic of Gates 19, 19A and the related premises on Finger No.2 and the making of the aforesaid investment by the Port Authority are subject to the execution by New York Airlines, USAir and United of appropriate Supplements to their respective month-to-month Airport Leases incorporating the following changes to their respective premises: Gates 19A and one-half of Republic's Finger No. 2 operations and holdroom space will be added to USAir's premises; Gate 19 and the remaining one-half of the operations and holdroom space will be added to United's premises; United will surrender Gate 15 and a portion of its operations and holdroom space approximately equal to that added to United's lease and adjacent to New York Airlines's premises and said Gate and space will be added to New York Airlines's premises. United, therefore, is not expanding its Finger No. 2 leasehold, while USAir and New York Airlines are doing so, in order to accommodate their expanded service.

The Board that, at its meeting on May 13, 1982 authorized an investment in an improvement project on Finger No. 2 totalling \$3,100,000 involving construction by Republic, New York Airlines and United Airlines, with monthly repayments to be made by Republic and New York Airlines over a fifteen-year period. The beneficiaries of Republic now vacating its Finger No. 2 premises are USAir and New York Airlines which will lease additional Gates and related space. Therefore, these two lessees will assume Republic's obligation to repay the remaining balance of the amount due the Port Authority on the Finger No. 2 improvement project as will be set forth in the Supplements to their respective leases.

(Board - 7/11/85)

It was therefore recommended that the Board authorize the Executive Director for and on behalf of the Port Authority to enter into separate supplemental agreements to the month-to-month Leases with Republic Airlines, Inc., United Air Lines, Inc., New York Airlines, Inc. and USAir, Inc. at LaGuardia Airport, all in accordance with the foregoing.

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 enter into separate supplemental agreements to the month-to-month Leases with Republic Airlines, Inc., United Air Lines, Inc., New York Airlines, Inc. and USAir, Inc. at LaGuardia Airport, whereby, with respect to Republic, it will surrender to the Port Authority Gates 19 and 19A and their related operations and holdroom space on Finger No. 2 upon completion of the construction by Republic of similar space at Gates 22 and 23 on Finger No. 3 at an estimated construction cost of \$1.8 million to the Port Authority, said Finger No. 3 space and Gates to be added to Republic's premises under its month-to-month Airport Lease. In addition to the basic rental, Republic will repay an additional annual rental equivalent to \$.149861 for each dollar so invested by the Port Authority, including interest during construction, over a fifteen-year period and in the event the Port Authority terminates Republic's Lease other than for cause or does not offer to extend the term of the letting under the Lease, Republic would be released from its obligation to pay the additional rental; in addition to Republic's relocation to Finger No. 3, United will surrender certain space and have other space added to its Lease, and New York Air and USAir will have space added to their respective Leases, all on Finger No. 2; and it is further

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

(Board - 7/11/85)

Kennedy International and La Guardia Airports - Consolidated Ground Transportation Counter Program

It was reported that as part of the Aviation Department's efforts to reduce dependence upon the private vehicle for airport access, to improve ground transportation services to its airport customers and to simplify Port Authority administration of agreements with ground transportation permittees, a consolidated ground transportation counter program was instituted for trial periods at each of the three airports. At their meetings on April 12, 1984, and November 8, 1984, the Board and the Committee on Operations, respectively, authorized the permanent establishment of the consolidated counter program at Newark International at an estimated cost of \$1,225,000 and LaGuardia Airport at an estimated cost of \$1,758,000. On December 10, 1984, the Executive Director authorized the establishment of a program to test the consolidated counter concept in the International Arrivals Building at Kennedy International Airport at an estimated cost of \$242,000.

To staff the counters at each airport, agreements were entered into with the Council for Airport Opportunity (CAO). The CAO is a local agency, with offices in Queens, New York and Newark, New Jersey, which promotes minority employment opportunities in the New York/New Jersey metropolitan area.

The authorization for the operation of the counters at LaGuardia Airport provided \$1,758,000 for the period June 1, 1984 through May 28, 1986. The recommended increase in the authorization will cover unanticipated costs for additional counter agents and the computerized information system. Although original staff analysis indicated a need for 35 counter agents, factors such as space constraints that precluded the establishment of an orderly queuing system, peaking characteristics, and the number of people seeking detailed information on transportation alternatives have required the addition of 29 counter agents to provide an acceptable level of service. Additionally, since plans for the computerized information system were not complete at the time of the original authorization, no expenditure for computer services was included then. An addition of \$1,130,000 to the estimated operating expenses associated with this program is therefore necessary, bringing the total estimated two-year expenditure to \$2,888,000. Approximately \$700,000 of the increase, plus an additional amount for extra work, will be required for payments to CAO for staffing of the counters.

The test program at the International Arrivals Building at Kennedy International Airport has been closely monitored and staff has concluded that this operation should be extended for a ten-month period. This recommendation is based upon observed improvement in the day-to-day standard of service provided to ground transportation patrons, including a reduction of hustling activities in the counter area. The estimated expenditures for the additional ten-month period is \$541,000, which includes the salaries of both the counter agents provided by the CAO and Port Authority supervisors, as well as the costs for the operation of the computerized information system. Annual ground transportation revenues at the two airports are estimated to total approximately \$3,130,000. This revenue figure represents percentage permit fee charges on limousine operations estimated at \$2,660,000 and incremental revenues derived from the consolidated counter program fees estimated at \$470,000. Counter fees are based upon the number of customers processed at the counters, and this program helps staff to insure that fees due are accurately calculated.

(Board - 7/11/85)

Observations by Port Authority staff and the results of informal surveys have indicated that the counters are functioning well and are being favorably received by most users. However, staff are continuing to investigate procedures that would improve service and allow responsible operators as much direct interaction with their customers as possible. Extensive patron surveys are therefore being deferred until staff arrives at a final configuration for the counters.

Over the next few months, an alternative counter arrangement will be tested at four or five locations at Kennedy International, Newark International and LaGuardia Airports. This modified system will combine staffed information booths with adjacent direct-line telephones, to be under Port Authority control, which will enable patrons to communicate directly with ground transportation permittees. This system will provide many of the service benefits of the original program and also allow patrons who know which operator they want to make reservations with to do so more expeditiously. Individuals needing information or assistance would still be able to seek the help of counter agents. The agents also would be able to book reservations for patrons and to provide assistance if there is a problem with the transportation arrangements.

A side-by-side evaluation of the original and modified programs will be conducted, and based on these results, additional counters may be converted to the alternative arrangement. This alternative system could cost significantly less than the present system, and the trial period will allow an economic as well as a service evaluation. At the end of the CAO contract period, staff will make a determination as to which alternative is most effective from the perspectives of both cost and patron service, and appropriate program authorization will be sought at that time.

It was therefore recommended that the Board authorize:

1. an increase in the total estimated project expenditure for the operation of consolidated ground transportation counters at LaGuardia Airport from \$1,757,500 to \$2,888,000, including payments to the Council for Airport Opportunity (CAO), an allowance for extra work and administrative and miscellaneous expenses; and
2. an increase in the total estimated amount of the existing agreement with CAO for staffing of the consolidated ground transportation counters at LaGuardia Airport from \$718,750 to \$1,418,750, and the Executive Director to order work up to the amount of \$105,000; and
3. an increase in the total estimated project expenditure for the operation of a consolidated ground transportation counter at the International Arrivals Building at Kennedy International International Airport from \$242,000 to \$783,000, including payments to the CAO, an allowance for extra work and administrative and miscellaneous expenses; and
4. the Executive Director to enter into an extension to May 28, 1986 of the existing agreement with CAO for staffing of the consolidated ground transportation counter at the International Arrivals Building at Kennedy International Airport, in the total estimated amount of \$290,000, and to order extra work up to the amount of \$43,500.

(Board - 7/11/85)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that an increase in the total estimated project expenditure for the operation of consolidated ground transportation counters at LaGuardia Airport from \$1,757,500 to \$2,888,000, including payments to the Council for Airport Opportunity (CAO), an allowance for extra work and miscellaneous expenses, is authorized; and it is further

RESOLVED, that an increase in the total estimated amount of the existing agreement with CAO for staffing of the consolidated ground transportation counters at LaGuardia Airport from \$718,750 to \$1,418,750, is authorized, and the Executive Director is authorized to order extra work up to the amount of \$105,000; and it is further

RESOLVED, that an increase in the total estimated project expenditure for the operation of a consolidated ground transportation counter at the International Arrivals Building at Kennedy International Airport from \$242,000 to \$783,000, including payments to the CAO, an allowance for extra work and administrative and miscellaneous expenses, is authorized; and it is further

RESOLVED, that the Executive Director is authorized to enter into an extension to May 28, 1986 of the existing agreement with CAO for staffing of the consolidated ground transportation counter at the International Arrivals Building at Kennedy International Airport, in the total estimated amount of \$290,000, and to order extra work up to the amount of \$43,500; for form of the extension to be subject to approval as to form by General Counsel or his authorized representative.

(Board - 7/11/85)

Kennedy International Airport - Lease with Prosegur, Inc. - High-Security Cargo Storage Facility

It was reported that the Board, at its meeting on February 9, 1984, authorized the Executive Director to enter into a lease agreement with a term of ten years, plus a period for construction not to exceed twelve months, with Prosegur, Inc., to be effective on or about April 1, 1984 for a site of approximately 1.4 acres at Kennedy International Airport, at an annual rental of \$25,968 on commencement of the lease and \$31,740 effective five years from completion of construction or six years from commencement of the lease, whichever occurs sooner, upon which Prosegur would construct, at its expense, a high-value cargo storage facility of approximately 5,000 square feet to be used for the reception, temporary storage and distribution of high-value cargo transported by air.

At the time the Board authorized said Lease, Prosegur, Inc., a New York-based Delaware corporation whose principal business is the ground transportation of high-value cargo shipped via various scheduled international airlines, intended to construct and finance a one-story, high-security facility on a 1.4 acre site at a cost of approximately \$500,000. Prosegur subsequently advised that a larger market existed for its services and that a two-story facility at an approximate cost of \$1.326 million may be required initially or at some time during the term. Staff believes Port Authority investment therein would be desirable. Periodic payments would be made to Prosegur as portions of the facility or phase are completed and repayment of the amounts so paid, plus interest during construction would commence one month after substantial completion of the facility, based upon 360 equal monthly payments. Prosegur shall pay an additional amount monthly on the unpaid balance of said principal and accrued interest at 90% of Citibank's prime rate, to be adjusted according to any changes in the prime rate. There would be provisions for the payment of the unpaid balance of the Port Authority's investment, and accrued interest, upon the expiration of the lease term, without extension, upon terms and conditions to be agreed upon with Prosegur, in the discretion of the Executive Director.

It has become necessary to change the commencement date of the lease from April 1, 1984 to a date on or about November 1, 1985, because Prosegur was unable to finalize its plans for the facility in a timely manner and also because the site area had to be revised.

It was therefore recommended that the Board authorize the Executive Director for and on behalf of the Port Authority to revise the proposed lease with Prosegur, Inc. at Kennedy International Airport, all in accordance with the foregoing.

Whereupon the following resolution was unanimously adopted:

RESOLVED, that the Executive Director for and on behalf of the Port Authority be and he is hereby authorized to (1) amend Lease AYB-639 with Prosegur, Inc. (formerly Prosecurity), whereby periodic payments would be made to pay the costs of the construction of Prosegur's high-security cargo storage facility initially, and if necessary, at a subsequent phase at Kennedy International Airport of approximately \$1.35 million to be repaid by Prosegur at 90% of

Citibank's prime rate to be adjusted according to any changes in the prime rate and all in accordance with the foregoing, (2) revise the effective date of Prosegur's lease, from a date on or about April 1, 1984 as previously approved by the Board, to a date on or about November 1, 1985, all in accordance with the foregoing; and it is further

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

(Board - 7/11/85)

Kennedy International Airport - Building 178 - Lease with U.S. General Services Administration -
U.S. Customs Service

It was reported that negotiations have now been substantially completed with the U.S. General Services Administration (GSA) which would call for U.S. Customs to move out of Building 80 and into Building 178 at Kennedy International Airport. U.S. Customs currently occupies approximately 49,900 square feet of space in Building 80 and approximately 42,000 square feet of outside area at a monthly rental of \$40,527. The lease expires on July 31, 1985. Other tenants in Building 80 and firms currently located off-airport, have indicated the desire to rent the space in Building 80 to be vacated by U.S. Customs' move.

Building 178 is located on a site of approximately 3.193 acres and the building contains approximately 60,000 square feet of space which equates to 45,000 square feet of usable office area. The proposed annual rental is \$900,000 for the initial term of approximately five years and \$876,000 during a five-year extension period. These annual rental rates equate to \$20 per usable square foot during the initial term and \$19.47 per usable square foot during the extension.

The reduction in rentals for the extension reflects the fact that the Port Authority will perform certain work for U.S. Customs, such as interior painting, repair of all interior lighting and relamping, replacement or new installation of carpeting, tiles, and drapes, to meet GSA requirements, and weatherproofing the outside of all window frames at an estimated cost of \$570,000 which will be written off over initial term of the proposed lease.

The Port Authority will also undertake other work prior to occupancy or during the initial lease term: including structural modifications to allow greater floor loadings in portions of the North Wing to meet GSA standards; construction of handicapped facilities to comply with Federal government standards; upgrading fire safety measures; replacement of the cooling tower of the North Wing and installation of a separate hot water heater.

Under the terms of the lease, the GSA will be responsible for the operation, maintenance and specified repairs of the premises, and building systems which will include air conditioning, elevators, heating, electrical and plumbing.

The Port Authority will have responsibility for other repairs to and replacement of building systems and parts thereof, if required, and will also retain responsibility for structural maintenance, including the foundation, supporting frame, roof and the exterior of the exterior walls (including windows and doors). To comply with GSA procedures, the Port Authority will perform monitoring tests for the presence of asbestos on a quarterly basis in Building 178. In the event that it is determined that there are levels of asbestos that exceed OSHA standards, the Port Authority and the GSA each have the option to correct the condition and in the event that neither corrects the condition, GSA can terminate the lease. Electricity and water will be metered by the Port Authority and billed separately to U.S. Customs at a small government discount for electricity.

(Board - 7/11/85)

Because of the extensive amount of work to be performed by the Port Authority to conform Building 178 to GSA requirements, U.S. Customs may move into the Building in stages at pro-rated rentals. In such event, the initial fixed lease term will be five years plus a period to be computed based on a formula set fourth in the lease. Because of the possibility of partial initial occupancy, it has been agreed to continue the same current monthly rental rate for U.S. Customs in Building 80 until its move into Building 178 is complete, or not later than twelve months after the proposed lease is cancelled or terminated because the Port Authority shall fail to make all of the Building 178 space available to the GSA or to complete construction as required. If the GSA should be in partial occupancy of Building 178 upon a termination of the proposed lease based upon failure of the Port Authority to make all the space available or to complete required construction, the GSA would also be permitted to maintain its existing occupancy in that Building at existing rentals or twelve months after termination. In no event will the agreement to continue GSA occupancy of Building 80 and/or Building 178 at existing rentals continue more than 2½ years after the date of execution of the lease. It is also contemplated that, if necessary, an agreement would be entered into with GSA for payment in settlement of any restoration obligations as to Building 80.

The Port Authority maintains the option to recover .395 acre or 17,208 square feet of outside property on the south side of Building 178 in the event future rail right-of-way or roadway construction demands require it. This may result in a loss of approximately 27 parking spaces to U.S. Customs. If that should happen, the rent will be reduced appropriately.

It was therefore recommended that the Executive Director be authorized for and on behalf of the Port Authority to enter into an agreement with the United States General Services Administration at Kennedy International Airport all in accordance with the foregoing.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director be authorized for and on behalf of the Port Authority to enter into a lease with the United States General Services Administration (GSA) for use by the U.S. Customs Service of Building 178 and associated areas at Kennedy International Airport for a term consisting of (1) a possible initial period of partial occupancy at prorated rentals because of performance of certain Port Authority construction in the premises plus (2) a period of five years commencing on a date to be fixed in accordance with the lease, at an annual rental of approximately \$900,000 with provision for an option for the GSA to extend the term of the lease for another five-year period subject to the right of the GSA to terminate on 90 days notice at an annual rental rate of approximately \$876,000; and it is further

RESOLVED, that the Executive Director be authorized for and on behalf of the Port Authority in the event the proposed lease with GSA for space in Building 178 should be cancelled prior to complete occupancy thereof because the Port Authority fails to deliver the space or fails to complete required construction, within a specified period of time, to permit the U.S. Customs Service to remain in partial occupancy of existing space in Building 178, and/or Building 80, if any, at existing rentals for one year thereafter, but in no event beyond 2½ years after the execution of the lease; and it is further

(Board - 7/11/85)

RESOLVED, that the Executive Director be authorized for and on behalf of the Port Authority to enter into an agreement with GSA for payment in settlement of any restoration obligation the GSA may have in Building 80; and it is further

RESOLVED, that the form of the foregoing agreements be satisfactory to the General Counsel or his designated representative.

(Board - 7/11/85)

Kennedy International Airport - Surrender of Space in Cargo Building 83 and Related Outside Areas and Lease of Space in Cargo Building 81 and Related Outside Areas - Summit Airlines, Inc., Lease of Space in Cargo Building 83 and Related Outside Areas - Federal Express Corporation

It was reported that cargo Building 81 at Kennedy International Airport was constructed by the Port Authority in 1956 and since its completion has been rented to a variety of airlines engaged in the transportation of air cargo. The lease with the latest tenant in the building, Trans World Airlines, Inc., (TWA), has expired and TWA vacated the premises on April 1, 1985, relocating its cargo operation to Hangar 12, a portion of which has been converted to a cargo facility by TWA. In anticipation of TWA's departure from Cargo Building 81, staff held discussions with several potential tenants which had expressed interest in acquiring space in that building. The Board, at its meeting on March 14, 1985, authorized a lease with DHL Airways, Inc., for approximately 34,000 square feet of space in Cargo Building 81 and related outside areas.

Summit Airlines, Inc., has occupied 20,600 square feet of space in Cargo Building 83 since November 1, 1981 under lease AYB-477. However, on April 1, 1985, Summit moved its cargo hub from Philadelphia to Kennedy International Airport. As a result of this shift in corporate activity, Summit now requires increased cargo space and ramp area, and Building 81 meets these new requirements. Negotiations have now been substantially completed with Summit Airlines, Inc., to surrender its lease (AYB-477) in Building 83 on or about July 14, 1985, and to enter into a new lease (AYB-708) for approximately 32,400 square feet of space in building 81 and related outside areas for a term of three years at the following approximate annual rentals:

Effective Date	Building Area	Outside Area	Total Approximate Annual Rental
7/01/85 to 6/30/88	\$162,000 (32,400 sq. ft. @ \$5.00 per sq. ft.)	\$59,760 (119,520 sq. ft. @ \$.50 per sq. ft.)	\$221,760

Summit Airlines will also be responsible for any alterations to Building 81 which may be required to establish the area to be leased as an independent tenancy. These alterations would include installation of any required fire separation, separation of utility lines and installation of toilet and office areas.

Federal Express Corporation is a major carrier in the rapidly growing air courier field and is currently constructing a major facility at Newark International Airport. Federal Express Corporation has determined that the Newark facility is not conveniently located to service its Long Island operation. At the present time, Federal Express services its Long Island market from a facility at Islip but has determined that that operation can be served more efficiently from a base at Kennedy International Airport. Space in Cargo Building 83 is ideally suited to Federal Express' needs, which include the requirement to be able to service two B-727 aircraft per day as well as helicopter operations. Approximate annual rentals for Federal Express (AYB-709) are as follows:

(Board - 7/11/85)

Effective Date	Building Area	Outside Area	Total Approximate Annual Rental
7/15/85 to 7/31/88	\$103,000 (20,600 sq. ft. @ \$5.00 per sq. ft.)	\$43,064 (86,120 sq. ft. @ \$.50 per sq. ft.)	\$146,064

The proposed leases between the Port Authority and both Summit Airlines and Federal Express will be multi-occupancy leases, with Summit and Federal Express assuming responsibility for maintenance and operation costs associated with their respective premises, with the exception of property insurance on the building, structural integrity and responsibility for maintenance of the roof, which will be retained by the Port Authority. The Port Authority will provide electricity and cold water to both premises on a metered basis.

In addition, the leases will contain provisions for mutual termination rights, in the event future terminal expansion makes it necessary for the Port Authority to relocate taxiways in a way that diminishes access to ramps at the Summit and Federal leaseholds.

Summit Airlines will also have the option to terminate its lease if it becomes an approved sub-lessee in the proposed King Cargo Building Project if the same is constructed at Kennedy International Airport.

Summit was permitted to occupy premises in Building 81 on July 1, 1985, and Federal Express will be permitted to occupy premises in Building 83 on or about July 15, 1985, in each case subject to termination by the Port Authority, pending Board approval and Gubernatorial review of the proposed three-year lease agreement.

It was therefore recommended that the Board authorize the Executive Director for and on behalf of the Port Authority to enter into agreements into Summit Airlines, Inc. and with Federal Express Corporation, all in accordance with the foregoing.

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 (1) to enter into an agreement with Summit Airlines, Inc. accepting the surrender by Summit Airlines, Inc., of its existing lease in Cargo Building 83 at Kennedy International Airport, (2) to enter into a three-year lease with Summit Airlines, Inc., for space in Building 81 and related outside areas at Kennedy International Airport, commencing on or about July 1, 1985, at an approximate annual rental of \$221,760, and (3) to enter into a three-year lease with Federal Express Corporation for the existing Summit Airlines space in Building 83 at Kennedy International Airport, commencing on or about July 15, 1985, at an approximate annual rental of \$146,064; and it is further

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

(Board - 7/11/85)

Pan American World Airways, Inc. - U.S. Department of Transportation Investigation into the Sale of its Pacific Division to United Air Lines - Intervention by the Port Authority

It was reported that on June 13, 1985, the Department of Transportation, by Order 85-6-44, instituted an investigation, the Pacific Division Transfer Case, to decide whether approval should be granted authorizing the transfer of Pan American Pacific Division route authority, aircraft and other assets to United for \$750 million and whether to impose any terms, conditions and limitations on the transaction. The order also directed that all additional requests to intervene be filed not later than June 17, 1985. Interim authority for intervention was approved by the Executive Director subject to ratification by the Board to file a petition to intervene in the proceeding in order to protect the competitive position of the Port of New York and New Jersey. The Port Authority filed a petition to intervene on June 17 and it was granted by the Chief Judge on June 19, 1985.

Staff supports Department of Transportation approval of the transfer of Pan American's Pacific Division to United upon the condition that United continue to provide, at minimum, the number and pattern of non-stop Kennedy International-Tokyo flights that Pan American is currently providing. According to information submitted by the applicants, Pan Am is the dominant carrier in the market with 13 of 27 weekly non-stop flights and according to official statistics, approximately 400,000 passengers travelled in this market during the first eleven months of 1984. While United has indicated it will serve Pan Am's route as Pan Am now serves them, the possibility of changes in service patterns exist and United may seek to substitute service through West Coast gateway cities since its domestic network is oriented toward the West rather than the East.

The U.S.-Pacific market is expected to continue to grow significantly and the metropolitan area must have the opportunity to participate in this growth. One of the keys to this participation is adequate non-stop air service; the absence of such service would be detrimental to the regional economy.

It was therefore recommended that the Board approve the action of the Executive Director authorizing the intervention and participation in this proceeding and authorize the Executive Director and General Counsel to arrange for intervention and participation in any other administration or judicial proceedings arising therefrom.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the action of the Executive Director authorizing the intervention and participation by the Port Authority in the proceeding now pending before the United States Department of Transportation under Docket No. 43065, a proceeding seeking approval of an agreement between Pan American World Airways, Inc., and United Air Lines, Inc., for an acquisition of assets and a transfer of Pan American's Pacific route authority to United be and is hereby approved and the Executive Director and General Counsel be and they are hereby authorized to arrange for intervention and participation in any other administrative or judicial proceeding arising therefrom.

(Board - 7/11/85)

Settlement with Fugazy Express, Inc. and Affiliates - Aviation Ground Transportation Fee Obligations

It was reported that Fugazy Continental Corporation of New Jersey, Inc., Fugazy New Yorker Limousine Co., Inc., Fugazy International Corp., Fugazy Continental Corp., Fugazy Continental, Inc., Fugazy Express, Inc., Fugazy Express of Connecticut, Inc., and Fugazy Express of New Jersey, Inc., (such corporations being collectively referred to as the "Fugazy Parties"), each of the Fugazy Parties being a party to an Agreement dated September 27, 1983 (the "Interim Agreement") and a Letter Agreement dated September 19, 1984, (the "Letter Agreement"), have in the past had or been operating as if they had been granted various privilege and other permits from the Port Authority covering ground transportation services to, at and from the Port Authority airports to the public and to airlines for their personnel.

Port Authority staff has conducted extensive discussions with the Fugazy Parties over a period of years concerning unpaid fees and other sums due the Port Authority. Nevertheless, the Port Authority has revoked such privilege and other permits as the Fugazy Parties had and obtained warrants of eviction of the Fugazy Parties from certain counters located in the passenger terminals at Kennedy International and LaGuardia Airports. The Board has from time to time been advised of the status of this dispute and that the Fugazy Parties have continued to operate to, at and from the airports, with permittee status.

The Interim Agreement provides, among other things, that the Port Authority would forbear from executing its warrants of eviction and continue permittee status for the Fugazy Parties provided that the Fugazy Parties make certain current and past due payments and contemplates that the parties would proceed to negotiate a comprehensive payment arrangement. When it appeared that the parties had failed to reach agreement on such an arrangement, the Port Authority served on the Fugazy Parties a "Notice of Eviction, Termination and Acceleration" (the "Notice") of the Interim Agreement, dated April 30, 1984. After further negotiations, the Fugazy Parties and the Port Authority entered into the Letter Agreement delaying the enforcement of the Warrant of Eviction and the Notice. The Letter Agreement provides, among other things, that the Fugazy Parties agree to be liable for, or to irrevocably offer to the Port Authority to be liable for, a total sum of approximately \$1.6 million as of November 17, 1984, which amount, in the aggregate, represents an estimate of all sums due the Port Authority from the commencement of the Fugazy Parties' relationship with the Port Authority through October 20, 1984, other than for certain obligations specified below, together with accrued interest thereon, utilizing rates of 11% per year and 14% per year for accrued interest. The Fugazy Parties had certain rights in the Letter Agreement to challenge the amount fixed by the Port Authority pursuant to methods provided for in the Letter Agreement which they did not exercise in a timely manner.

Concurrently, the Fugazy Parties and their then principal, William D. Fugazy, made efforts to obtain outside financing which resulted in the purchase of a controlling ownership interest by Metromedia, Inc. in each of the Fugazy Parties. Discussions continued among representatives of Metromedia, the Fugazy Parties and the Port Authority concerning the obligations of the Fugazy Parties.

(Board - 7/11/85)

Port Authority staff and counsel to the Fugazy Parties have reached agreement to settle the above-described obligations and certain other obligations estimated to be less than \$100,000 by entering into a proposed Payment Agreement. Such Payment Agreement would provide for the payment of a principal amount of \$1.3 million, together with ongoing interest from October 31, 1984 and for the mutual settlement and release of the parties' claims. Payment is to consist of \$100,000 to be made upon execution of the Payment Agreement with the remainder to be paid in 60 equal monthly installments of principal and ongoing interest at an annual rate of 11%. The Port Authority would receive a letter of credit or other acceptable security for 12 such monthly installments, effective during the five-year term of the Payment Agreement.

The Port Authority would, among other things, issue a ground transportation permit or permits, each to be revocable by either party on 30 days' notice to the other, to one or more of the Fugazy Parties. A portion of the fee for the privilege of operation service to the public to, at and from the airports would be measured on the basis of a flat monthly charge to the permittee for the operation of certain vehicles in-lieu-of a fee of 10% of the permittee's gross receipts from airport ground transportation departures by the public.

It was therefore recommended that the Executive Director or the Director of Aviation be authorized for and on behalf of the Port Authority to accept an irrevocable offer and also to enter into an agreement, all in accordance with the foregoing.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director or the Director of Aviation is authorized to accept the irrevocable offer of each of the Fugazy Parties (which term collectively refers to Fugazy Continental Corporation of New Jersey, Inc., Fugazy New Yorker Limousine Co., Inc., Fugazy International Corp., Fugazy Continental Corp., Fugazy Continental, Inc., Fugazy Express, Inc., Fugazy Express of Connecticut, Inc., and Fugazy Express of New Jersey, Inc.) to be liable for the sum of approximately \$1.4 million (in addition to its other liabilities of approximately \$300,000) as fixed by the Port Authority and hereinafter set forth, under the terms of a Letter Agreement with the Fugazy Parties and also to, should the Fugazy Parties and the Port Authority so agree, enter into a Payment Agreement which would provide for the payment of \$1.3 million from the Fugazy Parties over a five-year period together with ongoing interest and would provide for a mutual settlement and release of the claims of the parties; the form of the Payment Agreement to be subject to the approval of General Counsel or his designated representative.

(Board - 7/11/85)

Outerbridge Crossing - Roadway Resurfacing and Deck Rehabilitation - Contract AKO-120.004 - Award

It was reported that Contract AKO-120.004, which is the only contract to be awarded in connection with this project, provides for the removal of the asphalt surface, repair of the concrete deck, and the installation of a new asphalt surface, all at the Outerbridge Crossing.

All of the work under this contract will be performed during nighttime hours so as to minimize interference with traffic flow.

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 contract was publicly advertised and the following bids were received on July 2, 1985:

	Classified Work	Unclassified Work	Estimated Total Amount
Bellezza Company, Inc. S. Kearny, New Jersey	\$ 7,906,410	\$2,513,245	\$10,419,655
Perini Corporation Hastings-on-Hudson, New York	6,378,200	4,327,780	10,705,980
Schiavone Construction Co., Inc. Secaucus, New Jersey	10,757,550	4,161,000	14,918,550
ENGINEER'S ESTIMATE			\$ 9,700,000

Bellezza Company, Inc. 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 the Outerbridge Crossing for roadway resurfacing and deck rehabilitation at an expenditure presently being estimated at \$16,670,000 including payments to contractors, an allowance for extra work and engineering, administrative and financing expenses; and,

2. the Executive Director to award Contract AKO-120.004, Roadway Resurfacing and Deck Rehabilitation, Outerbridge Crossing, to Bellezza Company, Inc. in the total estimated amount of \$10,419,655, to order extra work up to the amount of \$2,080,000.

(Board - 7/11/85)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that a project at the Outerbridge Crossing for roadway resurfacing and deck rehabilitation, the expenditure therefore presently being estimated at \$16,670,000 including payments to contractors, an allowance for extra work and engineering, administrative and financing expenses is authorized; and it is further

RESOLVED, that the Executive Director is authorized to award Contract AKO-120.004, Roadway Resurfacing and Deck Rehabilitation, Outerbridge Crossing, to Bellezza Company, Inc. in the total estimated amount of \$10,419,655, to order extra work up to the amount of \$2,080,000.

(Board - 7/11/85)

Greenville Rail Yard - Brooklyn Eastern District Terminal - Purchase of Tugboat, "Brooklyn III" -
New York Cross Harbor Railroad Terminal Corp. - Charter of Tugboat, "Brooklyn III"

It was reported that the Board, at its meeting on May 10, 1984, authorized the Executive Director to enter into an agreement with Conrail for the purchase of the Greenville carfloat rail yard and floatbridge in Jersey City, New Jersey, and, at its meeting on October 11, 1984, the Board certified the rail yard and rail car floatbridge, to be acquired as the Greenville Yard-Port Authority Marine Terminal, as an additional facility of the Port Authority. It has been reported to the Board that New York Cross Harbor Railroad Terminal Corp. (NYCHRR) is the sole provider of cross harbor carfloat service between New Jersey and Brooklyn. This service saves 275 additional miles of transportation costs and transit time for receivers and shippers in Brooklyn, Queens and Long Island whose southern freight would otherwise have to be routed through Selkirk, New York, a major rail classification yard approximately fifteen miles south of Albany. The route to and from Selkirk east of the Hudson River further restricts certain freight because of low overhead bridge and tunnel clearances. NYCHRR currently floats about 3,500 cars per year of freight and has concluded an agreement with the Long Island Rail Road and Conrail, effective February 1, 1985, under which an additional 4,000 or more cars annually of Long Island Rail Road freight will be handled through the Greenville facility. Thus, it is of immediate importance that a second maneuvering tugboat be acquired to augment use of NYCHRR's own vessel and to handle its new Long Island freight.

Two independent marine survey/appraisal consultants retained by the Port Authority have estimated the value of the tugboat Brooklyn III, at \$160,000 and \$175,000, respectively, and have recommended specific repairs totalling about \$130,000. One of the consultants will be retained by the Port Authority to supervise the performance of the repair work and to certify the repairs as complete prior to the use of the tugboat under the charter party.

The Port Authority will purchase the tugboat Brooklyn III, from Brooklyn Eastern District Terminal, at a price of \$150,000.

The Port Authority's costs associated with the acquisition and repair of the tugboat will be limited to \$120,000. All costs in excess of such amount will be borne by NYCHRR. According to the survey/appraisal consultants, after the repairs are completed, the tugboat should have a market value of approximately \$300,000.

The Port Authority would enter into a charter party with NYCHRR covering the charter of the tugboat to NYCHRR. The rental payable by NYCHRR at a monthly rate of .014784 for each dollar of Port Authority investment represents the repayment, over the ten-year charter period, of the Port Authority's investment in the tugboat which shall not exceed \$270,000 including the purchase price, repairs, survey/appraisals, consultants' fees, drydock and other associated expenses and fees. NYCHRR would have the right to purchase the tugboat at any time during the charter period at a price equal to the Port Authority's unamortized investment. Title to the tugboat will be delivered to NYCHRR at the expiration of the charter period.

During the charter period, NYCHRR would be responsible for all operating and maintenance expenses, including the purchase of adequate insurance coverage.

(Board - 7/11/85)

It was therefore recommended that the Board authorize the purchase of the tugboat, Brooklyn III from Brooklyn Eastern District Terminal and the charter of the tugboat to New York Cross Harbor Railroad Terminal Corp. on the foregoing terms and conditions.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to: (1) enter into a contract of sale with Brooklyn Eastern District Terminal providing for the purchase of the Port Authority of the tugboat, "Brooklyn III," at a purchase price of \$150,000; (2) expend up to \$120,000 to effect repairs to the tugboat including survey, drydock and other costs associated with the acquisition and repair of the tugboat; and (3) enter into a charter party with New York Cross Harbor Railroad Terminal Corp. (NYCHRR) providing for the charter of the tugboat, "Brooklyn III," by NYCHRR for a ten-year period commencing on or about October 1, 1985 at a monthly rental of .014784 for each dollar of Port Authority investment, with NYCHRR having the right at any time during the charter period to purchase the tugboat by paying the Port Authority's unamortized investment in the tugboat, and be it further

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

(Board - 7/11/85)

Greenville Property - Payment In-Lieu-Of Taxes - City of Jersey City

It was reported that the Board, at its meeting on January 14, 1982, November 10, 1982, April 14, 1983, and May 10, 1984, authorized the payment, for each of the years 1981-1984, to the Cities of Jersey City and Bayonne, New Jersey, of the amounts representing the real estate taxes assessed on the Greenville and Port Jersey properties, respectively. Pending completion of negotiations concerning an in-lieu-of tax agreement, it is recommended that payment be made to the City of Jersey City for the year 1985 of an amount equal to the real estate taxes assessed against the Greenville property for the year 1981, the year of purchase of this property, in the approximate amount of \$489,000.

It was therefore recommended that the Board authorize the payment for the year 1985 to the City of Jersey City, New Jersey, in connection with the Greenville property acquired from the Penn Central Corporation, of an amount equal to the real estate taxes assessed on the properties for the year 1981.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive, Director be and he hereby is authorized to make payment for the year 1985 to the City of Jersey City in connection with the Greenville properties acquired from the Penn Central Corporation of an amount equal to the real estate taxes assessed on the properties for the year 1981.

(Board - 7/11/85)

Port Jersey Properties - Payment In-Lieu-Of Taxes - Cities of Bayonne and Jersey City

It was reported that the Board, at its meetings on January 14, 1982, November 10, 1982, April 14, 1983, and May 10, 1984, authorized the payment, for each of the years 1981-1984, to the Cities of Bayonne and Jersey City, New Jersey, of the amounts representing the real estate taxes assessed on the Greenville and Port Jersey properties. Negotiations are now proceeding with several marine interests for possible development of the Port Jersey property as a traditional marine terminal. If these negotiations are successful, staff will attempt to negotiate an individual payment in-lieu-of taxes agreement with the two municipalities on the Port Jersey property. In the interim, it is recommended that payment be made to the Cities of Bayonne and Jersey City of an amount equal to the assessed the real estate taxes against the Port Jersey properties for the year 1982 in the approximate amount of \$104,000 and \$406,000 respectively.

It was therefore recommended that the Board authorize payment for the year 1985, to the Cities of Bayonne and Jersey City, New Jersey, in connection with the Port Jersey properties purchased from Harborland Corporation and Teachers Insurance and Annuity Association of America, of an amount equal to the real estate taxes assessed on the properties for the year 1982.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director be and he hereby is authorized to make payment for the year 1985 to the Cities of Jersey City and Bayonne in connection with Port Jersey properties purchased from Harborland Corporation and Teachers Insurance and Annuity Association of America of an amount equal to the real estate taxes assessed on the properties for the year 1982.

(Board - 7/11/85)

Conrail Volume Shipper Agreement

It was reported that the Staggers Act of 1980 deregulated Trailer-On-Flatcar (TOFC) and Container-On-Flatcar (COFC) movements between ports in the United States and inland points. Conrail, a leader in rail TOFC and COFC movements, established an innovative marketing program of wholesaling transportation services through a Volume Shipper Agreement (VSA) with Shippers' Agents and steamship lines. The VSA, which excludes individual shippers/vendors, requires a minimum tender of not less than 300 trailers each calendar quarter; the employment of a sales force and/or customer service organization soliciting and obtaining freight for rail movements; and, the maintaining of a satisfactory credit arrangement to pay all charges within twenty days after containers have been billed. The Shippers' Agent, who is a party to the VSA, obtains the low line-haul rate on freight described as freight-all-kinds from Conrail and establishes its own level of rates with the shipper/vendor based on market demands plus a management fee.

Conrail's wholesale rate program is under pressure from the Chessie and Norfolk Southern railroads which have reduced their rates below the wholesale level. Conrail, due to the pending sale, is unable to meet the competition because it is required to operate all services at a profit. In order to compete with the lower Norfolk Southern rates, the Port Authority has encouraged Conrail to establish a new train service between Portside Yard at Port Elizabeth and Chicago, with intermediate points of Cleveland and Toledo, employing the new technology of double-stacking containers. Conrail is currently moving, from West Coast ports, similar types of trains carrying minibridge cargo from the Far East to the New York-New Jersey region. At present, railroad car clearances for double-stack cars are only available in the North Atlantic region via Conrail to or from New York. It has been estimated that use of this new technology will reduce the cost of handling containers from 20 - 25%. Conrail has ordered 200 of the COFC platform cars and will commence the new service on July 15, 1985, with daily trains in each direction. The service will be separate and distinct from its TOFC service which will be maintained. Conrail will reduce its wholesale rates for this service an average of \$150 per container, \$50 below the Norfolk Southern's rate. The \$50 differential is in consideration of the drayage cost in New York and is intended to equalize shipper/vendor costs at Norfolk. The new double-stack rates will not be increased for the first year of service or until mid-1986.

The Port Authority will be aggressively advertising and promoting this program to build volume for the double-stack service. Steamship lines with VSA's will be encouraged to use the train service. There are only four carriers presently participating in the VSA program in New York. The majority of steamship lines do not have the volume to move 300 boxes a quarter and must use the services of a Shippers' Agent. Shippers' Agents serving the New York region concentrate on domestic movements for individual shippers/vendors and have good control over billing and payment of services. Most Shippers' Agents do not have the cash flow to handle rail service payments beyond Conrail's credit arrangements. Previous arrangements with steamship lines by agents have established that steamship lines are slow payers and agents could not afford to maintain their accounts.

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In order to encourage the majority of steamship lines in the Port to use the new double-stack train and discharge containers in the Port of New York/New Jersey, staff recommends that the Port Authority become a Shippers' Agent. As a Shippers' Agent, the Port Authority would co-load container shipments with Keystone Terminals under Keystone's agreement. Keystone's present movements exceed the quarterly volume minimums and co-loading would exempt the Port Authority from the quota. Keystone Terminals, an experienced Shippers' Agent, also operates Matco Trucking Company and has been in business over 30 years. Total corporate employment is approximately 150 and 60 percent of these are minorities. Keystone would handle all operations required by the railroad and would bill the shipper/vendor on Port Authority billing for services. Charges to the shipper/vendor will be established by the Port Authority and will include Conrail's line-haul rates, a management fee for Keystone's services, and a penalty provision for delinquent payments. The Port Authority will collect all charges from the shipper/vendor. Keystone will maintain all records of cargo movements, handle all customer service calls, and provide credit information on shippers/vendors when requested. The agreement with Keystone will contain provisions for cancellation on short notice if the performance or arrangement is not satisfactory to the Port Authority.

To permit close evaluation of the costs and benefits associated with this program, the Port Authority would enter into the Volume Shipper Agreement with Conrail and Keystone Terminals for a period not to exceed six months initially.

The program will be initiated on a trial basis to be re-evaluated by the Board at the earliest of the following: six months; billings to shippers/vendors exceed \$1 million; or, delinquent accounts of shippers/vendors reach 30% of total billing.

It was therefore recommended that the Board authorize the Port Authority to become a Shippers' Agent by entering into a Volume Shipper Agreement, for a period not to exceed six months initially, with Consolidated Rail Corporation (Conrail) and Keystone Terminals to arrange for the inland transportation of containers on Conrail's new double-stack container train.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Port Authority is authorized to become a Shippers' Agent by entering into a Volume Shipper Agreement, for a period not to exceed six months initially, with Consolidated Rail Corporation (Conrail) and Keystone Terminals to arrange for the inland transportation of containers on Conrail's new double-stack container train.

(Board - 7/11/85)

Red Hook Container Terminal Expansion - Amendment to the Lease with The City of New York and the State of New York

It was reported that the Board, at its meeting on September 1, 1978, authorized an agreement with The City of New York and the State of New York for the construction of the Red Hook Container Terminal. For the original terminal, the City and the State contributed \$24 million for construction costs. The City also acquired and contributed ten acres of land with the Port Authority contributing an additional 30 acres of land, including Piers 10 and 11. Under the terms of the original agreement, revenues derived from the terminal were to be used to pay Port Authority operating and maintenance costs which include payments in-lieu-of taxes; an annual payment of \$100,000 to New York City; and an annual payment of \$400,000 to the Port Authority. After debt service was satisfied on the City's last \$4 million contribution to the project, all excess funds were to be deposited in a development fund for a future Red Hook expansion and shall provide certain easements required by the City's Department of Environmental Protection.

The Board, at its meeting on December 8, 1983, authorized a project for the Port Authority to expand the Red Hook Container Terminal at an approximate cost of \$14.5 million and the conduct of negotiations with the City and the State for a new agreement. An agreement has now been reached with the City and the State whereby the Port Authority will provide the construction funds and 26 acres consisting of Piers 9A and 9B and upland, with the City providing an additional ten acres consisting of three city blocks needed for expansion of the terminal. The City will be granted additional maintenance easements.

The Port Authority will be responsible for the construction of the expanded terminal and operation and maintenance therefore. Revenues from the expanded terminal will be used to pay for all operating and maintenance costs, including payment in-lieu-of taxes for Port Authority realty, originally Piers 9A, 9B and 10 and 11. Remaining net revenues will be divided equally between the City and the Port Authority.

Following construction completion on the original and expanded terminal, the City will have contributed about \$12 million and 20 acres of land; the Port Authority's share would be \$11.5 million for construction, \$3 million for a crane, under a separate agreement with Universal Maritime Service and approximately 56 acres consisting of Piers 9A, 9B, 10, and 11 and adjacent upland. The terms of this amendment will supersede those of the original agreement.

The Port Authority, State and City will jointly promote and market the expanded Red Hook Container Terminal at an estimated annual cost of \$100,000. Direct marketing costs shall become a portion of the operating and maintenance costs.

It was therefore recommended that the Board authorize the Executive Director on behalf of the Port Authority to enter into an agreement amending the Agreement between the Port Authority, the City of New York and the State of New York covering the construction and operation of the Red Hook Container Terminal to provide for the expansion thereof in accordance with the foregoing.

(Board - 7/11/85)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director on behalf of the Port Authority to enter into an amendment to the Agreement with the City of New York and the State of New York for the expanded Red Hook Container Terminal; the said agreement of amendment to be in accordance with the foregoing; the form of the Agreement to be subject to the approval of General Counsel or his designated representative.

(Board - 7/11/85)

All Risk Property Damage and Loss of Revenue Insurance - Increase in Premium

It was reported that the Board, at its meeting on May 10, 1984, authorized the purchase of \$200 million excess of a \$100,000 self-insured retention, per occurrence, of All Risk Property Damage and Loss of Revenue insurance covering all properties of the Port Authority and Port Authority Trans-Hudson (PATH), other than bridges and tunnels, effective June 1, 1984, through Hamond & Regine, Inc., and C. E. Heath & Co., Ltd., as follows:

1. \$10 million excess of a \$100,000 self-insured retention, per occurrence, for a period of three years (June 1, 1984 to June 1, 1987) at a prepaid premium of \$1.1 million and for an additional period of three years (June 1, 1987 to June 1, 1990) at a prepaid premium equal to the premium for the first three years, adjusted in proportion to the change in insurable values occurring during the first three-year period; and

2. \$190 million excess of \$10 million excess of a \$100,000 self-insured retention, per occurrence, for a period of three years (June 1, 1984 to June 1, 1987) at a prepaid premium of \$675,000, and for an additional period of two years (June 1, 1987 to June 1, 1989) at a prepaid premium equal to two-thirds the premium for the first three years, adjusted in proportion to the change in insurable values occurring during the first three-year period.

In mid-1984, the long anticipated tightening of world insurance markets began, taking the form of severe reinsurance market capacity contraction and higher premium pricing. This, in turn, has dictated that primary insurers reduce their underwriting capacity or seek substantially higher premium rates than in the past, resulting in numerous cancellations and non-renewals in order to rewrite business at more profitable levels. All evidence points to a continuation of this market tightening and substantial repricing, on a worldwide basis, in order to reverse the prolonged period of industry-wide underwriting losses.

The aforementioned restrictive worldwide market conditions have had and continue to have adverse effects on all major insurance placements. Staff in conjunction with EBASCO Risk Management Consultants, Inc., feel that the impact on the Port Authority has not been as severe as that experienced by other major insureds.

In accordance with the policy provisions providing for cancellation of the policy on 120 days' prior notice, various participants in the All Risk Property Damage and Loss of Revenue Insurance program issued cancellation notices creating a \$32.05 million shortage in the \$200 million program effective June 1, 1985. \$7.5 million of this shortage was within the \$10 million primary insurance layer. These shortages were deemed significant enough to renegotiate the entire program to reflect current market realities. Insurance industry practice dictates that all underwriters in the same layers enjoy the same terms and conditions and that substantial changes in terms and conditions at any layer be identified to all underwriters to give them each an opportunity to renegotiate at rates commensurate with the level of risk taken. Staff feels that renegotiating the entire placement at this time is to the Port Authority's advantage as it not only maintains the integrity of the coverage at most reasonable rates but also holds out the best opportunity for continuing the placement intact through the extension period.

(Board - 7/11/85)

In soliciting replacement coverage, staff learned that the London market continued to show no interest in participating in the primary layer of this program due to the extremely low premium obtained in the 1984 renewal process. At that time our annual premium rate per \$100 of insurable value was reduced from 2.1 cents to 1.2 cents. (See Exhibit I attached showing annual rates for the last three placements of this program). As a result, the broker proceeded to renegotiate coverage with the existing domestic underwriters who appeared interested in withdrawing their cancellations for a moderate increase in premium.

After extensive negotiations, 95% of the replacement coverage has been completed at a revised premium of \$2,276,180 for the three years beginning on June 1, 1984. This represents an increase of \$501,180 for the second and third years of this policy. The revised premium translates to a rate of 1.6 cents per \$100 of insurable values which is still lower than the 2.1 cents rate in force in 1981 and dramatically lower than the nearest competitive quotation of 4.3 cents received in 1984 despite the recognized soft market. Staff is confident that the entire placement will be completed. However, should this be impossible at current price levels, the Port Authority will self-insure up to 5% of this risk at a proportional reduction in premium.

In addition, although the negotiations required the Port Authority to accept some changes in the policy form, (most significantly, the establishment of a provision allowing for cancellation at anytime on 90 days' notice replacing the current provision for cancellation effective on an anniversary date on 120 days' prior notice; elimination of pollution coverage unless such pollution is caused by a risk otherwise covered by the policy; and establishment of annual aggregate limits of coverage for flood and earthquake losses) staff deemed these modifications as acceptable in light of the current deteriorating insurance market. Staff was able to retain the extension privilege of the original policy. However, because of the changes in the premiums in the second and third years of the first three-year period (June 1, 1984 through June 1, 1987) the two and three-year extensions will be recalculated using the premiums for the last year of coverage. Staff in conjunction with EBASCO, the Port Authority's risk management consultant, recommends the acceptance of these proposals.

Recommendation was made that the Board authorize:

1. an increase of \$501,180 in premiums, from the previously authorized amount of \$1,775,000, to \$2,276,180 for the All Risk Property Damage and Loss of Revenue insurance covering all properties of the Port Authority and Port Authority Trans-Hudson Corporation (PATH), other than bridges and tunnels, purchased from various domestic and London insurers through Hamond & Regine, Inc., and C. E. Heath & Co., Ltd., for a three-year period commencing June 1, 1984; and

2. the payment of premiums for the three-year extension of the first \$10 million layer and the two-year extension of the \$190 million layers excess of the \$10 million layer, authorized by the Board, at its meeting on May 10, 1984, at a rate equal to the last year's premium times the number of years in the extension and adjusted in proportion to the change in insurable values occurring during the first three-year period.

Approved.

Exhibit I

The Port Authority of NY & NJ
 All Risk Property Damage & Loss of Revenue Insurance
 Comparative Summary of Annual Premium Rates

	<u>1981</u>	<u>1984</u>	<u>1985</u>
<u>Insurable Values</u>			
Real Property Value	\$2,936	\$3,882	\$4,124
Personal Property	80	142	154
Revenue	326	789	1035
Total Insurable Values	3,342	4,813	5,313
<u>Supplementary Values</u>			
Total Values	3,895	4,754	5,044
	\$7,237	\$9,567	\$10,357
Annual Premium	\$693,000	\$591,000	\$842,000
Annual Rate per \$100 of Insurable Values Premium	2.1¢	1.2¢	1.6¢
<hr style="width: 20%; margin: 0 auto;"/> Insurable Value			

Note: Insurable Values expressed in \$ Millions

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Public Liability and Property Damage Insurance (Parasol Program) - Reduction in Limits

It was reported that the Board, at its meeting on June 14, 1984, authorized the purchase from the London market and various U.S. insurance underwriters through the brokers, Hamond and Regine, Inc. and C.E. Heath and Co., Ltd., of up to \$300 million per occurrence Excess Liability and Property Damage Insurance, commencing June 15, 1984 for a three-year term, at a three-year prepaid premium of up to \$1,250,000 less a credit of up to \$416,708 for the return premium for the early cancellation of the coverage authorized by the Board on May 13, 1982 and on December 9, 1982 for the period from June 15, 1984 to June 15, 1985; with such coverage to be provided over the \$200 million per occurrence Public Liability Policy, and the \$200 million per occurrence All Risk Property Damage and Loss of Revenue Policy and the \$300 million per occurrence by Bridge and Tunnel All Risk Property Damage and Loss of Revenue Insurance Policy.

As a result of major underwriting losses incurred by the world insurance industry, a severe tightening of insurance markets has taken place causing substantial price increases, severe reductions in coverages and a drastic contraction in capacity. This tightening, which started sometime last year, has already forced previously the Port Authority to self insure \$43 million of coverage previously provided by U.S. insurance companies as reported to the Board on June 14, 1984. Further deterioration has now caused the remaining \$57 million of U.S. coverage to disappear leaving us with \$200 million of coverage spaced out evenly throughout the \$300 million program. In addition, certain London markets also provided us with cancellation notices creating further gaps in coverage as of June 15, 1985.

After extensive negotiations and as a result of the excellent relationships staff has maintained with foreign underwriters, the London market has agreed to collapse its coverage from two-thirds of \$300 million to 100% of \$200 million at a prepaid premium cost of \$416,667 per year, the same amount previously authorized for the \$300 million program. Staff considers, and EBASCO, our risk management consultants, agree that retention of this difficult coverage, which includes coverage for both property and liability, at the new premium is a significant achievement in this marketplace. The Port Authority, after consideration of the Parasol, will enjoy a total of \$500 million in coverage per occurrence for its tunnels and bridges, \$400 million of coverage per occurrence for its liability exposures.

The existence of this program will also aid in future negotiations relating to the annual review of the public liability coverages which are currently underway.

More than 90% of the Parasol program has already been completed. U.S. and London brokers are continuing their efforts to attract additional capacity up to 100% at the agreed premium level. While these efforts continue, the Port Authority may find it necessary to co-insure as much as 10%, or up to \$20 million, of the Parasol risk on a pro-rata basis at a proportionate reduction in total premium.

Recommendation was made that the Board authorize a reduction in coverage in the Parasol Program from \$300 million to \$200 million with no change in premium from that previously authorized by the Board on June 14, 1984.

Approved.

(Board - 7/11/85)

Report on Public Hearing - Consolidated Bonds, Fifty-fourth Series - Consolidated Notes, Series KK, Series LL, and Series MM - Bank Loan of 1985 - The Port Authority Commercial Paper Program - Port Authority Operating Equipment - Lease Financing Program - Amendments

It was reported to the Board that, on July 10, 1985, public hearings in connection with the issuance and sale of bonds, notes and other obligations of the Port Authority as provided by Section 103(k) of the Internal Revenue Code of 1954, as added by the Tax Equity and Fiscal Responsibility Act of 1982, and the regulations promulgated thereunder, were conducted by the Treasurer of the Port Authority at the offices of the Port Authority at One World Trade Center and at the offices of the Port Authority at the Journal Square Transportation Center, pursuant to public notice published on June 25, 1985, 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 above obligations, the Authority's facilities and projects: "Previously approved Consolidated Bonds of The Port Authority of New York and New Jersey, presently denominated as the Fifty-fourth Series; previously approved Consolidated Notes, Series KK, Series LL and Series MM; a previously approved Bank Loan; and the previously approved Port Authority Commercial Paper Program, all to be issued and sold in connection with a plan of financing, which also includes the Port Authority Operating Equipment--Lease Financing Program, 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, New York City Passenger Ship Terminal, World Trade Center, a facility of commerce in Manhattan, N.Y., Bathgate Industrial Park, an industrial park in The Bronx, N.Y., Elizabeth Industrial Park, an industrial park in Elizabeth, N.J., Yonkers Industrial Park, an industrial park in Yonkers, N.Y., and Teleport, a satellite communications center at the Staten Island Industrial Park, Staten Island, N.Y., a foreign trade zone/distribution center and industrial development project or facility in the Howland Hook Marine Terminal Area of Staten

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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 pre-development site acquisition project or facility for acquisition of real property in the New Jersey and New York portions of the Port of New York District, a port improvement homeport project or facility in the vicinity of the pier area of Stapleton, Staten Island, N.Y., a legal and communications center project or facility in Newark, N.J., a resource recovery project or facility in Essex County, N.J., a resource recovery project or facility in the City of New York, N.Y., a waterfront development project or facility to be located in each of Hunters Point, Queens, N.Y., and Hoboken, N.J., a marine terminal project or facility consisting in part of a float bridge associated with transportation of rail freight between the Greenville freight yard in Jersey City, N.J. and the Brooklyn, N.Y. waterfront, 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 at LaGuardia Airport, general runway and roadway modification, paving, Central Terminal Building expansion; John F. Kennedy International Airport, general runway, taxiway and roadway modification, paving, modification to the International Arrivals Building, multi-tenant air cargo services building, passenger distribution system and related improvements; Newark International Airport, general runway and roadway modification, paving, construction of a general aviation services center and cargo building in the Southwest development area, maintenance building, completion of Terminal C; a Bi-State Port Development Program in New York and New Jersey, including certain dredging, Howland Hook Marine Terminal, acquisition, improvement, expansion, Port Newark, channel dredging, berth deepening, 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; Elizabeth Industrial Park project; Yonkers Industrial Park project; Port Authority Bus Terminal, extension, improvement, modernization; the Teleport project; Port Authority Bus Programs; capital improvements related to safety, maintenance, rehabilitation or improvement at the Hudson Tubes portion of 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;

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Homeport project; Legal and Communications Center project; Essex County resource recovery project; New York City resource recovery project; Hunters Point waterfront project; Hoboken waterfront project; Greenville yard marine terminal and float bridge project; ferries; and other miscellaneous capital improvements and replacements and operating equipment lease financing in connection with the facilities of the Port Authority. The said series of obligations of the Port Authority would be issued for purposes of capital or other expenditures with respect to the facilities and projects noted above and in the maximum aggregate principal amounts noted below: the said Series of Bonds would be in principal amount of up to \$100,000,000, each of said Series of Notes would be in principal amount of up to \$50,000,000 (provided, however, that the total aggregate principal amount of all said Series of Notes sold would not exceed \$95,000,000), the Bank Loan would be in a principal amount of up to \$100,000,000, the Port Authority Commercial Paper Program would be in principal amounts of up to \$150,000,000 outstanding at any one time, and the Port Authority Operating Equipment--Lease Financing Program would be in principal amounts of up to \$10,000,000 at any one time."

It was further reported that the Board, at its meeting on October 11, 1984, adopted separate resolutions establishing Consolidated Bonds, Fifty-fourth Series, Due 2020, authorizing the issuance of such Series and authorizing the sale of such Series in a principal amount not to exceed \$100 million, establishing and authorizing the issuance of each of Consolidated Notes, Series JJ, Series KK, Series LL, and Series MM, and, in each case, authorizing the sale of each such Series of Notes in a principal amount not to exceed \$25 million, and establishing and authorizing the execution and delivery of a Bank Loan of 1985 in a principal amount not to exceed \$100 million. The issuance of each such Series of Bonds and Notes, and the Bank Loan, was authorized, in each case subject to limitation by the Committee on Finance, for purposes of capital expenditures in connection with the Port Authority's facilities.

The Board, at its meeting on September 9, 1982, authorized the establishment of the Port Authority Commercial Paper Program; this Program was extended by the Board on October 13, 1983, when the Board authorized the issuance of obligations thereunder in an unlimited aggregate amount, provided that the aggregate principal amount of obligations outstanding at any one time would not be in excess of \$150 million. The issuance of such obligations was authorized, subject to limitation by the Executive Director, for purposes of payment for capital expenditures in connection with the Port Authority's facilities, including, inter alia, airports, docks and wharves.

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At its meeting on April 11, 1985, the Board authorized a program of lease-financing transactions to facilitate the purchase of portions of operating equipment for use at the Port Authority's facilities, with the aggregate principal amount financed at any one time not to exceed \$10 million. The authorization provides that expenses incurred with respect to each letting of equipment would be operating expenses of the Port Authority payable in the same manner and out of the same revenues as all other such expenses.

These original authorizations were sought so that capital (or other) funds might be obtained expeditiously and at the most favorable interest cost to the Authority. On December 10, 1984, \$5 million in principal amount of Consolidated Notes, Series JJ, dated as of December 17, 1984, due December 17, 1985, were sold to Shearson Lehman/American Express at a net interest cost to the Authority of .5.80 percent. Therefore, of the original authorizations contained in the resolutions of October 11, 1984, relating to Consolidated Notes in a total aggregate principal amount of \$100 million, only \$75 million remains authorized.

It was therefore recommended that, in order to maintain maximum flexibility for obtaining funds through the issuance of short-term obligations, the resolutions relating to Consolidated Notes should be amended to permit the sale of Consolidated Notes, Series KK, Series LL, and Series MM, each in a principal amount of up to \$50 million, provided, however, that the aggregate principal amount of such Series of Consolidated Notes sold would not exceed \$95 million, for a total for the four Series of Consolidated Notes originally authorized on October 11, 1984, not to exceed the \$100 million then authorized.

In view of the fact that the Howland Hook Marine Terminal has recently been certified by the Board as an additional facility of the Port Authority (which certification has been reaffirmed by the Committee on Finance), and to more accurately reflect the purposes of the Port Authority Operating Equipment--Lease Financing Program, it would now be appropriate to amend the foregoing resolutions to make it clear that the terms facilities or airports, docks and wharves, as used in such resolutions include, without limitation, the Howland Hook Marine Terminal (including certain infrastructure improvement projects in the vicinity thereof) and that specified operating equipment contemplated to be included under the Port Authority Operating Equipment--Lease Financing Program may be used by the Port Authority or others at all such airports, docks and wharves which are facilities of the Port Authority. Although a portion of the proceeds of the recently issued Consolidated Bonds, Fifty-third

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Series, Due 2020, have been allocated to certain infrastructure improvement projects in the vicinity of the Howland Hook Marine Terminal, action to clarify the authorizations, subsequent to public hearings, is now appropriate.

In all other respects, the resolutions relating to Consolidated Bonds, Fifty-fourth Series, Consolidated Notes, Series KK, Series LL, and Series MM, the Bank Loan of 1985, the Port Authority Commercial Paper Program, and the Port Authority Operating Equipment--Lease Financing Program would remain unchanged.

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

RESOLVED, that Section 4 of the resolution of October 11, 1984 (appearing at page 455 of the Official Minutes of that date), which resolution relates to the authorization of issuance of Consolidated Bonds, Fifty-fourth Series, Due 2021, be amended to read as follows:

"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, which term applies, inter alia, without limitation, to the Howland Hook Marine Terminal (including certain infrastructure improvement projects in the vicinity thereof), 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 1954, as amended, and the regulations promulgated thereunder, 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, at or before maturity, all or any part of any issue of 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, at maturity, Commercial Paper Notes in accordance with applicable law, regulations and contractual provisions."

and it is further

RESOLVED, that the first paragraph of Section 2 of the resolution of October 11, 1984 (appearing at pages 467 et seq. of the Official Minutes of that date), which resolution relates to the establishment and authorization of issuance of Consolidated Notes, Series KK, be amended to read as follows:

"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 "Series KK Notes" or "notes of this Series") and the issuance of up to Fifty Million Dollars (\$50,000,000) in principal amount of such Series KK Notes is hereby authorized. Said KK Notes shall be established and issued pursuant to and shall conform in all respects to the aforesaid Consolidated Bond Resolution."

and it is further

RESOLVED, that Section 3 of the aforesaid resolution of October 11, 1984 (appearing at pages 467 et seq. of the Official Minutes of that date), which resolution relates to the establishment and authorization of issuance of Consolidated Notes, Series KK, be amended to read as follows:

"SECTION 3. The proceeds of such Series KK Notes shall be used (a) for purposes of capital expenditures in connection with any one or more of the facilities of the Authority, which term applies, inter alia, without limitation, to the Howland Hook Marine Terminal (including certain infrastructure improvement projects in the vicinity thereof), 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 1954, as amended (hereinafter called the "Code"), and the regulations promulgated thereunder, 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, at or before maturity, all or any part of any issue of 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, at

maturity, Commercial Paper Notes in accordance with applicable law, regulations and contractual provisions."

and it is further

RESOLVED, that Section 1 of the resolution of October 11, 1984 (appearing at pages 475-476 of the Official Minutes of that date), which resolution relates to the authorization of the sale of Consolidated Notes, Series KK, be amended to read as follows:

"SECTION 1. The Committee on Finance of the Authority (hereinafter called the "Committee") is hereby authorized to sell all or any part of Fifty Million Dollars (\$50,000,000) in principal amount of Consolidated Notes, Series KK (hereinafter called the "Series KK Notes"), at a price which will result in a net 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 October 15, 1986, and to apply the proceeds of such sale or sales as provided in the resolution establishing and authorizing the issuance of said Series KK Notes; provided, however, that the total aggregate principal amount of Consolidated Notes, Series KK, Consolidated Notes, Series LL, and Consolidated Notes, Series MM, sold by the Committee shall not exceed Ninety-five Million Dollars (\$95,000,000)."

and it is further

RESOLVED, that the first paragraph of Section 2 of the resolution of October 11, 1984 (appearing at pages 477 et seq. of the Official Minutes of that date), which resolution relates to the establishment and authorization of the issuance of Consolidated Notes, Series LL, be amended to read as follows:

"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 "Series LL Notes" or "notes of this Series") and the issuance of up to Fifty Million Dollars (\$50,000,000) in principal amount of such Series LL Notes is hereby authorized. Said LL Notes shall be established and issued pursuant to and shall conform in all respects to the aforesaid Consolidated Bond Resolution."

and it is further

RESOLVED, that Section 3 of the aforesaid resolution of October 11, 1984 (appearing at pges 477 et seq. of the Official Minutes of that date), which resolution relates to the establishment and authorization of issuance of Consolidated Notes, Series LL, be amended to read as follows:

"SECTION 3. The proceeds of such Series LL Notes shall be used (a) for purposes of capital expenditures in connection with any one or more of the facilities of the Authority, which term applies, inter alia, to airports, docks and wharves, including, without limitation, the Howland Hook Marine Terminal (including certain infrastructure improvement projects in the vicinity thereof), 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 1954, as amended (hereinafter called the "Code"), and the regulations promulgated thereunder, 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, at or before maturity, all or any part of any issue of 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, at maturity, Commercial Paper Notes in accordance with applicable law, regulations and contractual provisions."

and it is further

RESOLVED, that Section 1 of the resolution of October 11, 1984 (appearing at page 485 of the Official Minutes of that date), which resolution relates to the authorization of the sale of Consolidated Notes, Series LL, be amended to read as follows:

"SECTION 1. The Committee on Finance of the Authority (hereinafter called the "Committee") is hereby authorized to sell all or any part of Fifty Million Dollars (\$50,000,000) in principal amount of Consolidated Notes, Series LL (hereinafter called the

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"Series LL Notes"), at a price which will result in a net 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 October 15, 1986, and to apply the proceeds of such sale or sales as provided in the resolution establishing and authorizing the issuance of said Series LL Notes; provided, however, that the total aggregate principal amount of Consolidated Notes, Series KK, Consolidated Notes, Series LL, and Consolidated Notes, Series MM, sold by the Committee shall not exceed Ninety-five Million Dollars (\$95,000,000)."

and it is further

RESOLVED, that the first paragraph of Section 2 of the resolution of October 11, 1984 (appearing at pages 486 et seq. of the Official Minutes of that date), which resolution relates to the establishment and authorization of issuance of Consolidated Notes, Series MM, be amended to read as follows:

"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 "Series MM Notes" or "notes of this Series") and the issuance of up to Fifty Million Dollars (\$50,000,000) in principal amount of such Series MM Notes is hereby authorized. Said MM Notes shall be established and issued pursuant to and shall conform in all respects to the aforesaid Consolidated Bond Resolution."

and it is further

RESOLVED, that Section 3 of the aforesaid resolution of October 11, 1984 (appearing at pages 486 et seq. of the Official Minutes of that date), which resolution relates to the establishment and authorization of issuance of Consolidated Notes, Series MM, be amended to read as follows:

"SECTION 3. The proceeds of such Series MM Notes shall be used (a) for purposes of capital expenditures in connection with any one or more of the facilities of the Authority, which term applies, inter alia, without limitation, to the Howland Hook Marine Terminal (including certain infrastructure improvement projects in the vicinity thereof), 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 1954, as amended (hereinafter called the "Code"), and the regulations promulgated thereunder, 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, at or before maturity, all or any part of any issue of 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, at maturity, Commercial Paper Notes in accordance with applicable law, regulations and contractual provisions."

and it is further

RESOLVED, that Section 1 of the resolution of October 11, 1984 (appearing at page 494 of the Official Minutes of that date), which resolution relates to the authorization of the sale of Consolidated Notes, Series MM, be amended to read as follows:

"SECTION 1. The Committee on Finance of the Authority (hereinafter called the "Committee") is hereby authorized to sell all or any part of Fifty Million Dollars (\$50,000,000) in principal amount of Consolidated Notes, Series MM (hereinafter called the "Series MM Notes"), at a price which will result in a net 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 October 15, 1986, and to apply the proceeds of such sale or sales as provided in the resolution establishing and authorizing the issuance of said Series MM Notes; provided, however, that the total aggregate principal amount of Consolidated Notes, Series KK, Consolidated Notes, Series LL, and Consolidated Notes, Series MM, sold by the Committee shall not exceed Ninety-five Million Dollars (\$95,000,000)."

and it is further

(Board - 7/11/85)

RESOLVED, that the first paragraph of Section 2.04 of the resolution of October 11, 1984 (appearing at pages 495 et seq. of the Official Minutes of that date), which resolution relates to the establishment and authorization of execution and delivery of a Bank Loan of 1985, be amended to read as follows:

"Section 2.04. Application of Proceeds. The proceeds of the Bank Loan shall be used for (a) purposes of capital expenditures in connection with any one or more of the facilities of the Authority, which term applies, inter alia, without limitation, to the Howland Hook Marine Terminal (including certain infrastructure improvement projects in the vicinity thereof), 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 1954, as amended, and the regulations promulgated thereunder, the Committee on Finance may authorize all or any portion of the unspent proceeds of the Bank Loan 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 Bank Loan; (b) for the purpose of refunding, at or before maturity, all or any part of any issue of Consolidated Notes issued and outstanding at the time of the delivery of the Bank Loan Agreement and the Promissory Note; and (c) for the purpose of refunding, at maturity, Commercial Paper Notes in accordance with applicable law, regulations and contractual provisions."

and it is further

RESOLVED, that the first paragraph of Section 2.04 of the resolution of October 13, 1983 (appearing at pages 395 et seq. of the Official Minutes of that date), which resolution is known as the Port Authority Commercial Paper Resolution, be amended to read as follows:

"Section 2.04. Application of Proceeds. The proceeds of each Port Authority Commercial Paper Note shall be used for purposes of payment for capital expenditures in connection with the Authority's facilities, as follows: bridges and tunnels; airports, docks and wharves (including port-related railroad freight projects related or of benefit to Port Authority

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marine or air terminals or to the protection or promotion of the commerce of the Port District, and which terms shall include, without limitation, the Howland Hook Marine Terminal, including infrastructure improvement projects in the vicinity thereof); mass commuting facilities (consisting of bus terminals, buses, ancillary bus facilities and the Hudson Tubes portion of the Port Authority Trans-Hudson System); parking facilities; storage or training facilities directly related to any of the foregoing; industrial development projects or facilities including but not limited to the Bathgate Industrial Development Project and the Teleport; and for the purpose of refunding, at a Maturity Date, any Port Authority Commercial Paper Notes; provided, however, that no more than ten per centum (10%) of the amount of the proceeds of each Port Authority Commercial Paper Note which proceeds are not expended to refund all or any part of any Port Authority Commercial Paper Notes, the proceeds of which Port Authority Commercial Paper Notes were authorized to be used for purposes of capital expenditures in connection with the construction of structures or buildings at an industrial development project or facility other than structures or buildings incidental to the development of the land for such project or facility, may be used for the purposes of capital expenditures in connection with the construction of structures or buildings at an industrial development project or facility other than structures or buildings incidental to the development of the land for such project or facility."

and it is further

RESOLVED, that the first paragraph of the resolution of April 11, 1985 (appearing at pages 150 et seq. of the Official Minutes of that date), which resolution relates to the Port Authority Operating Equipment--Lease Financing Program, be amended to read as follows:

"RESOLVED, that the Executive Director is hereby authorized on behalf of the Port Authority to enter into lease-financing transactions no earlier than May 1, 1985 and no later than June 30, 1988, to facilitate the purchase of portions of the Port 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 Port Authority or others at any of its facilities, including

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its airports, docks and wharves, in an aggregate principal amount not to exceed \$10 million at any one time at an interest rate to the lessor-investor or investors equal to 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, the Port Authority and the lessor-investor or investors may agree to a rate not to exceed 85% of Bank of America's Reference Rate; the term of each letting of equipment not to exceed the useful life of the equipment included therein; 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 Port Authority, payable in the same manner and out of the same revenues as all other such expenses of the Port Authority; and it is further"

Whereupon, the meeting was adjourned.

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

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MINUTES of meeting of The Port Authority of New York and New Jersey held Thursday, August 8, 1985, at the Port Authority offices, One World Trade Center, City, County and State of New York. (310)

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
James G. Hellmuth
Howard Schulman
John G. McGoldrick
H. Carl McCall

Peter C. Goldmark, Jr., Executive Director
Patrick J. Falvey, General Counsel/Assistant Executive Director
Doris E. Landre, Secretary
Robert J. Aaronson, Director of Aviation
Anthony J. Barber, Acting Director of Tunnels, Bridges and Terminals
Stephen Carlson, Assistant Director of Planning and Development
Gwendolyn K. Crider, Administrative Assistant
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
Philip LaRocco, Director, Economic Development Department
Donald R. Lee, Director of Audit
Lillian C. Liburdi, Director of Management and Budget
Cornelius J. Lynch, Deputy Director of World Trade
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 Trainee
Edward J. O'Malley, Director of Personnel
James J. O'Malley, Director of Management Information Services
Robert N. Steiner, Deputy Port Director
Victor T. Strom, Director of Public Safety
Joseph L. Vanacore, Executive Officer for Capital Programs
Barry Weintrob, Director, Finance Department/Comptroller, Acting Chief Financial Officer
Marvin Weiss, Director, Office of Minority Business Development
Thomas C. Young, Jr., Principal Information Officer, Public Affairs

The meeting was called to order by the Chairman.

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of July 11, 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 August 8, 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 August 8, 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 August 8, 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 August 8, 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 - 8/8/85)

Tribute to Peter C. Goldmark, Jr.

The following resolution was unanimously adopted, expressing the appreciation of the Commissioners of The Port Authority of New York and New Jersey to Peter C. Goldmark, Jr.

WHEREAS, Peter C. Goldmark, Jr. has served as Executive Director of The Port Authority of New York and New Jersey since August 3, 1977 and has left an indelible imprint on the Port Authority and the region; and

WHEREAS, Mr. Goldmark has brought great credit to the Port Authority by reinvigorating the agency's reputation for excellence in management and imaginative ideas; and

WHEREAS, under Mr. Goldmark's leadership, the Port Authority has continued to carry out its commitment to the movement of people and goods and to the promotion and protection of this great Port of New York/New Jersey; and

WHEREAS, Mr. Goldmark has guided the Port Authority into new and innovative endeavors including industrial parks, resource recovery, infrastructure renewal and financing and has made the Port Authority an essential force for regional growth; and

WHEREAS, Mr. Goldmark has given to the agency his own high degree of integrity, honesty, openness and steadfast dedication to achieving excellence in the public service; and

WHEREAS, Mr. Goldmark has always had a generous and thoughtful and fair approach to his colleagues and the unique ability to bring out the very best in the people with whom he has worked;

NOW, THEREFORE, be it

RESOLVED, that the Commissioners of The Port Authority of New York and New Jersey do hereby express to Peter C. Goldmark, Jr. their deep appreciation for his tireless efforts and outstanding achievements in shaping, directing and managing the policies and activities of the Port Authority, and further express to him their warmest respect and affection; and be it further

RESOLVED, that the Commissioners hereby direct that this resolution be suitably engraved and presented to Peter C. Goldmark, Jr. as a token of the high esteem and warm affection in which he is held by the Commissioners and by his fellow staff members.

(Board - 8/8/85)

**Elizabeth-Port Authority Marine Terminal - East of McLester Street - Paving and Utilities -
Contract EP-220.013 - Award**

It was reported that Contract EP-220.013 provides for the construction of paving and utilities in an area generally south of Bay Avenue between McLester Street and the Sea-Land Terminal at the Elizabeth-Port Authority Marine Terminal.

The contract includes 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 1% for firms owned and controlled by women.

The contract will be publicly advertised and bids are scheduled to be received on August 12, 1985. Board authorization of the award of Contract EP-220.013 is being requested at this time in order to facilitate completion of the paving work before winter to ensure the availability of the site to a Port Authority tenant, as specified in the lease agreement.

It was therefore recommended that the Board authorize the Executive Director to award Contract EP-220.013, Paving and Utilities, East of McLester Street, Elizabeth-Port Authority Marine Terminal, to the lowest qualified 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 and to order extra work up to the amount of 10% of the amount of the bid accepted, or to reject all bids.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to award Contract EP-220.013, Paving and Utilities, East of McLester Street, Elizabeth-Port Authority Marine Terminal, to the lowest qualified 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 and to order extra work up to the amount of 10% of the amount of the bid accepted, or to reject all bids.

(Board - 8/8/85)

Erie Basin-Port Authority Marine Terminal - Fishport - Renovation of Buildings 300 & 302 -
Contract EBP-110.014 - 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's bi-State fisheries programs, a project for the development of the Port Authority Fishport, a fish harvesting, processing and distribution center located at the Erie Basin Marine Terminal, at a total estimated project cost of \$27 million. The award of Contract EBP-110.014 falls within the scope of this authorization.

Contract EBP-110.014 provides for design and construction of modifications to Building 300, an existing cargo shed, and Building 302, an existing administration building, including the furnishing and installation of equipment required for fish handling, processing and storage, all at the Erie Basin-Port Authority Marine Terminal.

In addition, the contract will provide for any needed roofing, sprinklers and structural repairs, finishing of tenant areas, and the purchase and installation of certain additional fish handling, processing and storage equipment with the contractor to be compensated on a net cost basis.

The contract will also 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 1% for firms owned and controlled by women.

Bids will be solicited from prequalified contractors because of the nature of the work and are scheduled to be received on September 6, 1985. Authorization of the award of Contract EBP-110.014 is required at this time in order to meet the Fishport project schedule and to facilitate completion of the work prior to tenant occupancy, which is now scheduled for Spring, 1986.

It was therefore recommended that the Board authorize the Executive Director, in his discretion, either to award Contract EBP-110.014, Renovation of Buildings 300 & 302, 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 provide for net cost work, or to reject all bids.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized, in his discretion, either to award Contract EBP-110.014, Renovation of Buildings 300 & 302, 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 provide for net cost work, or to reject all bids.

(Board - 8/8/85)

Industrial Development Program - Port Authority Industrial Park, Yonkers - Acquisition of Appurtenant Area - Lease and Easement Agreements with Metro-North Commuter Railroad Company - Award of Contract YIP-240.001 - Rail Car Test Track

It was reported that pursuant to Board authorization of November 11, 1984, and Committee on Operations authorization of December 13, 1984, the Port Authority purchased the former Otis Elevator Company Plant in Yonkers, New York, on May 8, 1985 and is proceeding with the development at the site of the Port Authority Industrial Park, Yonkers.

An agreement, dated as of December 20, 1984, meeting the requirements of the Port Authority's Industrial Development Projects and Facilities statute has been entered into by the City of Yonkers, the Yonkers Community Development Agency and the Port Authority.

Pursuant to Board authorization of December 13, 1984, Nissho Iwai American Corporation (NIAC) will lease Building No. 9 and other premises within the Yonkers Industrial Park for the purpose of assembling and manufacturing rail cars for the PATH system. This activity necessitates the use of rail car test track facilities involving an electrified test track and storage tracks. In order to meet PATH's car replacement schedule, installation of these test track facilities must begin in the fall of 1985.

In working out design details for the test track facilities, NIAC and Port Authority staff have concluded that the optimum alignment requires use of lands, generally part of an area which was an appurtenance to the former Otis Elevator Company tracts via side track agreements or other agreements with the New York Central Railroad Company and/or other entities including the Metropolitan Transportation Authority (MTA) or a subsidiary thereof. The lands required (for the sake of reference hereafter referred as the "Appurtenant Area") are located easterly of the elevated MTA Metro-North Commuter Railroad Company (Metro-North) railroad right-of-way and alongside the premises purchased from the Otis Elevator Company, and as an appurtenance thereto fall within the scope of the Yonkers Industrial Park site approved by the Board at its meeting on November 8, 1984. The minutes of the Committee on Operations meeting on December 13, 1984, note on page 2 with regard to land and appurtenances thereto which may be acquired for the Yonkers Industrial Park that "Appurtenances to such property may include, among other things, parcels of land required now or in the future for various purposes such as rail access".

The Port Authority, through the award of Contract YIP-240.001, described in detail below, will install the test track facilities as well as perform modifications to Building No. 9. The Appurtenant Area will be graded under this contract so that a test track can be installed thereon to connect with and provide rail access to the adjacent elevated railroad right-of-way on which Amtrak, ConRail and Metro-North operate their trains.

The MTA Real Estate Department advises that Metro-North is capable of granting the Port Authority a lease to the Appurtenant Area, since Metro-North itself has received a sub-lease of the area from the MTA which received a lease of the area from the reputed fee owner, The Trustees of the Penn Central Transportation Company. In addition to securing a lease on the Appurtenant Area, Port Authority staff deems it advisable to acquire the underlying fee interest in this land as part of the Port Authority Industrial Park, Yonkers.

(Board - 8/8/85)

However, the Appurtenant Area was formerly below the original high water mark of the Hudson River. In view of the Port Authority's experience of finding title deficiencies within lands formerly tide flowed, Ticor Title Guarantee Company has been asked to render the Port Authority a report on title as to the ownership of the Appurtenant Area. The New York State Office of General Services, which is in charge of records relating to claims of the State within lands now or formerly tide flowed, has also been contacted in our efforts to clarify title and ownership to the land in question. However, examination of this complex title not being complete, the title company has not yet issued a certification of title. In the event that private parties on the basis of grants from New York State or otherwise may have a title claim, and a reasonable settlement cannot be reached with such parties on a voluntary basis, condemnation of outstanding interests within the Appurtenant Area may be necessary. Accordingly, Board authorization to acquire title by condemnation or the exercise of the power of eminent domain is being requested.

If research conducted by the title company confirms the MTA's and/or Metro-North's ability to lease the Appurtenant Area, the arrangement contemplated is as follows. Without charge, MTA or Metro-North would lease the Port Authority the Appurtenant Area (approximately 44,000 square feet in size) for a term of approximately 46 years. The Port Authority, without charge, would grant Metro-North, a public benefit subsidiary corporation of MTA, an easement, for a term of approximately 99 years, on approximately 12,000 square feet of the Port Authority's Yonkers Industrial Park. The easement would have an upper limiting plane 30 feet above grade, would be located on the southeasterly corner of the vacant 70,382 square foot (1.6 acres) lot bounded by Babcock Place, the railroad right-of-way, Ashburton Avenue and Alexander Street. The easement will be for the purpose of Metro-North's constructing and operating an electrical sub-station which is essential to Metro-North's plans for upgrading the electrical service of its commuter railroad. The Port Authority will retain the air-rights above the easement, and reserve the ability to place and maintain supports and footings within certain areas on the surface and within the subsurface of the easement area, which easement area will revert to the Port Authority if Metro-North ceases operating of the sub-station.

Staff has begun discussions with MTA and Metro-North for the installation of track work within and/or adjacent to the Appurtenant Area, the electrification of the track, rail connections to the active elevated railroad right-of-way and other work associated with the completion of fully operational test track facilities for NIAC. Various agreements will be required between the Port Authority and Metro-North such as for work performed by Metro-North forces, for materials supplied by Metro-North to the Port Authority, and for reimbursement of costs associated with the above.

Contract YIP-240.001, Rail Car Test Track, provides for the installation of rail car test track facilities including rail modifications to Building No. 9, a catenary system and a car inspection area.

The contract will include a provision requiring the bidder to meet a mandatory goal of Minority Business Enterprise participation of 15% for firms owned and controlled by minorities and 3% for firms owned and controlled by women.

The contract will be publicly advertised and bids are scheduled to be received on October 3, 1985. Board authorization of the award of Contract YIP-240.001 is required at this time in order to begin installation of the test track facilities in the fall of 1985, thereby keeping the rail car manufacturing process on schedule with respect to on-site testing of the completed new rail cars.

(Board - 8/8/85)

It was therefore recommended that the Board:

1. find and determine that it is necessary for a public use to acquire a fee simple or lesser interest in certain lands in the City of Yonkers, State of New York, generally bounded by Wells Avenue on the south, Ashburton Avenue on the north, the elevated railroad right-of-way on the west and the Port Authority's Yonkers Industrial Park on the east for industrial development project or facility purposes, such lands hereafter referred to as the "Appurtenant Area";

2. authorize the Executive Director to acquire a fee simple or lesser interest in the Appurtenant Area, by purchase at a cost of approximately \$250,000 or by condemnation or the exercise of the power of eminent domain, and to incur all expenses necessary or incidental thereto, provided that no property vested in or held by the State of New York or any municipality, public authority, agency or commission shall be acquired without the authority or consent of such entity or by appropriate legislation, pursuant to Section 8 of the Port Authority's Industrial Development Projects and Facilities Statute;

3. authorize General Counsel, subject to the foregoing requirement of said Port Authority Statute, in the name of and on behalf of the Port Authority, to conduct a condemnation proceeding to acquire a fee simple absolute or lesser interest in all or part of said Appurtenant Area, to do all things required by law in connection therewith and to incur all expenses necessary or incidental to the conduct of proceedings for the acquisition of said property;

4. authorize the Executive Director to enter into agreements for work at the Port Authority's expense, including but not limited to agreements, with Metro-North Commuter Railroad Company (Metro-North) for installation of track work within or adjacent to the Appurtenant Area, the electrification of track facilities, rail connections to the elevated railroad right-of-way and other work associated with the completion of fully operational test track facilities for Nissho Iwai American Corporation at the Port Authority's Yonkers Industrial Park;

5. authorize the Executive Director to convey to Metro-North, by means of an appropriate agreement, an easement for the purpose of constructing, reconstructing, operating, maintaining, and for access to, an electrical sub-station to provide electrical service to the adjacent railroad right-of-way, the area of such easement to be approximately 12,000 square feet with an upper limiting plane measured approximately 30 feet from finished grade and located at the southeasterly corner of Port Authority property bounded by Babcock Place, the railroad right-of-way, Ashburton Avenue and Alexander Street in the City of Yonkers, State of New York; and

6. authorize the Executive Director, in his discretion, either to award Contract YIP-240.001, Rail Car Test Track, Yonkers Industrial Park, 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 and to order extra work up to the amount of 10% of the amount of the bid accepted, or to reject all bids.

(Board - 8/8/85)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board hereby finds and determines that it is necessary for public use to acquire a fee simple or lesser interest in certain lands in the City of Yonkers, State of New York, generally bounded by Wells Avenue on the south, Ashburton Avenue on the north, the elevated railroad right-of-way on the west and the Port Authority's Yonkers Industrial Park on the east for industrial development project or facility purposes, such lands hereafter referred to as the "Appurtenant Area"; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized to acquire a fee simple or lesser interest in the Appurtenant Area, by purchase at a cost of approximately \$250,000 or by condemnation or the exercise of the power of eminent domain, and to incur all expenses necessary or incidental thereto, provided that no property vested in or held by the State of New York or any municipality, public authority, agency or commission shall be acquired without the authority or consent of such entity or by appropriate legislation, pursuant to Section 8 of the Port Authority's Industrial Development Projects and Facilities Statute; and it is further

RESOLVED, that General Counsel be and he hereby is authorized, subject to the foregoing requirement of said Port Authority Statute, in the name of and on behalf of the Port Authority, to conduct a condemnation proceeding to acquire a fee simple absolute or lesser interest in all or part of said Appurtenant Area, to do all things required by law in connection therewith and to incur all expenses necessary or incidental to the conduct of proceedings for the acquisition of said property; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized to enter into agreements for work at the Port Authority's expense, including but not limited to agreements, with Metro-North Commuter Railroad Company (Metro-North) for installation of track work within or adjacent to the Appurtenant Area, the electrification of track facilities, rail connections to the elevated railroad right-of-way and other work associated with the completion of fully operational test track facilities for Nissho Iwai American Corporation at the Port Authority's Yonkers Industrial Park; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized to convey to Metro-North, by means of an appropriate agreement, an easement for the purpose of constructing, reconstructing, operating, maintaining, and for access to, an electrical sub-station to provide electrical service to the adjacent railroad right-of-way, the area of such easement to be approximately 12,000 square feet with an upper limiting plane measured approximately 30 feet from finished grade and located at the southeasterly corner of Port Authority property bounded by Babcock Place, the railroad right-of-way, Ashburton Avenue and Alexander Street in the City of Yonkers, State of New York; and it is further

(Board - 8/8/85)

RESOLVED, that the Executive Director, be and he hereby is authorized in his discretion, either to award Contract YIP-240.001, Rail Car Test Track, Yonkers Industrial Park, 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 and to order extra work up to the amount of 10% to the amount of the bid accepted, or to reject all bids; and it is further

RESOLVED, that all documents required to effectuate the foregoing be subject to approval as to form by General Counsel or his authorized representative.

(Board - 8/8/85)

Waterfront Development Program - Hunters Point, Queens, New York-Acquisition of Daily News Site

It was reported that at its meeting on October 11, 1984, the Board authorized the Pre-Development Site Acquisition Program (the Program), a centralized program of up to \$75 million at any one time permitting the Port Authority to acquire real property in connection with the development of additional Port Authority facilities prior to the actual formal certification of those facilities. A major purpose of the program was to avoid the possibility that the economic viability of a particular project or program which requires extensive lead time prior to the recommendation of a formal facility certification might be foreclosed by the unavailability or increased cost of a site. It was reported at the Board meeting on October 11, 1984 that real property acquisitions in connection with the Hunters Point Waterfront Development were expected.

The boundaries of the Hunters Point Waterfront Development are described in the bi-state legislation which authorized the Port Authority's Waterfront Development Program. The work of the various physical planning, environmental impact analysis and market research advisors retained during the past year, based on prior Board authorizations, is progressing on schedule. The New York City agencies involved in this development - the Department of City Planning, Public Development Corporation and the Office of the Deputy Mayor for Economic Development - and Port Authority staff are working closely on a Waterfront Development Business Agreement between the Port Authority and the City.

During the past year, Port Authority staff have had discussions with the owners and/or long-term lessees of the properties in the Hunters Point site area. In this connection, staff have tentatively negotiated an agreement to purchase the Daily News site, (the Site), which is comprised of approximately 24.5 acres of land (including approximately 3.4 underwater) owned by the News Building, Inc. or its parent, Tribune Co., Inc., and also plans to acquire any outstanding riparian interests of New York State therein, at a total price of approximately \$17 million.

Norval, Inc., a cement operation, currently leases approximately 5.4 acres from the News Building, Inc. at the Site, under four separate leases, the longest terms of which extend to the year 2005. Current annual rental income from the Norval, Inc. leases is represented to be \$200,000. The primary Norval net/net lease provides for the direct payment of real estate taxes to New York City by the tenant. In order to maintain the benefits of this net lease, the acquisition arrangement anticipates assignment to the Port Authority of the Norval leases with an option in the Port Authority to purchase the fee from the seller at any time in the future for \$1.

The total acquisition cost is supported by independent appraisals from Messrs. Jerome Haims and Rodger Darby pursuant to agreements authorized by the Board at its meeting on October 11, 1984.

It will be necessary to remove to grade, at the Port Authority's expense, excess unsuitable soils/construction debris existing on the site. These materials have been tested, as part of an overall environmental audit of the Waterfront Development site, and the New York State Department of Environmental Conservation (NYSDEC) has informed staff that the levels of contaminants found in the materials do not exceed hazardous materials standards; therefore, their removal would not require disposal at a hazardous waste site.

(Board - 8/8/85)

The groundwater test results show levels of heavy metals in excess of New York State and City discharge standards which NYSDEC has informed staff will require pretreatment of groundwater during construction.

Authorizations for such expenses will be part of total project authorization. Finally, there exist on site, in the vacant Daily News printing plant, various storage containers, including drums, vats, waste water/oil separation equipment, which currently contain printing ink, solvents and other materials which will be removed and/or purged by News Building, Inc., or its parent, at their expense, directly or by contract as part of the sale transaction.

The proposed property acquisition cost of \$17 million, together with the \$12.2 million of properties acquired or held within the Pre-Development Site Acquisition Program, will not exceed the Program's authorized amount of \$75 million at any one time.

It was therefore recommended that the Board take the following actions:

1. pursuant to the Pre-Development Site Acquisition Program, authorize the Executive Director to acquire the property described below, which is part of the legislatively designated Hunters Point Waterfront Development site and which encompasses approximately 24 acres, including lands under water, together with structures, improvements, and leasehold interests therein, and any outstanding riparian interests of the State of New York for approximately \$17 million, and to incur necessary expenses related to such acquisition:

In the County of Queens, State of New York, all of the seller's right, title and interest in that parcel generally bounded on the east by the westerly line of Second Street, on the south by the northerly United States Pierhead and Bulkhead Line of Newton Creek approved by the Secretary of War on July 22, 1916, on the west by the westerly United States Bulkhead Line of the East River approved by the Secretary of War on November 7, 1917, on the north by the southerly line of the Botnix Realty Corp. property, excluding therefrom that parcel of the Long Island Railroad Company on the easterly perimeter of the site and shown on the Official Tax Maps of the City of New York for the Borough of Queens as Lot 3 in Block 6; and together with the lands between the United States Pierhead Line and the United States Bulkhead Line of the west shore of the East River bounded on the north by the centerline of 54th Avenue and on the south by the centerline of 55th Avenue, which lands are contiguous to the westerly boundary described aforesaid; and together with the bed of Second Street from the southerly line of 55th Avenue to the northerly United States Pierhead and Bulkhead Line of Newtown Creek and the beds of any streets abutting or interior to the above described parcel; the precise perimeter of the foregoing property being subject to adjustment based on final survey and title information; and

2. authorize an increase in the 1985 Budget of \$17 million in connection with this acquisition.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that pursuant to the Pre-Development Site Acquisition Program, the Executive Director be and hereby is authorized to acquire the property described below, which is part of the legislatively designated Hunters Point Waterfront Development site and which encompasses approximately 24 acres, including lands under water, together with structures, improvements, and leasehold interests therein, and any outstanding riparian interests of the State of New York for approximately \$17 million and to incur necessary expenses related to such acquisition:

(Board - 8/8/85)

In the County of Queens, State of New York, all of the seller's right, title and interest in that parcel generally bounded on the east by the westerly line of Second Street, on the south by the northerly United States Pierhead and Bulkhead Line of Newtown Creek approved by the Secretary of War on July 22, 1916, on the west by the westerly United States Bulkhead Line of the East River approved by the Secretary of War on November 7, 1917, on the north by the southerly line of the Botnix Realty Corp. property, excluding therefrom that parcel of the Long Island Railroad Company on the easterly perimeter of the site and shown on the Official Tax Maps of the City of New York for the Borough of Queens as Lot 3 in Block 6; and together with the lands between the United States Pierhead Line and the United States Bulkhead Line of the west shore of the East River bounded on the north by the centerline of 54th Avenue and on the south by the centerline of 55th Avenue, which lands are contiguous to the westerly boundary described aforesaid; and together with the bed of Second Street from the southerly line of 55th Avenue to the northerly United States Pierhead and Bulkhead Line of Newtown Creek and the beds of any street abutting or interior to the above described parcel; the precise perimeter of the foregoing property being subject to adjustment based on final survey and title information; and it is further

RESOLVED, the 1985 Budget be increased by \$17 million in connection with this acquisition; and it is further

RESOLVED, that all documents and agreements necessary to effectuate the aforesaid be subject to approval as to form by the General Counsel or his duly designated representative.

(Board - 8/8/85)

Elizabeth Industrial Park - Granting of a Permanent Easement - Award of Contracts and Acceptance of Federal Funds

It was reported that the Board, at its meeting on March 12, 1981, authorized an industrial development project in Elizabeth, New Jersey, at an approximate 125-acre site located at the southern end of the Port Newark/Elizabeth facility, involving an estimated financial participation by the Port Authority of \$16.8 million, including payments to contractors, an allowance for extra work, any acquisition and related costs and engineering, administrative and financial expenses. Subsequently, on November 18, 1981, the Port Authority and the City of Elizabeth executed an agreement setting forth the arrangements to develop the industrial park site.

At its meeting on June 14, 1984, the Board certified the Elizabeth Industrial Park as an additional facility of the Port Authority and approved the award of contracts providing for the installation of systems for the mitigation of the PCB contamination and for paving and utility construction at the site.

The installation of the mitigation system has been completed and the contract for the paving and utilities which will provide access to the site and the development's infrastructure has been awarded and field work is in progress.

The Paving and Utilities Contract provides for the installation of a drainage detention pond in the area of an existing PSE&G pole line along the eastern perimeter of the site. This pole line must be relocated to allow for the construction of the detention pond. Agreement has been reached with PSE&G with respect to the location of the 10-foot easement (between Bay Avenue and a point approximately 800 feet north of North Avenue East in the vicinity of the eastern boundary line of the site prolonged northerly) and PSE&G has agreed to bear the costs associated with the relocation of the pole line. The easement will enable PSE&G to have permanent access for maintenance and will commit the Port Authority to pick up the costs associated with any future relocation of the pole line. In order to avoid excavation in potentially contaminated refuse, sleeves have been installed by the Port Authority to accept PSE&G's new poles and the cost of the sleeves was borne by the Port Authority under Contract MFP-156.

The United States Department of Commerce Economic Development Administration has approved the Port Authority's grant request for award of a Public Works Grant for the future grading, fencing and landscaping of the site Elizabeth Industrial Park, and it is anticipated that the grant award will be forthcoming shortly.

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

1. execute a deed granting to the Public Service Electric & Gas Company a permanent easement for an electrical pole line at the Elizabeth Industrial Park; and
2. accept grant monies from the United States Department of Commerce, Economic Development Administration for a portion of construction costs and engineering costs incurred in connection with future site preparation contracts for the Elizabeth Industrial Park.

(Board - 8/8/85)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director be and hereby is authorized to execute a deed granting to the Public Service Electric & Gas Company a permanent easement for an electrical pole line at the Elizabeth Industrial Park; and it is further

RESOLVED, that the Executive Director be and hereby is authorized to accept grant monies from the United States Department of Commerce, Economic Development Administration, for a portion of construction costs and engineering costs incurred in connection with future site preparation contracts for the Elizabeth Industrial Park; and it is further

RESOLVED, that all documents and agreements necessary to effectuate the aforesaid be subject to approval as to form by General Counsel or his duly designated representative.

(Board - 8/8/85)

The World Trade Department - The Teleport - Lease with Merrill Lynch & Co.

It was reported that staff has reached agreement in principle with Merrill Lynch & Co., for the leasing of approximately 275,000 square feet of land on which Merrill Lynch or a subsidiary or affiliate thereof, will design, construct, finance and occupy a 110,000 square foot combined data center/office building for its own use. The agreement also provides that the tenant has the right, for a three-year period from the date of execution, to lease an additional contiguous site of approximately 225,000 square feet which would support the development of an additional building of approximately 90,000 square feet to be used for the same purpose.

The arrangement agreed to contemplates an annual rental rate of approximately \$440,000 for the initial 275,000 square feet of land which recoups the amortization of the Port Authority's infrastructure costs therefor. In addition, the tenant will pay its proportionate share of the Port Authority's cost to operate and maintain The Teleport, which is currently estimated at \$220,000 annually. If the additional parcel is included in the letting the tenant would pay a basic rental therefor at the rate of \$360,000 per year plus its proportionate share of common Teleport operation and maintenance expense. The foregoing rentals will be reduced at the conclusion of the 30th anniversary of the lease by an amount representing the portion of the rent which amortizes the Port Authority's investment in the infrastructure. The tenant will also receive a rent credit of approximately \$275,000 against the first years rental for the initial parcel and the Port Authority will be responsible for bringing utilities to each site included in the premises as well as site preparation.

The term of the letting would be for approximately 38 years following the completion of the initial building constructed but not later than the day preceding the expiration date of the Port Authority's lease with The City of New York. The Executive Director or staff would negotiate the terms of the agreement with respect to the foregoing, and among the matters to be included in the agreement are provisions governing sublease, assignment, mortgaging, refinancing and cancellation.

There will be no real estate broker commissions payable on the transaction. The material terms of any arrangement finally agreed to would be subject to approval by the Committee on Operations and by the Mayor of The City of New York.

It was therefore recommended that the Board authorize the Executive Director, on behalf of the Port Authority, to enter into negotiations with Merrill Lynch & Co. on a lease 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 negotiations with Merrill Lynch & Co., on a lease covering the letting of approximately 275,000 square feet of land at The Teleport for a term of approximately 38 years for the development of a 110,000 square foot office building, with the tenant to have certain rights with respect to the leasing of an additional site, the material terms of the lease finally agreed to being subject to approval by the Committee on Operations and the Mayor of The City of New York; the form of the lease to be subject to the approval of General Counsel or his designated representative.

(Board - 8/8/85)

Kennedy International Airport - Taxiway "PC" Stub - Contract JFK-220.057 - Project Authorization and Contract Award

It was reported that at present, if an aircraft landing on Runway 31L at Kennedy International Airport passes Taxiway "PA", it must proceed 3,500 feet down the runway to exit at Taxiway "PD", effectively reducing the runway's capacity. When Taxiway "PD" is obstructed or closed due to aircraft operations or maintenance, delays are experienced by other aircraft waiting to take-off from this runway. Due to departure traffic being held on both Taxiway's "P" and "Q", other traffic desiring to go to and from adjacent hangar areas also experience delays. The construction of the Taxiway "PC" stub would permit aircraft to bypass Taxiway "PD" and enter and exit the runway sooner, thereby increasing the capacity of Runway 31L, saving fuel and decreasing aircraft taxiing time.

Contract JFK-220.057, which is the only contract to be awarded in connection with this project, provides for the construction of a new Taxiway PC between Runway 13R-31L and Taxiway P, including payment, utilities, lighting and signing.

The contract also provides for the excavation of unsuitable material, below the elevation of pavement subgrade, and subsequent backfilling with suitable material, all on a net cost basis presently estimated at roughly \$70,000.

Additionally, 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 contract was publicly advertised and bids were solicited from 76 contractors, 18 of which picked up bid documents. The following bids were received on July 11, 1985:

	Lump Sum Amount
Anthony Grace & Sons, Inc. and Edenwald Contracting Co., Inc., a joint venture Whitestone, New York	\$1,364,000
Willets Point Contracting Corp. Flushing, New York	1,462,000
ENGINEER'S ESTIMATE	\$1,410,000

Anthony Grace & Sons, Inc. and 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 construction of a new Taxiway "PC" between Runway 13R-31L and Taxiway P, the expenditure therefor presently being estimated at \$2,093,300 including payments to contractors, allowances for extra work and net cost work, engineering, administrative and financing expenses; and
2. the Executive Director to award Contract JFK-220.057, Taxiway "PC" Stub, Kennedy International Airport, to Anthony Grace & Sons, Inc. and Edenwald Contracting Co., Inc., a joint venture, in the amount of \$1,364,000, to order extra work up to the amount of \$137,000 and to provide for net cost work.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that a project at Kennedy International Airport for construction of a new Taxiway "PC" between Runway 13L and Taxiway P, the expenditure therefor presently being estimated at \$2,093,300; including payments to contractors, allowances for extra work and net cost work and engineering, administrative and financing expenses is authorized; and it is further

RESOLVED, that the Executive Director is authorized to award Contract JFK-220.057, Taxiway "PC" Stub, Kennedy International Airport, to Anthony Grace & Sons, Inc. and Edenwald Contracting Co., Inc., a joint venture, in the amount of \$1,364,000, to order extra work up to the amount of \$137,000 and to provide for net cost work.

(Board - 8/8/85)

Kennedy International Airport - Hangar 5 and Related Outside Areas - Surrender of Lease by Trans Mediterranean Airways S.A.L. - Reimbursement by the Port Authority of TMA's Investment in the Leased Premises and New Ten-Year Lease Agreement with Air Express International Corporation for the Premises

It was reported that the Board, at its meeting on November 8, 1984, adopted a resolution which authorized the surrender of Trans Mediterranean Airways (TMA's) lease in Hangar 5 at Kennedy International Airport and a new ten-year lease with Air Express International Corporation (AEI) for Hangar 5, effective January 1, 1985 on terms and conditions as specified therein.

Air Express International was not able to execute the lease prior to the proposed execution date of January 1, 1985 due to the purchase of \$5 million of a new AEI stock issue by Pittston Industries and the resulting change in AEI's management. In addition, the Port Authority determined that it required the entire second floor lean-to area of Hangar 5, which was to be included as part of the leased premises, in order to install the computer system for the Port Authority's Air Cargo Fast Flow system, now under development. Negotiations have been substantially completed with TMA for the surrender of its lease on or about October 31, 1985, and with AEI for the commencement of its new lease on or about November 1, 1985 for the reconfigured space for a ten-year lease upon the same terms and conditions as previously authorized, including the payment of additional facility rental at the annual rate of \$112,792 to amortize the \$600,000 payment to TMA for its surrender; and the Port Authority's agreement to reimburse AEI an amount of up to \$400,000 for improvements to the premises, with AEI obligated to pay to the Port Authority over the remaining term of the lease and commencing no later than the end of the second year of the lease, extra facility rental based upon the amount, if any, invested by the Port Authority for this work. As part of this agreement, the Port Authority would also offer rent relief and utilities to TMA for the period February 1 through May 31, 1985 because of the unanticipated delay TMA experienced while AEI, due to a management change, reviewed the lease.

The revised annual rentals, due to the diminished space, exclusive of facility rental and extra facility rentals, are as follows:

Approximate Annual Rentals

		Eff. 11/1/85 - 10/31/90		Eff. 11/1/90 - 10/31/95	
		Annual Sq. Ft. Rate	Yearly Rental	Annual Sq. Ft. Rate	Annual Rental
Cargo Area	66,515 sq. ft.	\$5.00	\$332,575	\$6.25	\$415,718
First Floor	13,355 sq. ft.	5.00	66,775	6.25	83,468
Aircraft Ramp	102,192 sq. ft.	.50	51,096	.60	61,315
Truck Parking	133,380 sq. ft.	.50	66,690	.60	80,028
Total Building & Land Rental			\$517,140		\$640,536

(Board - 8/8/85)

The above rentals are approximately \$169,308 per year higher than those which would have been received from TMA through April 1990 when its lease would have expired (a total of about \$761,886 over a four and one-half year period). AEI would continue to have the right upon the sale of the cargo handling system installed in the premises to apply the proceeds thereof up to the amount of \$600,000, to have its additional facility rental in the amount of \$112,792 per year diminished and it would also have the right to dismantle, store or alter parts or all of the system if AEI deemed this desirable for the proper utilization of the premises.

It was therefore recommended that the Executive Director be authorized for and on behalf of the Port Authority to enter into agreements with Air Express International Corporation and Trans Mediterranean Airways S.A.L. at Kennedy International Airport, all in accordance with the foregoing.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the resolution adopted by the Board, at its meeting on November 8, 1984, authorizing the Executive Director to enter into an agreement for and on behalf of the Port Authority with Trans Mediterranean Airways (TMA) Societe Anonyme Libanaise (S.A.L.) providing for the surrender of TMA's lease for Hangar 5 and related outside areas at Kennedy International Airport and the payment to TMA of the sum of \$600,000 for its investment in improvements and equipment at the leased premises; be amended to provide that the effective date of surrender be on or about October 31, 1985, and also to provide that as a part of that agreement TMA may be relieved of its rental obligations, including utilities, for the months of February through May 1985 in the total amount of approximately \$250,000 and to settle any restoration obligation of TMA with respect to the premises and further amended with respect to the lease agreement with Air Express International Corporation (AEI) for premises in Hangar 5 to provide a ten-year term commencing on or about November 1, 1985; the form of the agreements to be subject to the approval of General Counsel or his designated representative.

Kennedy International Airport - Lease with The King Interests, Corp. - Multi-Occupancy Air Cargo Building

It was reported that over the past fifteen months, Aviation Department staff have been engaged in preliminary discussions with a number of third-party developers who have expressed an interest in the construction and operation of a multi-occupancy air cargo building at Kennedy International Airport. Based on staff analysis and a comprehensive evaluation of the background and experience of the various developers, the Aviation Department was authorized by the Executive Director, on January 7, 1985, to enter into negotiations with The King Interests, Corp.

After much discussion with The King Interests, Corp., general agreement has been reached on the terms and conditions of a lease. Based upon these discussions it is proposed that a lease be entered into with The King Interests, Corp. for a term of approximately 28 years, including a period for the design and construction of two multi-occupancy air cargo facilities, commencing on or about September 1, 1985. Under the terms of the lease, the lessee will have complete responsibility for design, construction, maintenance, repair, operation and subleasing of the facilities.

Development of the site, which includes the demolition of existing structures including Hangar 11 will be in stages. Stage I, the easterly building, involving 50% of the site area, will be completed no later than two years from commencement of the lease. Stage II, the westerly building, will be completed no later than three years from commencement of the lease.

Payment of ground rentals for Stage I will commence upon completion of construction, first occupancy by a subtenant, or two years from the commencement of the lease, whichever occurs first. Payment of ground rentals for State II will commence upon completion of construction, first occupancy by a subtenant or three years from the commencement of the lease, whichever occurs first. Ground rentals prior to the completion of construction or outside dates would be pro-rated in the event of partial occupancy. From commencement of ground rental payments, the following rates are applicable:

First 5 years	\$20,000 per acre
Years 6 - 10	\$25,000 per acre
Years 11 - 15	\$30,000 per acre
Years 16 - 20	\$35,000 per acre
Years 21 to Expiration	\$40,000 per acre

In addition, once ground rentals commence for each stage, the agreement will provide for the Port Authority to receive 10% of rental revenues, as defined in the lease, in excess of ten times the applicable ground rentals for each year of the lease term.

Port Authority payments to King, of up to a maximum investment of \$20 million, shall be made as portions of construction are completed and payments are made to the contractors, but not later than four years after commencement of the lease, with King obligated to pay a monthly Facility Rental commencing upon the earlier of completion of both stages of construction or three years after commencement of the lease term at a factor of .01109 for each dollar of Port Authority investment, including an amount imputed monthly at a factor of .010625 on all sums prior to the commencement of the payment of Facility Rental. The monthly Facility Rental Factor, as aforesaid, is based on a 25-year Facility Rental payment period and would be subject to adjustment for any different Facility Rental period.

(Board - 8/8/85)

The Port Authority will be responsible for providing paving and utilities to the site, currently estimated to cost approximately \$1 million. The lessee may perform all or a portion of such paving and utilities and would be reimbursed therefor by the Port Authority. In addition, certain other utilities on the site may require relocation by the lessee, the cost of which would be part of the lessee's cost of construction and will be eligible for Port Authority payments.

It was therefore recommended that the Board authorize the Executive Director for and on behalf of the Port Authority to enter into an agreement of lease with The King Interests, Corp. at Kennedy International Airport, all in accordance with the foregoing.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director for and on behalf of the Port Authority be and he is hereby authorized to enter into a lease with a term of approximately 28 years, commencing on or about September 1, 1985, with The King Interests, Corp. for the design, construction, subleasing to appropriate subtenants, operation and maintenance of two multi-occupancy air cargo buildings totaling approximately 400,000 square feet in two separate stages, on a site of approximately 26 acres comprised of two building sites, at Kennedy International Airport, at an annual ground rental of \$20,000 per acre increasing to \$40,000 per acre over the term of the lease, commencing separately as to each site on the earlier of completion of construction, occupancy by first subtenant, or two years after commencement for Stage I and three years after commencement for Stage II (with ground rentals prior to the completion of construction or outside dates to be pro-rated in the event of partial occupancy) plus 10% of rental revenues in excess of ten times the applicable ground rental for each year of the lease term, and with the Port Authority obligated to make periodic payments to The King Interests, Corp., not to exceed a \$20 million investment, to pay the costs of the design and construction of the multi-occupancy air cargo buildings, and with King obligated to pay a monthly Facility Rental commencing upon the earlier of completion of both stages of construction or three years after commencement of the lease term at a factor of .01109 for each dollar of Port Authority investment including an amount imputed monthly at a factor of .010625 on all sums prior to the commencement of the payment of Facility Rental; being based on a 25-year Facility Rental payment period, would be subject to adjustment for any different Facility Rental period; the form of the agreement to be subject to the approval of General Counsel or his designated representative.

(Board - 8/8/85)

Settlement of Claim of The Port Authority of New York and New Jersey v. Biscayne Maritime Monrovia Et. Al.

It was reported that there is presently pending in the United States District Court for the Southern District of New York an action entitled **The Port Authority of New York and New Jersey vs. Biscayne Maritime Monrovia, Orion and Global Chartering Company, Dimitrios Logothetis, Lynn P. Van De Waters, Jr., Moran Towing and Transportation Company, Inc. and George Fagerstrom** bearing Index Number 82 Civ. 6565 (CSH) in which the Port Authority seeks to recover for property damage sustained as a result of the ship "Vronti" striking a cofferdam at the Outerbridge Crossing, Richmond County.

The collision occurred on October 13, 1979 at approximately 2:00 a.m. when the ship "Vronti" was proceeding north in the Arthur Kill in dense fog. The "Vronti" was assisted at the time and place of the accident by tugs from Moran Towing and Transportation. When approaching the Outerbridge Crossing, the "Vronti" failed to make the turn in channel and struck a cofferdam head-on. The cofferdam, or protective cell, was destroyed and sunk.

The total Port Authority damages claimed were \$629,836 consisting of \$437,505 in contract costs and an additional \$192,031 in overhead. However, approximately \$46,000 of the contract costs represented the cost of a fender system which was placed on the new cofferdam but which was not on the destroyed cofferdam. Thus, such a fender would constitute a betterment and defendants would not be liable for the cost.

In addition, the Port Authority's claim overhead exceeded the permissible limit set by case law and was uncollectable in light of the fact that the Port Authority used the same plans to construct the new cofferdam that had been used to build the old one. Thus, the Court would only have allowed approximately \$79,000 in overhead as per the established case precedent.

Defendants would also be entitled to a reduction in replacement costs for depreciation. Although at the settlement conference they contended that the depreciation should be anywhere from 40% to 60% and they had an expert witness to so testify, the excellent maintenance of the cofferdam served to reduce the depreciation allowed after negotiation to under 20%.

The Court recommended that all parties agree to a settlement of \$395,000 to avoid the additional costs of experts and a trial. This amount allows the Port Authority to recover virtually all of the actual, attributable contract costs in reconstructing the cofferdam (without the fender). It also comprises the overhead and avoids the possibility of more depreciation being allowed by the Court at trial thereby reducing the recovery further. Based on all the facts, such a settlement is fair and reasonable.

It was therefore recommended that the Board authorize General Counsel to settle the claim of The Port Authority of New York and New Jersey now pending in the United States District Court for the Southern District of New York entitled **The Port Authority of New York and New Jersey vs. Biscayne Maritime Monrovia, Orion and Global Chartering Company, Dimitrios Logothetis, Lynn P. Van De Waters, Jr., Moran Towing and Transportation Company, Inc. and George Fagerstrom**, bearing Index Number 82 Civ. 6565 (CSH) by receiving from defendants, Biscayne and Moran, the sum of \$395,000 in full satisfaction of said claim.

(Board - 8/8/85)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that General Counsel be and he hereby is authorized to settle the claim of The Port Authority of New York and New Jersey now pending in the United States District Court for the Southern District of New York entitled **The Port Authority of New York and New Jersey vs. Biscayne Maritime Monrovia, Orion and Global Chartering Company, Dimitrios Logothetis, Lynn P. Van De Waters, Jr., Moran Towing and Transportation Company, Inc. and George Fagerstrom**, bearing Index Number 82 Civ. 6565 (CSH) by receiving from defendants, Biscayne and Moran, the sum of \$395,000 in full satisfaction of said claim.

(Board - 8/8/85)

The World Trade Center - North and South Tower Buildings and Below Grade - Electrical -
Contracts WTC-601.00 and WTC-602.00 - Settlement of Claims

It was reported that the Board, at its meeting on February 15, 1968 and September 17, 1968, authorized the award of Contracts WTC-601.00 and WTC-602.00, respectively, to the Nager Electric Company, Inc. The contracts included the major electrical work in the North and South Tower Buildings and Below Grade Areas of The World Trade Center. The total amount authorized for both contracts, including extra materials and extra work allowances, was \$30,251,000.

Because of the inability of the contractor to obtain and assign to The World Trade Center the numbers of workers required to maintain the construction schedule, the Board, at its meeting on January 13, 1972, authorized Supplemental Agreement 3 to Contract WTC-601.00 and Supplemental Agreement 1 to WTC-602.00 with Nager Electric Company, Inc., to provide for the following: (a) revised payments under Contracts WTC-601.00 and WTC-602.00 to be made in the approximate amount of \$35,684,000 subject to audit adjustment, inclusive of the price of the base contracts, existing supplemental agreements, extra materials and extra work previously ordered or pending as of November 4, 1971, all standby and overtime payments up to December 31, 1973, and a waiver by the contractor of all claims against the Port Authority by the contractor which were known or should have been as of November 4, 1971; (b) the elimination of the assessment of backcharges against the contractor after November 1, 1971 and (c) a revised accelerated completion schedule under which the contractor agreed to employ overtime. The Board also authorized payment to the contractor of \$300,000 of the contract price allocable to work performed which otherwise would not have been due until final payment, \$450,000 for extra materials and extra work for the two contracts in addition to the funds included in the above and the expenditure under the two contracts of all funds required for reimbursable tenant electrical work in the North and South Tower Buildings and Below Grade Area of The World Trade Center.

On May 8, 1972 the Port Authority received a letter from Nager Electric which alleged that the Port Authority had, in several respects, breached Contract WTC-601.00. The letter notified the Port Authority that because of the alleged breaches, the contractor would withdraw its entire work force as of the end of the May 8 workday from operations under the contract. It also indicated that Nager Electric would reconsider its intention to abandon further performance of the contract only if the Port Authority would agree to pay for all remaining work and sale under the contract on a cost-plus basis. After a meeting held on May 8, 1972 in an attempt to explore whether the matter could be amicably resolved, the Port Authority notified the contractor that the Port Authority was, in the exercise of its rights under the contract, and at the contractor's expense, taking over the contract as agent for the contractor. The contractor's bonding company for the contract, Maryland Casualty Company, was also so advised and notified that the Port Authority would look to it for all damages covered by the bond. Subsequently, an agreement was reached with Forest Electric Corporation, the electrical contractor for the Northeast Plaza Building, to take over the Nager Electric work on a cost-plus basis.

(Board - 8/8/85)

On May 3, 1973 suit was instituted against the Port Authority and Tishman Realty and Construction Co., Inc. in the Supreme Court of the State of New York, New York County, by Nager Electric Co., Inc. The suit sought damages amounting, under alternate theories of recovery, to \$20.1 million or \$26.2 million in connection with Contract WTC-601.00. Tishman was the Port Authority's agent-general contractor for the bulk of The World Trade Center construction. Nager Electric alleged that the Port Authority had breached the contract in several respects, viz. the Port Authority (a) had failed properly to schedule and coordinate the construction site operations of the various contractors performing work on The World Trade Center project, (b) had failed to make payments to the contractor as required by the contract, and (c) had prevented the contractor from performing its work in an efficient and economical manner. In addition, it alleged that the Port Authority broadcast to the construction industry allegations that Nager Electric had defaulted in its work and that it was incompetent and unreliable, thereby causing the contractor a loss of reputation and a loss of business. Moreover, it alleged that the Port Authority so materially breached the contract as to entitle the contractor to a rescission of the agreement and to payment for all damages sustained by the contractor from the contract's inception, or alternatively, to the recovery of the cost of all of the work, labor and services performed and materials furnished by the contractor, together with overhead and profit, as well as all monies withheld, after deducting therefrom the gross amount of payments approved by the Port Authority. The complaint also asked punitive damages in the amount of \$34,365,000.

The Port Authority alleged damages of approximately \$18 million as a result of Nager Electric's alleged breach of contract and advised the bonding company it would look to it for all damages covered by the bond. On July 9, 1974, another suit was instituted by Nager Electric Co., Inc. against the Port Authority for \$750,578.28. The complaint alleged damages for breach of contract to perform certain electrical construction work and supply certain electrical materials and equipment at The World Trade Center, under Contract WTC-602.00. On January 25, 1975, the Port Authority moved to dismiss the action relating to Contract WTC-601.00. On January 14, 1976, by stipulation, the motion was stayed to permit further discussion between the parties.

After extensive negotiations with the contractor, staff has reached a tentative settlement which provides for payment to the Port Authority of the amount of \$3,408,968, consisting of the amount of \$2 million, plus the amount of \$1,408,968 presently in the possession of the Port Authority. Of the aforesaid \$2 million, \$1 million would be paid by Maryland Casualty Company and \$1 million would be paid by Nager Electric. The \$1 million from Maryland Casualty would be paid on the date of closing of the agreement and release reflecting the proposed settlement. The \$1 million from Nager Electric would be payable in equal installments over a two and one-half year period after the closing date and would bear interest from such date computed at a rate equal to that which the Port Authority pays for money, which rate would be adjusted quarterly. The \$1 million payable by Nager Electric would be collateralized by an assignment from Nager Electric to the Port Authority of \$705,000 in Housing Authority bonds which are presently deposited with General Electric. General Electric's consent to such assignment would be obtained by Nager Electric prior to execution of the settlement agreement and release. The settlement agreement and release would contain appropriate releases of all claims which the parties may have against each other. Any release in favor of the Port Authority would also extend to Tishman and the agreement would be for the benefit of Tishman as well. However, notwithstanding Nager Electric's continuing liability, Maryland Casualty Company would be released from all liability upon payment of the \$1 million to be paid by it.

(Board - 8/8/85)

Staff is of the opinion that the proposed settlement is fair and equitable and that it is in the best interests of the Port Authority to settle these claims now.

It was therefore recommended that the Board authorize a settlement with Nager Electric Company, Inc. of all claims between Nager Electric Company, Inc. and the Port Authority, arising out of or in connection with Contracts WTC-601.00 and WTC-602.00, such settlement to be in the form of an agreement and release providing for:

1. payment to the Port Authority of the amount of \$3,408,968 consisting of the amount of \$2 million, \$1 million of which is to be paid by Maryland Casualty Company and \$1 million of which is to be paid by Nager Electric Company, Inc., plus the amount of \$1,408,968 presently in the possession of the Port Authority, the \$1 million from Maryland Casualty Company to be paid on the date of closing of said agreement and release and the \$1 million from Nager Electric Company, Inc. to be paid in equal installments over a two and one-half year period, to bear interest at a rate equal to that which the Port Authority pays for money, adjusted quarterly, and to be secured by collateral in the form of an assignment from Nager Electric Company, Inc. to the Port Authority of \$705,000 in New York City Housing Development Corporation bonds, 9 1/8%, due June 1, 2021;

2. such agreement and any release therein in favor of the Port Authority to extend to and be for the benefit of Tishman Realty and Construction Co., Inc.; and

3. the the release of Maryland Casualty Company from all liability upon its payment of \$1 million, notwithstanding the continuing liability of Nager Electric Company, Inc.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that a settlement with Nager Electric Company, Inc. of all claims between Nager Electric Company, Inc. and the Port Authority, arising out of or in connection with Contracts WTC-601.00 and WTC-602.00, is authorized, such settlement to be in the form of an agreement and release providing for:

1. payment to the Port Authority of the amount of \$3,408,968 consisting of the amount of \$2 million, \$1 million of which is to be paid by Maryland Casualty Company and \$1 million of which is to be paid by Nager Electric Company, Inc., plus the amount of \$1,408,968 presently in the possession of the Port Authority, the \$1 million from Maryland Casualty Company to be paid on the date of closing of said agreement and release and the \$1 million from Nager Electric Company, Inc. to be paid in equal installments over a two and one-half year period, to bear interest at a rate equal to that which the Port Authority pays for money, adjusted quarterly, and to be secured by collateral in the form of an assignment from Nager Electric Company, Inc. to the Port Authority of \$705,000 in New York City Housing Development Corporation bonds, 9 1/8%, due June 1, 2021;

(Board - 8/8/85)

2. such agreement and any release therein in favor of the Port Authority to extend to and be for the benefit of Tishman Realty and Construction Co., Inc.; and

3. the release of Maryland Casualty Company from all liability upon its payment of \$1 million, notwithstanding the continuing liability of Nager Electric Company, Inc.;

such agreement and release to be subject to approval as to form by General Counsel or his authorized representative.

Whereupon, the meeting was adjourned.

Secretary

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

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.

(Board - 9/12/85)

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.

(Board - 9/12/85)

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 Authority will set its goal for achieving MBE participation higher than the City of Newark's 25% goal. With no sacrifice 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 Council on December 19, 1984 and to comply with applicable Federal labor standards and administrative decisions.

(Board - 9/12/85)

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.

(Board - 9/12/85)

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

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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

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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.

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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 approximately eighteen months, the form of the agreements to be subject to the approval of Deputy General Counsel or his authorized representative.

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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.

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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

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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.

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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.

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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.

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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 familiar 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.

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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.

(Board - 9/12/85)

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

(Board - 9/12/85)

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

MINUTES

Thursday, October 10, 1985

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MINUTES of meeting of The Port Authority of New York and New Jersey held Thursday, October 10, 1985, at the Port Authority offices, One World Trade Center, City, County and State of New York.

(362)

PRESENT:

NEW JERSEY

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

NEW YORK

Robert F. Wagner, Vice-Chairman
William J. Ronan
James G. Hellmuth
Howard Schulman
John G. McGoldrick

Stephen Berger, Executive Director
Patrick J. Falvey, General Counsel/Assistant Executive Director
Doris E. Landre, Secretary
Anthony J. Barber, Acting Director of Tunnels, Bridges and Terminals
Henry DeGeneste, Superintendent of Police, Public Safety
Sidney Frigand, Assistant Executive Director/Director of Public Affairs
Gene Gill, Director of General Services
Leon Katz, Supervising Information Officer, Public Affairs
Richard R. Kelly, Deputy Director of Rail Transportation
James J. Kirk, Port Director
Louis J. LaCapra, Acting Director of Personnel
Philip LaRocco, Director, Economic Development Department
Donald R. Lee, Director of Audit
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
Edwin McKeever, Manager, Office of Strategic Planning, Planning and Development
Stuart Millendorf, Manager, Freight Services Improvement Conference, Planning and Development
Rino M. Monti, Director of Engineering/Chief Engineer
James H. Mullen, Administrative Assistant
Edward J. O'Malley, Acting Assistant Director of Administration
James J. O'Malley, Director of Management Information Services
Morris Sloane, Deputy Director of Aviation
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
Marshal L. Wilcox, Jr., Treasurer

The meeting was called to order by the Chairman.

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of September 12, 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 October 10, 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 October 10, 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 October 10, 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 October 10, 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 - 10/10/85)

Tribute to Patrick J. Falvey

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

RESOLVED, that the Minutes of this meeting record and reflect the Commissioners' very great appreciation for the splendid service rendered by Patrick J. Falvey to The Port Authority of New York and New Jersey, its Board of Commissioners and the entire Port Authority family, and to the Port District as Acting Executive Director of the Authority; and

FURTHER RESOLVED, that the Minutes also record and reflect the Commissioners' heartfelt thanks to Patrick J. Falvey for his excellent, professional and effective service as Acting Executive Director; and their warmest respect and affection for him as a friend and valued colleague.

Oak Point Rail Freight Link - Harlem River Yard Project - Port Authority Participation

It was reported that the Oak Point Link Project and the Harlem River Yard Project are both part of the State's Full Freight Access Program and represent a critical investment in the renewal of New York City's rail freight infrastructure. The State's Full Freight Access Program, which has been underway for about five years, is intended to improve overhead clearances between Albany and New York City and Long Island, so as to permit access of larger, efficient conventional rail cars as well as intermodal equipment. Funding for elements of this \$128 million program are being provided from (a) three separate State bond issues; (b) the Port Authority and (c) the City of New York.

At its meeting of December 11, 1980, the Board authorized the Oak Point Rail Freight Link at a total cost to the Port Authority not to exceed \$38.75 million, subject to the requirement that the certifications required by Port Authority bond resolutions in connection with additional facilities of the Port Authority be given with respect to the project, and subject to the execution with the State of New York of (a) an agreement under which the Port Authority would pay to New York State approximately \$685,000 toward the cost of environmental impact studies in connection with the project and (b) a definitive agreement with New York State relating to disbursement of Port Authority funds to the State for the project. Appropriate certifications, as required by agreements with the holders of Port Authority bonds, were made in 1981, and the Oak Point Rail Freight Link Project became an additional Port Authority facility. The required agreements with the State of New York were executed in 1983.

New York State has indicated that an additional \$12.5 million will be required for the Oak Point Link Project owing to a reduction of \$8.5 million in the City's contribution to the Oak Point Link Project and an increased cost of \$4 million for the Oak Point Link Project.

Though it is anticipated that the \$12.5 million requested by the State is to be used in connection with the Oak Point Link Project, it is possible that a part or all of the funds will be used in connection with the Harlem River Yard Project, an intermodal freight-handling facility comprising the final element of the State's Full Freight Access Program, of which the Oak Point Link is a key part. Planning and design of the Harlem River Yard, to be located at the end of the Oak Point Link in the South Bronx, are underway and both the Oak Point Link and the Harlem River Yard are scheduled for concurrent completion in 1988. Since the State has not yet finally determined how available funds will be allocated between remaining elements of the Full Freight Access Program, the proposed supplemental agreement providing for payment of the additional \$12.5 million will include a provision permitting the use of any or all of the additional \$12.5 million for the Harlem River Yard Project, subject to any appropriate certifications, including those which may be required for the issuance of Port Authority bonds in connection with that project.

The total amount made available for regional development projects in New York State by the 1984 tolls increase is \$112.5 million. New York State has requested that the Port Authority allocate from these funds the amount of \$12.5 million for the South Bronx-Oak Point Link Project and/or the Harlem River Yard Project. The Board has previously authorized payments for projects in New York State of up to \$7.5 million for Yonkers Industrial Park and \$21,000 for a study of transportation availability and the Inner Ring labor market. Together with the State's \$12.5 million request for the Oak Point Link Project and/or the Harlem River Yard Project, total funds used for New York State projects would amount to \$20,021,000, leaving \$92,479,000 available for other projects in New York.

It was therefore recommended that the Board authorize the Executive Director, subject to any appropriate certifications, to:

1. provide up to \$12.5 million from the funds made available for New York State projects by the 1984 tolls increase for additional funding for the South Bronx-Oak Point Link Project and/or possible funding for the related Harlem River Yard Project; and

2. enter into a supplemental agreement to the South Bronx-Oak Point Link Agreement with the State of New York under which the additional \$12.5 million referred to in Recommendation "1" above would be paid to the State in connection with the South Bronx-Oak Point Link Project, or the related Harlem River Yard Project.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director, subject to any appropriate certifications, is authorized to: (1) provide up to \$12.5 million from the funds made available for New York State projects by the 1984 tolls increase for additional funding for the South Bronx-Oak Point Link Project and/or possible funding for the related Harlem River Yard Project and (2) enter into a supplemental agreement to the South Bronx-Oak Point Link Agreement with the State of New York under which such additional \$12.5 million would be paid to the State in connection with the South Bronx-Oak Point Link Project, or the related Harlem River Yard Project; and it is further

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

(Board - 10/10/85)

Port Newark - Lease with Atlantic Gypsum Co., Inc.

It was reported that Atlantic Gypsum Co., Inc., is owned by the same persons who own American Drywall Supply Co. and Kahn Lumber and Millwork, Inc., major independent wholesale wallboard businesses in the region. Based on a strong forecast for wallboard sales and chronic market shortages, Atlantic plans to import gypsum and process it into wallboard at a facility to be located at Port Newark. The operation will be conducted in Buildings 265 and 267 at Port Newark, which will be leased from the Port Authority together with approximately 4.36 acres of related open area. Imported raw gypsum will be discharged from large bulk carriers at Berth 9 and transported through a high speed conveyor to a storage building, where the ore will be held until it is processed into wallboard by equipment to be installed in Buildings 265 and 267. Construction time for the project is estimated at eighteen months with a pre-opening testing period of up to six additional months commencing May 1, 1987 or the date the tenant's construction work is substantially completed, whichever shall first occur, and continuing to the day payment of rental for the premises commences, during which partial operations will be conducted for the purposes of training and operational development. Atlantic Gypsum has arranged for a guaranteed project cost from Process Design Associates, which has designed and built most of the wallboard plants in the United States. The proposed facility will employ approximately 175 people directly and it is estimated that it will generate approximately 150 additional jobs indirectly through local suppliers, truckers, etc.

The proposed facility will require an investment of approximately \$34 million. The Port Authority will pay the tenant an amount not to exceed \$9.5 million for the construction of a high speed bulk cargo discharge/storage/distribution system from Berth 9, the storage building, and the connecting structure between Buildings 265 and 267. The tenant will have the right to mortgage the leasehold to finance the balance of the initial cost of construction.

Payment of basic rental under the lease will commence on the earlier of (1) November 1, 1987 or (2) the date the testing period for the facility is complete. Basic rental will be payable at the rate of \$644,800 per year subject to escalation on November 1, 1989 and every two years thereafter based upon 50% of the percentage increase in the Consumer Price Index (all Urban Consumers New York and Northeastern New Jersey, 1967=100) at the end of each such two-year period over the Index for October 1987, with a minimum increase of 3% per year compounded annually. For each day during the testing period the tenant will be charged the sum of \$1,918. In addition to the basic rental of \$644,800 per year, the tenant will pay to the Port Authority an additional annual rental at the rate of \$81,200 per year to compensate the Port Authority for loss of rent during the construction period, and an additional monthly rental at a rate which is equivalent to 0.0112784 multiplied by the total of (1) the amount paid by the Port Authority to the tenant towards the construction of the facility, plus (2) an amount equal to .0003561643 multiplied by the product obtained by multiplying the amount of each payment made by the Port Authority to the tenant during the construction period by the number of days from the date of such payment to the date preceding the rent commencement date, which amount is equivalent to what the interest would be on the amount of money paid by the Port Authority to the tenant for the period during which the facility is being constructed and (3) the charge due the Port Authority for the testing period. Commencing on the first anniversary immediately following the date the lessee has paid off the cost of its private financing of the cost of the initial

(Board - 10/10/85)

construction, the lessee is obligated to make additional payments to the Port Authority in an amount equal to 20% of its annual net profits, as defined in the lease. When the amount of these payments exceeds the unpaid amount of the additional monthly rental, the lessee's obligation to pay such additional monthly rental shall cease. As a result, the Port Authority would receive payment of an amount equal to the amount of additional monthly rental earlier than it otherwise would have.

In addition to all other revenue to the Port Authority, the importation of raw gypsum will generate at least \$175,000 per year in wharfage revenues based on the minimum tonnage obligation of 250,000 tons per year. Vessels will discharge at Berth 9 on a preferential basis. Total revenue from the project after rental becomes payable for the first year is estimated at \$2.4 million.

It was therefore recommended that the Board authorize the Executive Director on behalf of the Port Authority to enter into a lease agreement with Atlantic Gypsum Co., 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 a lease agreement with Atlantic Gypsum Co., Inc. providing for the letting of Buildings 265 and 267 and approximately 4.36 acres of related open area at Port Newark for the operation of a gypsum importing and processing facility for a term expiring on the day preceding the 25th anniversary of the day payment of rental for the premises commences, and further providing for the Port Authority to pay the tenant, as part of this arrangement, a sum not to exceed \$9.5 million towards the cost of construction of a high speed bulk cargo discharge/storage/distribution system and a structure connecting Buildings 265 and 267; and it is further

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

(Board - 10/10/85)

Elizabeth-Port Authority Marine Terminal - Lease with East Coast Warehouse and Distribution Corp. and Safeway Trucking Corp.

It was reported that East Coast Warehouse and Distribution Corp., the largest public warehousemen at the Port Newark/Elizabeth-Port Authority Marine Terminal, leases 690,000 square feet of distribution space as a co-tenant with its trucking subsidiary, Safeway Trucking Corp. The current leasehold includes 312,000 square feet of distribution space and approximately 12,200 square feet of garage space located within an area which might be required for terminal expansion in the implementation of the Port Plan. The lease for this space expires May 31, 2000, with no Port Authority termination rights.

Under the proposed arrangement, East Coast would surrender the buildings and open area in the Port Plan site and construct a 350,000 square foot warehouse on a 12.4-acre site in Elizabeth and pave a 2.92-acre area. The Port Authority would then have the surrendered building space and open area available for lease to other tenants at higher current market rates. The buildings would continue to be leased under short-term agreements until the site is required for the Port Plan. In consideration of the surrender, East Coast would receive an annual rent credit of \$250,000 from the commencement date of the lease for the new building through May 31, 2000.

The Port Authority will pay to East Coast up to \$10.5 million for construction of the new warehouse and the paving of open areas. The lease rent will commence on completion of construction as determined by the Executive Director. This is estimated to be December 1, 1986. East Coast and Safeway will pay rent as follows:

1. for the 12.4-acre site, \$378,000 per year with escalation every three years based on 50% of the percentage increase in the Consumer Price Index since the commencement of the lease with a minimum of 3% per year compounded annually; in the 22nd year, the annual rent will increase to \$1,350,000 with escalation every three years thereafter based on 50% of the percentage increase in the Consumer Price Index since the end of the 21st year with a minimum of 3% per year compounded annually;
2. for the separate parcel of 2.92 acres, \$12,716 per year to May 31, 2000; effective June 1, 2000, annual rent will increase to \$62,310 with escalation every three years thereafter based on 50% of the percentage increase in the Consumer Price Index with a minimum of 3% per year compounded annually;
3. additional rental for 20 years equal to \$0.009078 per month for each dollar paid by the Port Authority to the tenants for construction and related work; and
4. on the rent commencement date, a single payment of further additional rent computed by applying to each payment by the Port Authority to the tenants for construction and related work the daily rate of .000250 from the day the payment was made to the day before the rent commencement date.

To permit an orderly transition for East Coast to the new buildings, the tenant will be permitted up to six months' use of the surrendered buildings without rent.

(Board - 10/10/85)

It was therefore recommended that the Board authorize the Executive Director, on behalf of the Port Authority, to enter into a lease with East Coast Warehouse and Distribution Corp. and Safeway Trucking Corp. of premises at the Elizabeth-Port Authority Marine Terminal and an agreement of surrender of a lease now in effect with East Coast Warehouse and Distribution Corp. and Safeway Trucking Corp., the lease and agreement of surrender to be 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 40-year lease with East Coast Warehouse and Distribution Corp. and Safeway Trucking Corp. letting to them a 12.4-acre area at the Elizabeth-Port Authority Marine Terminal upon which the tenants will construct a 350,000 square foot cargo distribution building and also the letting of a separate unpaved parcel of approximately 2.92 acres, the rental to commence on completion by the tenants of the construction and related work, on or about December 1, 1986, and the lease to provide for payment by the Port Authority to the tenant of up to \$10.5 million for the construction of the new building and associated paving; the said lease to be in accordance with the foregoing and the form of the lease to be subject to the approval of General Counsel or his designated representative; and it is further

RESOLVED, that the Board authorize the Executive Director, on behalf of the Port Authority, to enter into an agreement amending a lease now in effect with East Coast Warehouse and Distribution Corp. and Safeway Trucking Corp. to provide for surrender of 312,000 square feet of distribution building space, garages and open area; the agreement of surrender 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.

(Board - 10/10/85)

Port Authority Annual Diesel and Fuel Oil Requirements - All Facilities - 1985-1986

It was reported that the Port Authority's diesel and fuel oil requirements for the 1985-1986 heating season is estimated to be approximately 2,750,000 gallons. This estimate represents an increase of approximately 3.3% over the requirements during the 1984-1985 heating season.

To preserve minority participation in supplying fuel oil, the Executive Director authorized solicitation from 35 minority suppliers for approximately 14% of the estimated annual requirements. Bids for the balance of the requirements were publicly advertised on July 22, 1985 and solicited from 130 prospective suppliers.

Bids were received for the minority and publicly advertised purchases on September 4, 1985, on a price per gallon basis subject to escalation based on changes to the posted "New York Tank Car Consumer" price as published daily in the Journal of Commerce. Six bids were received for the minority portion of the fuel oil requirements and 22 bids were submitted for the publicly advertised portion of the fuel oil requirements contract. Two proposals on the minority procurement and one proposal on the publicly advertised portion were received, which were deemed non-responsive. Awards are recommended to the following low, responsive, qualified minority bidders for the minority portion of the requirements, and the following low, responsive, qualified bidders for the publicly advertised portion of the requirements, for each type of fuel at each location based on estimated requirements at each facility.

1. LaForgia Fuel Oil Company, Brooklyn, New York, for No. 4 fuel oil at the Passenger Ship Terminal and Kennedy International Airport and No. 6 fuel oil at Kennedy International Airport in the total estimated amount of \$774,368.

2. Bayside Fuel Oil Corporation, Brooklyn, New York, for No. 2 diesel fuel at the Goethals Bridge, LaGuardia Airport, Passenger Ship Terminal, The World Trade Center and the Bayonne Bridge and No. 2 fuel oil at Kennedy International and LaGuardia Airports in the total estimated amount of \$482,775.

3. Lincoln Fuel Company, Inc., Middlesex, New Jersey, for No. 2 diesel fuel at the Holland and Lincoln Tunnels and Newark Seaport and No. 2 fuel oil at the Lincoln Tunnel and Newark International Airport in the total estimated amount of \$326,453.

4. Las Energy Corporation, Freeport, New York, a minority supplier, for No. 2 diesel fuel at Kennedy and Newark International Airports and George Washington Bridge and No. 2 fuel oil at the Brooklyn Marine Terminal, Holland and Lincoln Tunnels and Newark International Airport in the total estimated amount of \$291,109.

5. Vanguard Oil Corporation, Brooklyn, New York, a minority supplier, for No. 2 diesel fuel at the Port Authority Bus Terminal, the Outerbridge Crossing and Brooklyn Marine Terminal in the total estimated amount of \$4,385.

6. The Belcher Company of New York, Maspeth, New York, for No. 2 fuel oil at the Outerbridge Crossing and No. 6 fuel oil at Yonkers Industrial Park in the total estimated amount of \$84,634.

TOTAL ESTIMATED AMOUNT FOR ALL REQUIREMENTS – \$1,963,704

STAFF ESTIMATE FOR ALL REQUIREMENTS – \$2,211,000

The term of the contracts is for one year, November 1, 1985 through October 31, 1986, with the Port Authority having options to extend for an additional one-year period.

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

1. award the annual requirements contracts for diesel and fuel oil for the 1985-1986 season, on a unit price basis, to the low bidders, LaForgia Fuel Oil, Bayside Fuel Oil Corporation, Las Energy Corporation, Vanguard Oil and Service Company, Inc., Lincoln Fuel Company, Inc. and The Belcher Company of New York, Inc.; and

2. exercise options to extend these contracts for an additional one-year period under the same terms and conditions.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to: (1) award the annual requirements contracts for diesel and fuel oil for the 1985-1986 season, on a unit price basis, to the low bidders, LaForgia Fuel Oil, Bayside Fuel Oil Corporation, Las Energy Corporation, Vanguard Oil and Service Company, Inc., Lincoln Fuel Company, Inc., and The Belcher Company of New York, Inc. and (2) exercise options to extend these contracts for an additional one-year period under the same terms and conditions.

(Board - 10/10/85)

Port Authority Industrial Park at Elizabeth - Lease Agreement with Radiation Technology, Inc.

It was reported that the Board, at its meeting on March 12, 1981, among other things, authorized an industrial development project in Elizabeth, New Jersey, of an approximate 125-acre site located at the southern end of the Port Newark/Elizabeth facility, involving an estimated financial participation by the Port Authority of \$16.8 million, including payments to contractors, an allowance for extra work, any acquisition and related costs, and engineering, administrative and financing expenses. Subsequently, on November 18, 1981, the Port Authority and the City of Elizabeth executed an agreement setting forth the arrangements to develop the industrial park site.

At its meeting on June 14, 1984, the Board certified the Elizabeth Industrial Park as an additional facility of the Port Authority and approved the award of contracts for paving and utility construction and the installation of systems for the mitigation of the PCB contamination at the facility. All of the authorized contract work has been undertaken.

Staff has completed negotiations with Radiation Technology Inc. (RTI), a New York corporation with corporate headquarters in Rockaway, New Jersey, and additional facilities in Arkansas and North Carolina. RTI provides totally integrated service irradiation processing ranging from research and development to production contract sterilization. Service irradiation is a process which involves the controlled emission of gamma rays from Cobalt-60 to reduce the bacterial contamination and/or improve the physical properties of products such as chemicals, food, textiles and medical instruments. Cobalt-60 is the radioactive material most commonly used for the commercial processing of medical products and foodstuffs.

Gamma radiation from Cobalt-60 shares many similarities with x-rays, but is of average shorter wavelength. Like x-rays, gamma radiation is used for certain types of medical treatment, including treatment of some cancer and has also proven useful for a variety of industrial applications. It is expected that this project at Elizabeth will generate 35 jobs within two years and will become their corporate headquarters.

The lease agreement with RTI provides that:

1. The Port Authority lease to RTI approximately 3.68 acres in the southeast quadrant of the Port Authority Industrial Park at Elizabeth for the purpose of service irradiation of goods for an initial term of approximately 21 years and three months with RTI to have the right to extend the lease for an additional term of 20 years.
2. Fifteen months after the site availability date, (or such earlier date as the lessee commences service irradiation operations in the premises) and for the next five years, RTI will pay an annual basic rental of \$64,501 which annual basic rental will increase to \$134,501 for the balance of the initial lease term. The commencement of payment of rental may be postponed if the Port Authority fails to review the lessee's construction plans within specified periods set forth in the lease.

(Board - 10/10/85)

3. RTI will be obligated to construct a building of approximately 40,000 square feet within fifteen months from the site availability date. The Port Authority will invest up to \$3.5 million for the design, construction and equipping of said building. Fifteen months from the site availability date, RTI will pay an annual building rental equal to the product of the amount paid by the Port Authority to the lessee plus interest amounts accruing during construction multiplied by the following factors:

Year 1	.080000
Year 2	.090000
Year 3	.100000
Year 4	.114286
Year 5	.130000
Years 6 - 20	.152857

4. RTI may elect to buy the land and improvements by making a single payment in year 12 from the basic rental start date in the amount of \$6,130,000 or in year 16 from the basic rental start date for \$6 million.

5. RTI will also pay a percentage rental in any year that its gross sales for contract irradiation at the Elizabeth facility exceed \$4 million.

The percentage rental will equal 1% of the first \$5 million of gross sales.

On gross sales in excess of \$5 million and less than \$7 million the percentage rental will be 1¼%.

On gross sales in excess of \$7 million the percentage rental will be 2%.

The percentage rental payment will not exceed \$125,000 annually during the first ten years of operations and \$250,000 annually during the balance of the initial lease term.

6. RTI will pay an operating expense rental based on its pro-rata share of the common operating and maintenance expenses of the park.

7. At the end of the initial lease term, RTI will have an option to extend the lease for an additional 20-year term. The renewal rental amount for the first three years of the renewal period will equal 114% of the annual basic rental in effect in the last year of the initial term plus 114% of the annual building rental in effect in the last year of the initial term. Each rental will increase 10% in the 4th, 7th, 10th, 13th, 16th and 19th year of the renewal period. The percentage rent payment will continue and the maximum annual percentage rental payment will not exceed \$375,000 during the first ten years of the renewal period and \$500,000 annually thereafter. The Operating Expense Rental will continue as during the initial term.

8. In addition to the initial building of 40,000 square feet, RTI will also be required to construct a 26,000 square foot addition to their basic building 42 months from the date the site is made available, at least 13,000 square feet of that addition must be completed within 30 months of site availability.

9. RTI will be responsible for managing, operating and maintaining the premises and making all repairs, structural and non-structural, as required during the term of lease.

10. During construction RTI will make every good faith effort to meet the Port Authority's Minority Business Enterprise (MBE) participation requirement of 20% and its Women Business Enterprise (WBE) requirement of 5%.

11. The Port Authority will indemnify RTI for any riparian rights claims that the State of New Jersey may make to the premises.

12. A security deposit is required.

The Port Authority's recovery on the investment is financially self-sustaining.

It was therefore recommended that the Board authorize the Executive Director, on behalf of the Port Authority to enter into a lease agreement with Radiation Technology, 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 an agreement with Radiation Technology, Inc. (RTI) to cover the letting of approximately 3.68 acres of land for an initial term of approximately 21 years and three months with an option to extend for an additional 20-year term, for the construction of a building of approximately 66,000 square feet for its service irradiation operations at the Port Authority Industrial Park at Elizabeth; provide for investment by the Port Authority of up to \$3.5 million for the design, construction and equipping of an industrial building of approximately 40,000 square feet (to which RTI, at their own expense, will add another 26,000 square feet) and adjacent parking and truck dock areas and other site improvements for a period of 20 years; and provide for a purchase of the land and improvements by RTI on the basis of a single payment of \$6,130,000 in year 12 from the basic rental start date or \$6 million in year 16 from the basic rental start date; and it is further

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

(Board - 10/10/85)

Freight Services Improvement Conference - Continuation of Port Authority Participation - Agreement with States of New York and New Jersey

It was reported that the Board, at its meeting on March 12, 1981, authorized the Executive Director to enter into the initial agreement with New York and New Jersey for the Port Authority to participate in the Freight Services Improvement Conference (FSIC) and to provide funding for the Port Authority's share of the joint effort. The Board, at its meeting on October 13, 1983, authorized the Executive Director to extend the Port Authority's participation in the FSIC through June 30, 1984, and the Board authorized a further extension of such participation, through June 30, 1985, at its meeting on November 8, 1984.

Establishment of the FSIC was a direct result of recognition of the two states and the Port Authority that the bi-state region's important freight transportation industry had not previously received sufficient public attention or financial support. The FSIC was created as a public/private mechanism to identify problems in the area's major freight modes - truck, rail, air and marine - and to actively develop and organize support for improvements. The FSIC is jointly funded and staffed by its three sponsoring participants and guided by an advisory board composed of prominent individuals drawn primarily from the private freight sector. Overall direction is provided by a steering committee comprised of the Commissioner of Transportation from each of the two states and the Executive Director of the Port Authority.

Since its inception, the Freight Services Improvement Conference has developed into an effective liaison through which private-sector freight carriers and shippers have been brought together with public-sector transportation agencies to address critical freight issues facing the region. The FSIC has developed the Bi-State Harbor Carriers Conference, an organization of motor carriers serving the Port District. The Conference has convinced several terminal operators to improve gate operations which has already resulted in significant time savings for truckers. For the first time, truckers, terminal operators, steamship lines and government are sitting down to solve cooperatively a full range of mutual problems, including truck safety.

The FSIC has compiled information on and clarified the complex taxes levied on motor carriers in New York and New Jersey, helping state tax administrators and motor carriers for the first time to understand each other's concerns. The FSIC was invited to serve as an active participant in a New York State Industry/Government task force on truck taxes. This task force has already succeeded in eliminating a requirement to place tax stickers on all trailers and will be developing a comprehensive truck tax improvement bill for legislative action.

Anticipating the impacts of proposed changes in truck size and weight regulations, the FSIC quickly assembled detailed information and advised the two states and the Port Authority as they grappled with the tough questions resulting from these Federally mandated changes. The FSIC then brought government and industry together to set regulations which reflected safety and economic concerns. Air cargo operations are heavily dependent on these longer, wider trucks; the FSIC is assisting the Port Authority in its efforts to persuade New York City to permit access for these trucks to Kennedy International Airport.

As a result of an FSIC survey of regional truck operating problems, the two states have placed new emphasis on freight movement in their capital and operating decisions. For example, the New Jersey Department of Transportation contracted with the FSIC to identify the key freight routes which will then receive priority in allocating construction funds.

(Board - 10/10/85)

Under the terms of the proposed agreement, and as provided for in each of the previous Board authorizations, the Port Authority would contribute three full-time staff members to the FSIC and provide office space and other administrative support items. Financial support for the FSIC for the period ending June 30, 1986 will be approximately matched by the contributions of the States of New York and New Jersey. The \$150,000 for the Trans-Brooklyn Freight Movement Study was authorized by the Board at its meeting October 11, 1984.

It was therefore recommended that the Board authorize the Executive Director to enter into an agreement with the States of New York and New Jersey or their designees, under which the Port Authority will continue its participation in the Freight Services Improvement Conference (FSIC), a public/private sector research, planning and advocacy organization for improved freight systems in the New York/New Jersey region, for the period July 1, 1985 to June 30, 1986, at a total estimated cost of \$432,000, which includes \$150,000 previously authorized by the Board for the Trans-Brooklyn Freight Movement Study.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to enter into an agreement with the States of New York and New Jersey or their designees, under which the Port Authority will continue its participation in the Freight Services Improvement Conference (FSIC), a public/private sector research, planning and advocacy organization for improved freight systems in the New York/New Jersey region, for the period July 1, 1985 to June 30, 1986, at a total estimated cost of \$432,000, which includes \$150,000 previously authorized by the Board for the Trans-Brooklyn Freight Movement Study.

(Board - 10/10/85)

Newark International Airport - Allied Aviation Service Company of New Jersey, Inc. - Extension of Contract AN-652 - Operation and Maintenance of the Aviation Fuel System

It was reported to the Board that the Newark International Airport Fuel Storage and Distribution System ("System") consists of fuel storage tanks, with a capacity of approximately ten million gallons, connected to an underground pipeline distribution network which delivers aviation fuel to underground hydrant valves on the terminal building apron areas where mobile fuel hydrant carts transfer the fuel from the network into aircraft. Aviation fuel is delivered by truck to those aircraft operating from the north side of the airport and to those commuter aircraft which cannot be fueled by hydrant cart. The Master Airline Leases at Newark International Airport provide for the Port Authority to operate and maintain the System directly or through the services of an independent contractor selected by the Port Authority either through negotiation or by bid procedure. Prior to the commencement of the operation of the System, the present contractor, Allied Aviation Service Company of New Jersey, Inc., ("Allied") was selected by competitive bid and a three-year contract was authorized for award by the Board at its April 12, 1973 meeting. The Board, at its meetings on June 10, 1976, July 12, 1979 and August 12, 1982, extended the contract for additional three-year periods to April 30, 1979, April 30, 1982 and April 30, 1985, respectively. The Board, at its meeting on April 11, 1985, authorized a six-month interim extension of the contract to October 31, 1985 pending completion of negotiations for an additional three-year period. The contract is supported by a guarantee by Allied Maintenance Corporation, the parent company of Allied Aviation Service Company of New Jersey, Inc. The extension agreement will provide for the continuation of the guarantee.

The Master Airline Leases provide that if the Port Authority and a majority of the Lessee Airlines are satisfied with the existing contractor's performance, the Port Authority shall proceed to negotiate with the same contractor for a three-year extension of the contract with the same procedure to be followed for each succeeding renewal. The Lessee Airlines have requested that the Port Authority continue Allied's service as operator. Pursuant to the Lessee Airlines request for a more active role in the extension process, procedures were developed whereby the Lessee Airlines were permitted to participate in the Port Authority's review of Allied's projected costs and the airlines retained the services of the same fuel consultant they retained at Kennedy International Airport to assist them in their review. Consequently, the Lessee Airlines are fully aware of and concur in the details of the proposed extension.

The prior three-year extension of Allied's contract resulted in payments of approximately \$25.1 million including additional payments authorized by the Board, at its meeting on May 10, 1984. It is expected that payments to Allied under the current proposed three-year extension will be approximately \$43.7 million. The estimated increase of approximately \$18.6 million stems from an anticipated 81% increase in fueling volumes and increases in costs for labor, materials and supplies. The current extension will continue the interest factors recognized as part of Allied's costs as was contained in the prior extension.

(Board - 10/10/85)

Allied has furnished the Port Authority with a projection of specified costs for each of the three years of the proposed extension commencing May 1, 1985. Allied will submit monthly statements comparing actual costs to projected costs. A copy of the monthly statement will be sent to the Lessee Airlines for their review and comment. Under the proposed extension, Allied would be paid monthly its projected costs which payment will be adjusted the following month based on Allied's actual costs incurred in operating and maintaining the System. Allied's management fee for each contract year would be 4.35% of the total projected costs as agreed to by the Port Authority. In addition, the total projected costs for the second year of the extension shall be subject to review and adjustment prior to the end of the first year and the total projected costs for the third year of the extension shall be subject to review and adjustment prior to the end of the second year. Allied's management fee for the second and third year of the extension would be 4.35% of the adjusted projected costs for the respective year. The Lessee Airlines will be permitted to participate in the review of the projected costs for the second and third years of the extension.

Of the estimated \$43.7 million payable for the three-year extension, it is expected that approximately \$41.6 million would be costs and management fee for the operation and maintenance of the System, including amounts to be agreed to by the Port Authority for payments to consultants retained by the airlines such as the fuel consultant and legal fees; approximately \$615,000 represents amortization of Allied's maintenance garage and applicable interest and approximately \$1.5 million is for other specified services and materials including refurbishment of system pumps and replacement of tank valves and rental of refuelers from Allied to be paid for separately to Allied. In the event of the termination of the contract, including its expiration after the proposed three-year extension, the Port Authority is obligated to reimburse Allied for the remaining unamortized cost of the maintenance garage, the total of which unamortized amount is approximately \$1.8 million as of April 30, 1985.

Under the Master Airline Leases at Newark International Airport, the amounts payable by the Port Authority to the operator of the System plus the amortization of the Port Authority's investment in the System are payable by the airlines. After each contract year the Port Authority will audit Allied's actual costs of the types specified in its projections for the preceding contract year. In the event that Allied's audited actual costs of the types specified in its projections for any contract year are less than its reported costs for said year, the amount of the difference would be returned to the Port Authority, if the audited costs are higher the Port Authority will pay Allied the unpaid amount. Any reduction in the Port Authority's costs of the operator's service, based on audited costs would, of course, reduce the amount payable by the airlines to the Port Authority.

Pursuant to the resolution of the Board, adopted at its meeting on November 8, 1984, the contract as extended will also contain provisions covering Affirmative Action/Equal Employment Opportunity and the use of Minority Business Enterprises and Women Owned Business Enterprises.

It was therefore recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into an agreement for a three-year extension commencing May 1, 1985 of the contract with Allied Aviation Service Company of New Jersey, Inc. for the operation and maintenance of the Aviation Fuel System at Newark International Airport, all in accordance with the foregoing.

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 agreement extending and making other appropriate changes to Contract AN-652, in accordance with the provisions outlined above, for a three-year period, effective May 1, 1985 and ending April 30, 1988, covering the operation and maintenance of the Aviation Fuel System at Newark International Airport, with Allied Aviation Service Company of New Jersey, Inc.; the form of the agreement to be subject to the approval of General Counsel or his designated representative.

The World Trade Center - Contract WTC-312 - Trash Haulage - Award

It was reported that Contract WTC-312 requires the contractor to remove from The World Trade Center all trash, garbage, debris and other waste materials (wet or dry) placed by others in containers provided by the contractor. The proposed contract is for a three-year period commencing December 1, 1985, with options for the Port Authority to renew for two additional one-year periods, and is subject to termination by the Port Authority without cause upon 60 days notice. The compensation due the contractor under the contract is subject to annual adjustment based upon any cost increase or decrease directly related to the costs of labor or materials for the performance of the contract which is of general application to the commercial waste removal industry in the New York-New Jersey metropolitan area. The price adjustment is established as of each anniversary of the commencement date and is firm for the ensuing year. The price adjustments are computed based on the difference between the estimated cost for labor and materials for the ensuing year, and the contractor's actual costs for labor and materials during the previous year. The Port Authority Audit Department will verify the actual costs and review the estimated costs for reasonableness.

The existing contract for trash haulage, Contract WTC-199.61, will expire on November 30, 1985. Proposals on Contract WTC-312, Trash Haulage, The World Trade Center, are scheduled to be received on or about October 18, 1985.

In order to provide continuity of service, staff recommends that the Board authorize the Executive Director to award Contract WTC-312 to the contractor submitting the lowest proposal, who, in his opinion, is qualified by reason of responsibility, experience and capacity to perform the contract and whose proposal price the Executive Director deems reasonable and to order extra work up to an amount of 5% of the proposal accepted, or to reject all proposals.

It was therefore recommended that the Board authorize the Executive Director to award Contract WTC-312, Trash Haulage, The World Trade Center, to the contractor submitting the lowest proposal, who, in his opinion, is qualified by reason of responsibility, experience and capacity to perform the contract and whose proposal price the Executive Director deems reasonable and to order extra work up to an amount of 5% of the proposal accepted, or to reject all proposals.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to award Contract WTC-312, Trash Haulage, The World Trade Center, to the contractor submitting the lowest proposal, who, in his opinion, is qualified by reason of responsibility, experience and capacity to perform the contract and whose proposal price the Executive Director deems reasonable and to order extra work up to an amount of 5% of the proposal accepted, or to reject all proposals.

Port Newark - Lease with Norse Terminal Corp. - Amendment

It was reported that effective April 1, 1982, the Port Department entered into a one-year lease with Norse Terminal Corp. and co-lessee, Norse Energy Corp., for two acres of open area at a rental rate of \$.40 per square foot. In addition to basic land rental, the lease made provision for an additional guaranteed minimum rental of \$96,000 to be credited against wharfage charges incurred, the guaranteed rental representing wharfage on a projected movement of approximately 150,000 tons of export coal at a wharfage rate of \$.65 per ton.

After the first year, although the additional rental of \$96,000 had already been paid, only 64,030 tons had been shipped. The receiver of the remaining amount of guaranteed coal, the Korean Government, required Norse's customer, Samsung Trading Co., to defer deliveries beyond the first year. As a result, Norse was experiencing financial hardship in that it had to continue storing a significant amount of coal at the leasehold and was unable to deliver the coal to the Korean consignee. In addition, the Port Authority was being exposed to a possible abandonment of the coal on Port Authority property.

Consequently, an arrangement was agreed to between the Port Authority and Norse to extend the lease term for a further eighteen-month period with an increased total wharfage guarantee of 250,000 tons over the entire term of the lease, as extended, with provision that the portion of the additional rental paid during the first year which was not creditable against wharfage charges in that period would be credited against wharfage charges incurred during the extended period of the letting. This was reflected in an extension agreement prepared for execution by the parties. However, because one of the co-lessees had withdrawn from the operation, the extension agreement could not be fully executed and in place thereof, a new lease was drawn and signed by the parties. In view of the fact that the tenant over the full period of the lease, as extended, has incurred and paid wharfage on 340,000 tons of cargo which is well in excess of the guarantee provided for in the agreement for extension of the arrangement, it would be inequitable to deny the tenant the credit which was inadvertently not reflected in the lease document and not discovered by either party.

It was therefore recommended that the Board ratify the arrangement in connection with the lease with Norse Terminal Corp. at Port Newark as described above and in accordance with the foregoing.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the arrangement made in connection with the lease with Norse Terminal Corp. to extend the application of a wharfage credit in the amount of \$54,380 from the first year of operation under the lease to operations occurring in a later period be and it is hereby ratified..

(Board - 10/10/85)

Port Authority Use of Discounted Long Distance Telephone Services at The World Trade Center

It was reported that presently, the Port Authority's long distance telephone services at The World Trade Center are supplied by TDX Systems, Inc., MCI Communications Corporation and AT&T Communications. The Port Authority's computerized least cost routing system at The World Trade Center provides for primary and alternate routing of long distance telephone calls to each of these carriers and/or resellers based on the destination of the call and the selection criteria programmed into the system.

In the Fall of 1984, as part of the Port Authority's on-going effort to reduce telephone costs, the Management Information Services Department reviewed a number of common carriers and resellers to determine the relative economics of their discounted long distance telephone services. Based on this review, the Management Information Services Department engaged TDX to provide long distance service. This agreement with TDX Systems, Inc. was authorized by the Executive Director at a cost not to exceed \$200,000. These funds have been expended because of increases in the Port Authority's use of long distance service.

Savings from using the services of TDX over those offered by AT&T have exceeded \$64,000 on billings from January 1985 through August 1985. In addition, due to terms of The World Trade Center tenant lease with TDX, the Port Authority's World Trade Department has received approximately \$23,500 in additional lease revenue as a result of the Port Authority's use of TDX services. At this time, it is planned to continue to utilize TDX for long distance services. A recent review of a number of common carriers and resellers determined that TDX still provides the most cost effective long distance service to meet Port Authority current needs.

The requested authorization of up to \$900,000 should be sufficient to provide long distance telephone services from TDX or another appropriate vendor for up to eighteen months. During this period, the Management Information Services Department will develop in conjunction with the General Services Department a formal procedure to periodically review the current rates and quality of service of available vendors. Based on the results of these periodic reviews, the Port Authority will engage the vendor then providing the most cost effective, high quality service. Other factors that will be considered in vendor selection will be installation costs for new service, installation lead times, quality of service during the change to any new vendor, and the potential effects on World Trade Department revenue.

This authorization for long distance telephone service, along with periodic reviews of available rates, will allow the Port Authority to take full advantage of the fluctuating long distance market place while insuring continued, high quality long distance telephone service.

It was therefore recommended that the Board authorize the Committee on Operations to authorize the Executive Director to enter into agreements to provide for long distance telephone services at the Port Authority's World Trade Center offices for a period of approximately eighteen months at an expenditure not to exceed \$900,000.

(Board - 10/10/85)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Committee on Operations is hereby authorized to authorize the Executive Director to enter into agreements to provide for long distance telephone services at the Port Authority's World Trade Center offices for a period of approximately eighteen months at an expenditure not to exceed \$900,000; the form of the agreements to be subject to the approval of General Counsel or his authorized representative.

Whereupon, the meeting was adjourned.

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

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MINUTES of meeting of The Port Authority of New York and New Jersey held Thursday, November 14, 1985, at the Port Authority offices, One World Trade Center, City, County and State of New York.

PRESENT:

NEW JERSEY

Philip D. Kaltenbacher, Chairman
Robert V. Van Fossan
William K. Hutchison
Henry F. Henderson, Jr.

NEW YORK

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

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, Acting Director of Tunnels, Bridges and Terminals
Louis J. Gambaccini, Assistant Executive Director/Director of Administration
Gene Gill, Director of General Services
Francis A. Gorman, Director of Rail Transportation
Jeffrey S. Green, Chief, Finance Division, Law
John Hauptert, Assistant Director, Finance Department
Lawrence S. Hofrichter, Deputy Chief, Finance Division, Law
James J. Kirk, Port Director
Philip LaRocco, Director of Economic Development
Donald R. Lee, Director of Audit
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
Lloyd D. Schwalb, Principal Information Officer, Public Affairs
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/Comptroller, Acting Chief Financial Officer
Marvin Weiss, Director, Office of Minority Business Development
Marshal L. Wilcox, Jr., Treasurer
Gerard Fernandez, Jr., Bond Counsel, Hawkins, Delafield & Wood
Donald J. Robinson, Bond Counsel, Hawkins, Delafield & Wood
Stanley Kramer, Bond Counsel, Hawkins, Delafield & Wood

The meeting was called to order by the Chairman.

(Board - 11/14/85)

Memorial to Honorable David Van Alstyne, Jr.

The Chairman addressed the Board upon the death of the Honorable David Van Alstyne, Jr. 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 Commissioner David Van Alstyne, Jr. on Thursday, October 10, 1985.

David Van Alstyne, Jr. was appointed Commissioner of the Port Authority by Governor Alfred E. Driscoll on June 25, 1953 to fill the unexpired term of Commissioner John Borg. He served as a member of the Board until July 1, 1955. During this period, he served as a member of the Committee on Finance and of the Committee on Port Planning.

Commissioner Van Alstyne's public service included ten years as State Senator from Bergen County from 1943 to 1953. He was elected Senate Majority Leader in 1948 and President of the Senate in 1949. Commissioner Van Alstyne was particularly proud of his work as Chairman of the Commission on the Executive during the New Jersey Constitutional Convention which drafted a new State Constitution in the late 1940's. He was also a former Chairman of the New Jersey Regional Planning Association.

Commissioner Van Alstyne founded his own investment concern, Van Alstyne, Noel & Company in 1932; in addition, he served on the Boards of many other companies.

Commissioner Van Alstyne brought to the proceedings of the Committees on Finance and Port Planning and the Board itself the benefit of his experience in finance and business. He gave freely of the broad and diverse talents which made him a successful financier, industrialist, public servant and citizen.

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 Commissioner David Van Alstyne, Jr.

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of October 10, 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 November 14, 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 November 14, 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 reports, for information, of action taken at its Special meeting on October 30, 1985 and at its meeting on November 14, 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 November 14, 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 - 11/14/85)

Essex County Resource Recovery Facility - Amendment of Certification

It was reported that the Board, at its meeting on October 13, 1981, directed the Executive Director to undertake all necessary planning for a resource recovery plant in Essex County, New Jersey; at its meeting on November 10, 1983, subject to the appropriate authorizations and amendments to the Industrial Development Master Plan setting forth potential industrial development sites and subject to the ability of the Port Authority to make necessary certifications including those necessary prior to the issuance of Port Authority Consolidated Bonds, authorized a project for the development of a resource recovery plant located in the Blanchard Street area of the City of Newark, County of Essex; at its meeting on March 8, 1984, amended the Master Plan in connection with the Essex County Resource Recovery Facility (the Facility); and at its meeting on January 12, 1984, authorized the Executive Director to enter into an agreement concerning certain developmental design work in connection with the planning of the Facility at a cost to the Port Authority of approximately \$1.8 million. At its meeting on April 11, 1985, the Board was advised that the developmental design work pursuant to such authorization had been completed.

Further, at its meeting on April 11, 1985, the Board authorized, subject to the ability of the Port Authority to make necessary certifications, including those necessary prior to the issuance of Port Authority Consolidated Bonds, the increase of the total costs of or related to the Facility from \$260 million to approximately \$343 million with an increase in the Port Authority's expenditures or moneys provided for financing provided in connection therewith from \$165 million to an amount not to exceed \$236 million, including approximately \$23 million in connection with certain contingencies for up to one year of construction delays; additionally, the Executive Director was authorized to provide an amount presently estimated at \$61 million in 1985 dollars for capital costs resulting from the occurrence of unforeseen or other similar circumstances, which amount will be determined and adjusted based on a service fee increase limitation of up to \$7.50 per ton, at January 1, 1983, as adjusted for escalation until used, of acceptable solid waste, computed on the basis of 680,000 tons per year, to be paid by the Port Authority as a component of the service fee to American REF-FUEL Company of Essex County (REF-FUEL) for solid waste disposal services with a correspondingly increased tipping fee to be paid by the County of Essex (the County) to the Port Authority. The Executive Director was further authorized to enter into agreements necessary to effectuate the Facility, including agreements with the City of Newark, the County, REF-FUEL, an escrow agent, and others as appropriate including those agreements necessary to effectuate the purchase of the site. The major provisions of these agreements to be entered into and the relationship of the various parties to such agreements are described in the Minutes of the April 11, 1985 meeting of the Board, entitled "Industrial Development Program - Essex County Resource Recovery Facility - Authority to Enter into Agreements and Acquire Site", at pages 161 et. seq.

At its meeting on May 9, 1985, the Board certified that, in the opinion of the Port Authority in connection with the first issuance of Consolidated Bonds or Consolidated Notes for purposes which include capital expenditures in connection with the Facility, subject to the issuance of all necessary permits, execution of the agreements authorized by the Board, at its meeting on April 11, 1985, in connection with the Facility and appropriate approvals or certifications in connection with the receipt of the proceeds of a \$15 million interest free loan originally from the Natural Resources Bond Act of 1980, received from the State of New Jersey, the equivalent of interest on \$15 million of tax-exempt debt, at an interest rate to be finally determined, received from the Hackensack Meadowlands Development Commission (both pursuant to an amended consent judgment between the County, the Hackensack Meadowlands

Development Commission (the Commission) and the New Jersey Department of Environmental Protection) and either (a) provision of the equivalent of a \$25 million grant received from the State of New Jersey or any of its agencies for the Facility or (b) certification by the Committee on Finance that the \$25 million has become available from other sources allocated to the State of New Jersey, the issuance of such Consolidated Bonds or Consolidated Notes will not, during the period 1985 through 2020 and 1985 through 1995, in the light of the Port Authority's estimated expenditures in connection with the Facility and the total anticipated revenues and expenses of the Port Authority during those periods, materially impair the sound credit standing of the Port Authority or the investment status of Consolidated Bonds or the ability of the Port Authority to fulfill its commitments, whether statutory or contractual or reasonably incidental thereto, including its undertakings to the holders of Consolidated Bonds. In addition, the Board authorized the Committee on Finance to reaffirm said certification on behalf of the Port Authority at such time, on or before November 30, 1985, as such Consolidated Bonds or Consolidated Notes are issued, provided that all necessary permits have been issued, the above-mentioned agreements have been executed and the above-mentioned approvals or certifications have been received or made and, provided further, that there is no substantial adverse change in the economic basis for said certification.

Staff does not presently expect that negotiations between the Commission and the County regarding provision by the Commission of the equivalent of interest on \$15 million of tax-exempt debt (assumed to be approximately \$4.5 million during the three year construction period and thereafter, during the next seventeen years, an amount in each year approximately equivalent to the interest on the unamortized principal of such tax-exempt debt amortized in seventeen equal annual installments, with interest calculated on the basis of outstanding principal) will lead to the provision of these funds by the Commission. The Hackensack Meadowlands Development Commission has submitted a petition to the New Jersey Board of Public Utilities (BPU) for an increase in the Meadowlands landfill tipping fees to fund the provision of the equivalent of interest on \$15 million of tax-exempt debt. The BPU rate increase process is underway and a final determination is not expected until the Spring of 1986. Therefore, it is recommended that the Board's certification and the Committee's reaffirmation thereof be amended to provide that said certification and said reaffirmation not be subject to provision of these funds by the Commission. In the event that the Commission does not provide such funds, the County will be contractually required to provide the funds either directly or through an acceptable alternate source.

In addition, at this time it is uncertain whether the central ditch on the Facility site (which must be filled for Facility construction) is a water of the United States over which the United States Department of the Army, Corps of Engineers (the Corps) has jurisdiction and if so, what type of permitting process must be undertaken. These matters, which raise complex considerations, are under review at the headquarters and local District level of the Corps. Staff does not expect these matters to be resolved prior to November 30, 1985, at which time the Board's authorization to the Committee on Finance with respect to reaffirmation of the Board's above-described certification would expire. Furthermore, although staff has made substantial progress in the negotiation of the agreements necessary to effectuate the Facility, it is not expected that the execution of these agreements and the necessary reviews and approvals will take place prior to November 30, 1985. Therefore, it is recommended that the Board's certification be amended to provide that the November 30, 1985 date be eliminated in order to allow additional time to obtain all necessary permits and to allow for execution of the agreements required to effectuate the Facility.

(Board - 11/14/85)

The Acting Chief Financial Officer has reviewed the foregoing recommended amendments to the Board's May 9, 1985 certification and it is his opinion that said amendments would not result in a substantial adverse change in the economic basis for said certification. Further, at the present time, the Acting Chief Financial Officer would not alter his opinion of May 9, 1985.

It was therefore recommended that the Board amend its May 9, 1985 certification with respect to the Essex County Resource Recovery Facility (the Facility) to provide that:

1. the Committee on Finance is authorized to rescind the condition to said certification and the reaffirmation thereof by the Committee on Finance with respect to an appropriate approval or certification in connection with the receipt of the equivalent of interest on \$15 million of tax-exempt debt, at an interest rate to be finally determined, received from the Hackensack Meadowlands Development Commission;

2. the authorization to the Committee on Finance with respect to the reaffirmation of said certification on or before November 30, 1985, be rescinded; and

3. the Committee on Finance be authorized to reaffirm said certification, as amended, at the time of the first issuance of Consolidated Bonds or Consolidated Notes for purposes which include capital expenditures in connection with the Facility subject to the complete satisfaction of the conditions to said certification, as amended, and, provided that there is no substantial adverse change in the economic basis for said certification.

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

RESOLVED, that the resolution of May 9, 1985 (appearing at pages 215 et seq. of the Official Minutes of that date), entitled "Essex County Resource Recovery Facility - Certification" be and it is hereby amended to provide that: (1) the Committee on Finance is authorized to rescind the condition to said certification and the reaffirmation thereof by the Committee on Finance with respect to an appropriate approval or certification in connection with the receipt of the equivalent of interest on \$15 million of tax-exempt debt, at an interest rate to be finally determined, received from the Hackensack Meadowlands Development Commission; (2) the authorization to the Committee on Finance with respect to the reaffirmation of said certification on or before November 30, 1985, be and it is hereby rescinded; and (3) the Committee on Finance be and it is hereby authorized to reaffirm said certification, as amended, at the time of the first issuance of Consolidated Bonds or Consolidated Notes for purposes which include capital expenditures in connection with the Essex County Resource Recovery Facility subject to the complete satisfaction of the conditions to said certification, as amended, and provided that there is no substantial adverse change in the economic basis for said certification.

(Board - 11/14/85)

Restructure of Port Authority and PATH Public Liability and Parasol Insurance Programs

It was reported that the Board, at its meeting on October 13, 1983, authorized the purchase of \$200 million excess of a \$2 million self-insured retention of public liability insurance covering all operations of the Port Authority and Port Authority Trans-Hudson Corporation (PATH), effective October 27, 1983, on a per occurrence basis, at a combined total premium of up to \$5.6 million, through Hamond & Regine, Inc. and C.E. Heath & Co., Ltd., as follows:

1. \$30 million excess of a \$2 million self-insured retention for a period of up to five years at a maximum premium of \$5 million payable in annual installments of \$1 million each; with an experience rated annual return premium of up to 76%; and
2. \$170 million excess of \$30 million for a three-year term at a prepaid premium of up to \$600,000.

As part of the policy provisions, underwriters of the \$30 million excess of \$2 million self-insured retention layer could cancel coverage only on a policy anniversary date upon written notice of cancellation given one year in advance of such cancellation. Furthermore, if the underwriters issued a notice of cancellation, the premium would be at 50% of the stated rate.

The Board, at its meeting on June 14, 1984, also authorized the purchase of up to \$300 million per occurrence Liability and Property Damage (Parasol) Insurance effective for a three-year period commencing June 15, 1984 at a three-year prepaid premium of \$1,250,000. Such coverage was provided over the \$200 million per occurrence Public Liability Policy, the \$200 million per occurrence All Risk Property Damage and Loss of Revenue Policy and the \$300 million per occurrence Bridge and Tunnel All Risk Property Damage and Loss of Revenue Insurance Policy. Subsequently, the Board, at its meeting on July 11, 1985, authorized a reduction in coverage in the Parasol Program from \$300 million to \$200 million with no change in premium from that previously authorized by the Board on June 14, 1984. This reduction was a result of the long anticipated tightening of world insurance markets which began in mid-1984, taking the form of severe reinsurance market capacity contraction and higher premium pricing.

In accordance with policy cancellation provisions, numerous participants in the Public Liability Insurance program issued cancellation or non-renewal notices, effective October 27, 1985, for coverages which represent approximately 75% of the \$200 million program. Part of this 75% pertains to a problem previously reported to the Commissioners concerning underwriting and financial difficulties experienced by certain insurers in the \$30 million primary layer, which required replacement of 40% of this layer on a one-year basis at no change in premium. As a result, the favorable cancellation terms described above were restricted to carriers participating in 60% of the \$30 million primary layer. The remaining carriers were planning to cancel before October 27, 1985 (effective October 27, 1986). In order to avoid this cancellation and to reflect current market conditions, the 60% participation was renegotiated to provide coverage through October 27, 1988 at an increase in premium. In exchange, underwriters agreed not to issue cancellation notices in 1985 and also agreed not to issue a notice in 1986 cancelling coverage effective on October 27, 1987 except for circumstances beyond their control. In the event of a 1986 cancellation, the 50% penalty on premium earned would be imposed.

(Board - 11/14/85)

Discussions with our brokers and lead U.S. and London underwriters; a thorough and continuing review of the literature; consultations with our insurance advisors; and comparisons with risk managers of other major public agencies clearly indicate that the tightening of the insurance markets continued to create severe problems for all major insureds. Although staff did not expect such dramatic set-backs in the Port Authority's Public Liability insurance program, large reductions in capacity and coverage and major increases in price were anticipated as previously reported prior to the renegotiation of the placement. These circumstances required a complete restructuring of the program to reflect current market realities.

As a result of staff's negotiation efforts, the Port Authority and PATH Public Liability coverage has been restructured as follows:

A. Airport Operations are covered with a \$400 million per occurrence limit subject to a \$2 million self-insured retention. \$398 million of the \$400 million limit has already been completed and efforts continue to fill the existing \$2 million gap in coverage.

B. PATH operations are covered with a \$125 million per occurrence limit. 60% of the primary \$30 million layer is subject to a \$2 million self-insured retention with the remaining 40% of the primary layer subject to a \$5 million self-insured retention. All but approximately \$15 million of the coverage for PATH operations is presently in place and efforts continue to fill the existing gaps in coverage.

C. All other Port Authority operations are covered to a limit of \$125 million per occurrence, subject to a \$2 million self-insured retention. At the present time over \$98 million of the \$125 million coverage has been secured and efforts to complete the placement are being made.

It is very likely that, despite efforts to complete the entire placement, some gaps in coverage may remain and the Port Authority will co-insure these areas at proportional reductions in premiums (See Exhibit II). In addition to the reduction in the limits of the program most of the coverage written will no longer be in the present Port Authority manuscript policy form, as many of the insurers have dictated the use of their standard coverage form. However, 60% of the \$30 million primary layer will follow the present Port Authority manuscript form. Terms and conditions of coverage are further being limited as a result of new exclusions relating to seepage, pollution and contamination, Workers' Compensation and FELA, asbestos, discrimination and humiliation, ERISA and professional liability.

It is anticipated that the premium for the restructured Public Liability program, when and if the placement of all coverage is 100% complete, will not exceed \$5,630,000 for a one-year period. Despite the substantial increase in premium, decreases in coverage capacity and policy form concessions, the Port Authority fared much better than most other major insureds under the present turbulent conditions in the insurance marketplace.

As previously indicated herein, renegotiations with lead London Underwriters also resulted in the continuation of coverage in the amount of \$18 million of the \$30 million in excess of the \$2 million self-insured retention through October 27, 1988. At a modest increase in premium, this coverage provides assurance from underwriters that they would not cancel in 1986 unless extreme circumstances prevailed. In such event, the imposition of the penalty provision would apply.

(Board - 11/14/85)

Because of the overall lack of liability insurance capacity, it was necessary to utilize all liability insurance coverage in the existing Parasol program in order to complete a major portion of the restructured Public Liability Insurance program. This, in turn, required a restructuring of the Parasol Program which will now cover all Port Authority and PATH liability exposures for \$60 million excess of \$40 million underlying coverage. The Parasol Program will continue to respond in excess of underlying property insurance policies to a limit of \$200 million per occurrence.

The details of the newly restructured Port Authority and PATH Public Liability and Parasol Insurance programs have been reviewed with EBASCO Risk Management Consultants Inc. who view our success as a remarkable accomplishment under such adverse worldwide insurance market conditions.

Recommendation was made that the Board authorize:

1. the purchase of the following insurance coverages for a one-year period, effective October 27, 1985, from various foreign and domestic insurers through the brokers, Hamond & Regine, Inc. and C.E. Heath & Co., Ltd.:

- a. Public Liability and Parasol insurance on a per occurrence basis covering the operations of the Port Authority and PATH, as outlined below at a total premium cost not to exceed \$5,630,000 (See Exhibit I):
 - A. Airports - \$400 million excess of a \$2 million self-insured retention.
 - B. PATH - \$125 million excess of a self-insured retention which will vary from \$2 million to \$5 million depending upon the insurer.
 - C. All Other Operations - \$125 million excess of a \$2 million self-insured retention.
- b. Property Parasol Insurance in limits of \$200 million per occurrence in excess of the existing underlying Port Authority and PATH all risk property damage and loss of revenue insurance programs, at a total premium cost not to exceed \$520,000.

2. the purchase of \$18 million of Public Liability Insurance covering all Port Authority and PATH operations in the \$30 million layer excess of \$2 million self-insured retention for the year beginning October 27, 1986 at a premium of \$900,000 and for the year beginning October 27, 1987 at a premium of \$1,050,000. Underwriters cannot cancel the coverage for the year beginning October 27, 1987 without a one-year notice and a 50% reduction in premium for the one year between the notice and the effective date of cancellation.

Approved.

The Port Authority of NY & NJ and PATH
 General Public Liability and Parasol Insurance Program -
 Cost Summary Effective 10/27/85 **
 (In Thousands)

<u>Layer</u> (Million)	<u>All Facilities</u>	<u>Airports</u>	<u>PATH*</u>	<u>Other</u>	<u>Total</u>	<u>Board Authorization</u>
\$30 x/o \$2 (60%)	\$ 750 ¹	-	-	-	\$ 750	\$ 750
\$30 x/o \$2 (40%)	-	\$596	\$580	\$530	1706	1706
\$10 x/o \$30	560 ²	-	-	-	560	734
\$60 x/o \$40	1200 ³	-	-	-	1200	1200
\$25 x/o \$100	250	-	-	-	250	250
\$75 x/o \$125	-	330	-	-	330	330
\$200 x/o \$200	-	660	-	-	660	660
Liability Program	\$2760	\$1586	\$580	\$530	\$5456	\$5630
Parasol Property Program	\$ 520 ⁴	---	---	---	\$ 520	\$ 520
					<u>\$5976</u>	<u>\$6150</u>

1) \$900 - for the year beginning 10/27/86 and \$1050 - for the year beginning 10/27/87

\$560 is a 100% price for all facilities. However, only 40% of this coverage has been secured. In order to secure full coverage, the following Alternate Prices may apply for the 60% balance:

Airports	\$165 - (This coverage has already been bound pending resolution of the All Facilities Coverage)
PATH	\$195
Other	\$150

3) 100% price for Parasol Coverage - \$53 Million Placed
 \$7 Million Gap:

For Airports - covered separately at price of \$38
 For Other Facilities - estimated price of \$30 - \$40
 For PATH - Unavailable

4) For \$200MM Parasol Property coverage

* 40% participation has a \$5 MM Self-Insured Retention
 60% participation has a \$2 MM Self-Insured Retention
 (The weighted average is a \$3.2 MM Self-Insured Retention)

** Costs among layers or coverages may vary.

EXHIBIT II

The Port Authority of NY & NJ and PATH
 General Public Liability and Parasol Insurance Programs -
 Co-Insurance (Gaps) Effective 10/27/85
 (In Millions)

<u>Layer</u>	<u>Airports</u>	<u>PATH *</u>	<u>Other</u>
\$30 x/o \$2	\$ 0	\$ 0	\$ 12
\$10 x/o \$30	0	6	6
\$60 x/o \$40	0	7	7
\$25 x/o \$100	2	2	2
\$75 x/o \$125	0	NA	NA
\$200 x/o \$200	0	NA	NA
	<u>0</u>	<u>NA</u>	<u>NA</u>
TOTAL	<u>\$ 2</u>	<u>\$15</u>	<u>\$ 27</u>

* 40% participation has a \$5MM Self-Insured Retention
 60% participation has a \$2MM Self-Insured Retention
 (The weighted average is a \$3.2MM Self-Insured Retention)

(Board - 11/14/85)

Erie Basin-Port Authority Marine Terminal - Fishport - Columbia Street Bulkhead - Contract EBP-110.010B - Award

It was reported that the Committee on Construction, at its meeting on October 11, 1984, authorized the Executive Director to award Contract EBP-110.010, Columbia Street Bulkhead, to the lowest qualified bidder on the basis of bids to be received after public advertisement and to order extra work up to the amount of 10% of the bid accepted.

Contract EBP-110.010 provided for the construction of a steel sheetpile bulkhead along Columbia Street, Brooklyn, adjacent to the Fishport. Contract EBP-110.010 was publicly advertised and bids were received on February 14, 1985. The low bid of \$2,672,200 submitted by Tern Star Incorporated and North Star Contracting Corp., a joint venture, exceeded the Engineer's Estimate of \$2,093,000.

The design of the bulkhead was changed from a steel sheetpile bulkhead to a stone dike bulkhead and Contract EBP-110.010A was prepared. Contract EBP-110.010A was publicly advertised and three bids were received on August 22, 1985. The low bid of \$2,883,000 submitted by Great Lakes Dredge & Dock Company exceeded the Engineer's Estimate of \$2,200,000 for Contract EBP-110.010A.

Modifications were made to the design of the stone dike bulkhead and Contract EBP-110.010B was prepared. Rather than publicly advertise Contract EBP-110.010B, staff deemed it prudent to request proposals from the same three contractors who submitted proposals on Contract EBP-110.010A. Since the basic design of the bulkhead was the same, the bidding period could be shortened by this approach, thereby permitting construction to start before the extremes of the winter season.

Contract EBP-110.010B includes a provision for placing fill material in voids behind the existing bulkhead below elevation 299 on a net cost basis, estimated at roughly \$21,000.

Contract EBP-110.010B also includes a provision that the bidder 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.

On November 6, 1985, the following bids were received on Contract EBP-110.010B:

	Classified Work	Unclassified Work	Estimated Total Amount
Weeks Dredging and Contracting Inc. Cranford, New Jersey	\$1,521,025	\$ 589,093	\$2,110,118

	Classified Work	Unclassified Work	Estimated Total Amount
Gates Construction Corp. Little Ferry, New Jersey	1,683,500	641,500	2,325,000
Great Lakes Dredge & Dock Company Staten Island, New York	1,325,000	1,018,000	2,243,000
ENGINEER'S ESTIMATE			\$2,361,500

Weeks Dredging and Contracting Inc. 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 the Executive Director to award Contract EBP-110.010B, Columbia Street Bulkhead, Erie Basin-Port Authority Marine Terminal, Fishport, to Weeks Dredging and Contracting Inc., the low bidder, in the estimated total amount of \$2,110,118, to order extra work up to the amount of \$211,000, and to order net cost work.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to award Contract EBP-110.010B, Columbia Street Bulkhead, Erie Basin-Port Authority Marine Terminal, Fishport, to Weeks Dredging and Contracting Inc., the low bidder, in the estimated total amount of \$2,110,118, to order extra work up to the amount of \$211,000, and to order net cost work.

(Board - 11/14/85)

METROTECH - Center for Advanced Technology in Telecommunications - Port Authority Participation

It was reported that the Center for Advanced Technology in Telecommunications is one component of the proposed Metropolitan Technology Center, also known as, Metrotech, (the Project), in downtown Brooklyn, New York. The Project, a sixteen-acre business-university redevelopment, is being undertaken by agreement among Polytechnic Institute of New York (Polytechnic), Forest City Enterprises of Cleveland, the New York City Public Development Corporation and the City of New York, which provides that the following facilities must be fully committed to the satisfaction of the participants for the Project's development to commence:

– Polytechnic Institute Library of Technology and Science (Library)

– Two commercial facilities totalling at least 500,000 square feet (or one commercial building and a hotel/office building complex) (Commercial Facilities). The Board of Directors of the Securities Industry Automation Corporation (“SIAC”), a subsidiary of the New York and American Stock Exchanges, is expected to act favorably on a proposal for their tenancy in the Project and it is expected that The Brooklyn Union Gas Company will also enter into a lease agreement in the near future for space in the Project.

– Center for Advanced Technology in Telecommunications, provided financing for it can be obtained.

New York State has requested the Port Authority, subject to (1) METROTECH satisfactorily demonstrating to the Port Authority firm commitments to proceed with the Library and Commercial Facilities and (2) METROTECH and/or Polytechnic and the Port Authority negotiating detailed implementation agreements, to provide up to \$14 million, with provision for repayment without interest over a 40-year period, from New York's share of the funds made available for New York State projects by the 1984 tolls increase, per the Governors' Bi-state agreement of June, 1983, for construction of an approximately 100,000 square foot building that will house the Center for Advanced Technology in Telecommunications (CATT). The agreement will provide that the building will be equipped, at an estimated cost of \$8 million, operated and maintained by Polytechnic.

The CATT will provide a range of services to support the users and producers of telecommunications technologies within the Project – primarily research which will help businesses and the training of technology professionals in the newest advances in telecommunications. The Port Authority will, from the \$14 million, advance the funds necessary to do preliminary architecture and design in an amount to be negotiated between the Port Authority and Polytechnic, subject to agreement by Polytechnic to repay such amount to the Port Authority should the Project not go forward.

(Board - 11/14/85)

The total amount made available for regional development projects in New York State by the 1984 tolls increase, per the Governor's Bi-state agreement of June, 1983, is \$112.5 million. The Port Authority has previously authorized the amount of \$12.5 million for the South Bronx-Oak Point Link Project and/or the Harlem River Yard Project; up to \$7.5 million for Yonkers Industrial Park and \$21,000 for a study of transportation availability for the Inner Ring labor market. The Board is currently considering a request of \$200,000 for the New York State World Trade Council and this \$14 million request for the Center for Advanced Technology in Telecommunications. Total funds used for New York State projects, pending approval of both items, would amount to \$34,221,000, leaving \$78,279,000, plus such amounts as have been repaid to the Port Authority for CATT, available for other projects in New York.

It was therefore recommended that the Board authorize Port Authority participation in the proposed Metropolitan Technology Center in accordance with the foregoing.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director, be and he is hereby authorized for and on behalf the Port Authority, subject to any appropriate authorizations or certifications, to enter into the appropriate agreements with Polytechnic Institute of New York and/or METROTECH to provide up to \$14 million from the funds made available for New York State projects by the 1984 tolls increase, per the Governors' agreement of June 1983, for construction of a building which will house the Center for Advanced Technology in Telecommunications; the said agreements to be in accordance with the foregoing terms and conditions and the form of the agreements to be subject to the approval of the General Counsel or his designated representative.

(Board - 11/14/85)

The World Trade Department - Newark Legal and Communications Center - Agreements for Utility Relocation

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.

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 (NEDC) 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.

As a result of the Board's authorization of project implementation at its September 12, 1985 meeting, a detailed agreement with the City and NEDC Riverfront Corporation (a wholly-owned subsidiary of Newark Economic Development Corporation which was incorporated to perform NEDC's functions in connection with this development) was entered into which outlines the rights and obligations of the aforesaid parties.

The Board action on September 12, 1985 also authorized the funding for the relocation of a utility corridor running through the site such that the future development potential of the site would be greatly enhanced. Purchasers of space in the office building will pay their share of the utility relocation costs and the funding for the relocation costs attributable to the future phases of development will be provided by the Port Authority through a loan of \$2.8 million from New Jersey's share of the Fund for Regional Development, which is to be repaid by the Port Authority within five years of drawdown of the loan. NEDC has agreed to use its best efforts to assure that the amount of the loan will be repaid to the Port Authority by future developers of the site as each subsequent phase of development occurs.

Staff has received the necessary cost estimates in order to proceed with the major portion of the utility relocations. Public Service Electric & Gas Company (PSE&G) has estimated the costs for moving the gas and electric lines at approximately \$2.2 million. Authorization is necessary at this time in order to enter into the appropriate agreements with PSE&G which is responsible for relocation of the gas and electric systems of the utility corridor.

In order to begin excavation for the building as soon as possible, it is necessary to temporarily relocate a major gas main prior to the peak heating season, so the Executive Director, on October 22, 1985, authorized an agreement with PSE&G for this work in the estimated amount of \$250,000.

(Board - 11/14/85)

It was therefore recommended that the Board authorize the Executive Director to enter into the appropriate agreements with Public Service Electric & Gas Company for the relocation of natural gas and electric lines at an estimated cost of \$2.2 million, of which \$1,760,000 is to be paid out of the proceeds of a loan of \$2.8 million obtained by the Port Authority from New Jersey's share of the Fund for Regional Development.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to enter into the appropriate agreements with Public Service Electric & Gas Company for the relocation of natural gas and electric lines in the total estimated amount of \$2.2 million, of which \$1,760,000 is to be paid out of the proceeds of a loan of \$2.8 million obtained by the Port Authority from New Jersey's share of the Fund for Regional Development; such agreements to be subject to approval as to form by General Counsel or his designated representative.

(Board - 11/14/85)

Regional Development - New York Projects - Request for Use of Funds Made Available by the 1984 Toll Increase - World Trade Council

It was reported that a request has been received from New York State that \$200,000 be provided for the New York State World Trade Council from the funds made available for New York State projects by the 1984 tolls increase to fund the Council's activities for a period of one year from November 1, 1985 to October 31, 1986. Staff has reviewed the Council's expenditure plan.

The New York State World Trade Council, of which the Executive Director of the Port Authority is an *ex officio* member, was established to review and recommend improvements in State policies and programs regarding exports and exports markets, to improve inter-agency and regional coordination of trade activities, to develop promotional programs and to identify "underutilized" resources that could be directed towards such improvements and programs.

The total amount made available for regional development projects in New York State by the 1984 toll increase, per the Governors' bi-State agreement of June 1983, is \$112.5 million. The Port Authority has previously authorized the amount of \$12.5 million for the South Bronx-Oak Point Link Project and/or Harlem River Yard Project; up to \$7.5 million for Yonkers Industrial Park and \$21,000 for a study of transportation availability and the Inner Ring labor market. The Board is currently considering a request of \$14 million for the Center for Advanced Technology in Telecommunications (CATT) and this \$200,000 request for the New York State World Trade Council. Therefore, total funds made available for New York State projects, including the proposed allocation for CATT and the World Trade Council, would amount to \$34,221,000, leaving \$78,279,000, plus any amounts that may be repaid to the Port Authority for CATT, available for other projects in New York.

It was therefore recommended that the Board authorize the Executive Director to expend up to \$200,000 of New York State's share of the funds made available by the 1984 tolls increase to fund the activities of the New York State Governor's World Trade Council in accordance with the Council's expenditure plan for Fiscal Year November 1, 1985-October 31, 1985.

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

RESOLVED, that the Executive Director be and he hereby is authorized to expend up to \$200,000 of New York State's share of the funds made available by the 1984 tolls increase to fund the activities of the New York State World Trade Council in accordance with the Council's expenditure plan for a period of one year from November 1, 1985-October 31, 1986.

(Board - 11/14/85)

Kennedy International, Newark International and LaGuardia Airports - Revision to Schedule of Charges - Public Aircraft Parking and Storage Area Charges

It was reported that, at its meetings on July 12, 1984 and December 13, 1984, the Board authorized a combined investment of approximately \$7.6 million for additional aircraft parking at Newark International Airport. The proposed location for the additional aircraft parking is an eight-acre site south of Taxiway "Y" just west of the Control Tower. There has been a substantial increase in the use of wide-body aircraft at Newark International Airport, and this area will provide parking for up to four wide-body aircraft.

At its meeting on July 11, 1985, the Board authorized an expenditure of \$3.6 million for the construction of additional public aircraft parking at LaGuardia Airport on a three-acre site west of Runway 4-22. The proposed site will accommodate up to four large aircraft for additional overnight parking resulting from the increased number of early morning departures at LaGuardia. It will also accommodate commuter and other smaller aircraft during the day.

Construction of the additional public parking areas at Newark International and LaGuardia Airports was authorized to alleviate the current shortage of public aircraft parking facilities. At Newark International Airport, there are only two other aircraft parking areas where wide-body aircraft can be stored. In recent months it has been necessary to park aircraft on active taxiways at both airports, thus reducing operational efficiency.

At Kennedy International Airport, it is anticipated that there will be an increased demand for space required for public aircraft parking and a need to relocate existing public aircraft parking areas. Ways to accommodate this demand are currently under study.

The cost of providing, operating and maintaining the Public Aircraft Facilities largely determines each airport's flight fee. Revenues derived from the Public Aircraft Parking and Storage Area facilities (via charges to the specific users) are deducted from the flight fee calculation resulting in no incremental revenue generation at the airports.

The charges currently in effect for use of Public Aircraft Parking and Storage Areas at the three airports became effective in October 1983. In 1984, the revenue from Public Aircraft Parking and Storage at the three airports was approximately \$736,000. The proposed charges would increase the Schedule of Charges for use of Public Aircraft and Storage Areas at Kennedy International and Newark International Airports for all aircraft and at LaGuardia Airport for aircraft not exceeding 125,000 pounds maximum gross weight for take-off by approximately 50% and would establish incremental charges for aircraft in excess of 125,000 pounds maximum gross weight for take-off at LaGuardia Airport to conform the charges for such aircraft to those at Kennedy and Newark International Airports.

It was therefore recommended that the Board authorize these revisions to the Schedule of Charges for Public Aircraft Parking and Storage Areas at Kennedy International, Newark International and LaGuardia Airports.

(Board - 11/14/85)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Schedule of Charges for the use of the Public Aircraft Parking and Storage Areas at Kennedy International, Newark International and LaGuardia Airports be, and the same is hereby amended, effective January 1, 1986, as follows:

	For First Eight Hours or Fraction Thereof	For Each Additional Eight Hours or Fraction Thereof
For each aircraft not exceeding 50,000 pounds maximum gross weight for take-off	\$15.00	\$15.00
50,001 - 75,000 lbs.	16.00	15.00
75,001 - 100,000 lbs.	18.00	15.00
100,001 - 125,000 lbs.	23.00	20.00
125,001 - 150,000 lbs.	26.00	23.00
150,001 - 175,000 lbs.	30.00	27.00
175,001 - 200,000 lbs.	33.00	30.00
200,001 - 225,000 lbs.	40.00	38.00
225,001 - 250,000 lbs.	48.00	45.00
For each additional 25,000 lbs. or fraction thereof over 250,000 lbs. an additional charge of	8.00	8.00

and it is further

RESOLVED, that the Executive Director be and he hereby is authorized to revise any and all of the foregoing from time to time when such revisions are necessary to recover capital and operating costs.

(Board - 11/14/85)

Retention of Financial Advisor:

It was reported that changes in the Municipal Finance Market have resulted in the use of rapidly evolving non-traditional financing instruments. In order to assist staff in evaluating these instruments, it would be helpful for the Port Authority to have available the assistance of a financial advisor. John Tamagni, a partner at Lazard Freres, has been financial advisor to the Municipal Assistance Corporation for the City of New York where he helped structure their financings. Also while at Lazard Freres he was co-lead underwriter for the Metropolitan Transportation Authority on new complicated revenue bond financings. He has acted as financial advisor to various other municipalities, states and authorities. During 1977 and 1978, he was co-financial advisor with John Thompson on advance refunding proposals being considered by the Port Authority.

It was therefore recommended that the Board authorize the Executive Director to enter into an agreement with Lazard Freres to provide for Mr. John Tamagni to act as financial advisor to the Port Authority at a fee of approximately \$25,000 for a three-month period with an option to extend the agreement for a period of up to one year.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director be and he hereby is authorized to enter into an agreement with Lazard Freres to provide for Mr. John Tamagni to act as financial advisor to the Port Authority at a fee of approximately \$25,000 for a three-month period with an option to extend the agreement for a period of up to one year.

(Board - 11/14/85)

Retention of Financial Organization Advisor

It was reported that as a result of organizational changes throughout the Port Authority anticipated because of a major emphasis on the Port Authority's capital spending plan, the Executive Director has requested that a study be done of the organization of the financial departments. Edward M. Kresky, a recognized expert in municipal finance, has been identified by the Executive Director as an individual possessing the knowledge and expertise to accomplish this study in a short period of time. It is proposed that Mr. Kresky be retained for a period of approximately two months, ending December 31, 1985 at a compensation not to exceed \$20,000.

It was therefore recommended that the Board authorize the Executive Director to enter into an agreement with Mr. Edward M. Kresky to act as an advisor to the Port Authority to study the organizational structure of the financial departments at a fee not to exceed \$20,000 for a two-month period ending December 31, 1985.

Whereupon, based upon the foregoing report, the following resolution was adopted:

RESOLVED, that the Executive Director be and he hereby is authorized to enter into an agreement with Mr. Edward M. Kresky to act as an advisor to the Port Authority to study the organizational structure of the financial departments at a fee not to exceed \$20,000 for a two-month period ending December 31, 1985.

Port Authority Commercial Paper Program - Modification and Extension - Report

It was reported that gross capital expenditures are expected to total more than \$3 billion over the next several years. It is contemplated that scheduled projects presently authorized or to be authorized by the Board in connection with then existing facilities of the Authority or those under study would make necessary the issuance of new debt obligations of the Authority over the next several years. Under these circumstances, and in view of the continuing volatility in the credit markets, it is considered desirable to continue to use diversified sources of financing while at the same time preserving and enhancing the acceptability of the principal means of such financing, the Authority's Consolidated Bonds. It is considered desirable for the Authority to continue its practice of financing portions of its capital expenditures through a combination of long-, intermediate- and short-term obligations. It is believed that these results could be accomplished in part by continuing and modifying the Port Authority Commercial Paper Program (the "Program") established by the Board at its meeting on September 9, 1982, and extended and increased by the Board at its meeting on October 13, 1983, as the same has been amended, as well as by establishing and authorizing the issuance and sale of Port Authority Limited Obligation Variable Rate Demand Bonds, Series 1985, Due 2015. The Program is scheduled to terminate on December 31, 1985.

The proposed extension would provide that the Authority would be able to continue to issue Port Authority Commercial Paper Notes ("Notes") after an effective date (the "Effective Date") to be prior to December 31, 1985, for a period ending December 31, 1990, in an unlimited aggregate principal amount, provided that the aggregate principal amount of the Notes outstanding at any one time would not be in excess of \$150 million; each of the Notes would continue to have a maturity date no later than 270 days from its date of issue, but in no event later than December 31, 1990, the final permissible maturity date of all Notes; the Notes would continue to be issued in bearer form, in the minimum amount of \$100,000, unless required to be issued in registered form to comply with applicable Federal law or regulations; the Notes would continue to bear interest at rates fixed by the Executive Director; Assistant Executive Director; Chief Financial Officer; Director, Finance Department; Comptroller; Assistant Director, Finance Department; Deputy Comptroller; Treasurer or Assistant Treasurer of the Authority not in excess of 10% per annum with interest payable on maturity; and the Notes would not be subject to redemption prior to maturity. The requirement that the Notes not have a maturity date later than the last day of the calendar year in which such Notes are issued would be eliminated for all Notes issued after the Effective Date.

The principal of and interest on each of the Port Authority Commercial Paper Notes shall be a special obligation

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the Authority payable from the proceeds of Port Authority Commercial Paper Notes or other obligations of the Authority issued for such purposes, including Consolidated Bonds issued in whole or in part for such purposes, or from Net Revenues deposited to the Consolidated Bond Reserve Fund, and in the event such proceeds or Net Revenues are insufficient therefor, from other moneys of the Authority legally available for such payments when due.

The principal of and interest on any Port Authority Commercial Paper Notes shall not be payable from the Special Reserve Fund in Trust or the General Reserve Fund, and the payment thereof shall be subject in all respects to (i) the payment of debt service on General and Refunding Bonds and Consolidated Bonds as required by the applicable provisions of the Bond Resolutions, (ii) the payment into the General Reserve Fund of the amount necessary so as to maintain said Fund at the amount specified in the General Reserve Fund Statutes, and (iii) the payment of debt service on Variable Rate Demand Bonds as required in the applicable provisions of the Variable Rate Demand Bond Resolution.

Additionally, so long as any Notes issued on or after the Effective Date of the extended Commercial Paper Program remain outstanding, the Port Authority, at such time or times as it makes the computations called for by Section 3 of the Consolidated Bond Resolution, would, only for purposes of such computation, consider the principal amount of Consolidated Bonds outstanding to include an amount equal to the amount necessary to refund the principal of and interest on Notes whose principal amount would be equal to the actual (as opposed to maximum potential) commitment of the banks as of the date of such computation to make advances under the stand-by credit facility under the Program.

The proceeds of the Notes would be used (a) for purposes of payment for 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 1954, as amended, and the regulations promulgated thereunder, all or any portion of the unspent proceeds of the Notes may 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 such Notes; and (b) for the purpose of refunding, at maturity, Commercial Paper Notes in accordance with applicable law, regulations, and contractual provisions.

Commercial Paper Notes issued prior to the Effective Date would continue to be subject to the Port Authority Commercial Paper Resolution adopted by the Authority on October

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13, 1983, as the same has been amended, and agreements made pursuant thereto, and, accordingly, such Commercial Paper Notes will have maturity dates on or before December 31, 1985. It is expected that a substantial portion of the Port Authority Commercial Paper Notes issued prior to the Effective Date will be refunded on or prior to their Final Maturity Date (December 31, 1985) with proceeds of Port Authority Commercial Paper Notes issued on or after the Effective Date. It is also expected that the Commercial Paper Notes issued on or after the Effective Date not refunded with the proceeds of Commercial Paper Notes, would be refunded with the proceeds of Consolidated Bonds or Notes.

It was reported that it continues to be necessary, in order to sell tax-exempt commercial paper, for issuers to have an outside credit source providing a credit facility to ensure liquidity in the event such commercial paper cannot be refunded (by being "rolled over") at maturity due to market conditions. This is accomplished through either a bank letter of credit or a line of credit. In view of the Authority's continued strong financial rating, a line of credit in the form of a stand-by credit facility continues to be sufficient.

The extended Program would continue to utilize a stand-by credit facility of up to \$150 million which it is presently anticipated would be provided by Marine Midland Bank, N.A. (Marine), with the participation of other New York and New Jersey banks; it is also expected that these banks would provide a revolving credit and stand-by purchase facility of \$202 million in connection with Port Authority Limited Obligation Variable Rate Demand Bonds, Series 1985, Due 2015. It is anticipated that the terms of the stand-by credit agreement under the extended commercial paper program would be on substantially similar terms and conditions as the terms and conditions of such agreement currently in effect although changes in the participating banks are expected.

Goldman Sachs & Co. (Goldman) has offered to continue as the exclusive dealer for the Notes and Morgan Guaranty Trust Company of New York (Morgan) has offered to continue as issuing and paying agent for the Notes. It is anticipated that the terms of these agreements would be on substantially similar terms and conditions to those currently in effect.

Finally, continuation of the separate line of credit for interim funding of those capital expenditures which are included in the purposes for the issuance of Notes would facilitate the extension of the Program, allowing accumulation of capital expenditures and permitting Notes to be issued in larger principal amounts. The line of credit would remain in an aggregate principal amount so that borrowings thereunder outstanding at any one time would not be in excess of \$15 million and further provide that so long as the line of credit is available or borrowings thereunder remain unpaid, the total cumulative principal amount of Notes, any borrowings under the

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revolving credit agreement and any borrowings under the line of credit would not be in excess of \$150 million outstanding at any one time. The payment of any borrowings under the line of credit would continue to be a special obligation of the Authority payable solely from the sources of payment for the Notes described above (except that the line of credit would not be repayable from advances under the revolving credit agreement) and would be subject to the same conditions for payment thereof. Marine has offered to continue to provide the separate line of credit.

Disbursement accounts for the Port Authority and Port Authority Trans-Hudson Corporation would be continued with Marine on a zero balance basis, with checks drawn on these accounts continuing to be treated as loans to the Authority payable on demand or from the proceeds of Notes (except from the proceeds of Notes required to refund maturing Notes or from advances in connection with the revolving credit agreement), whichever occurs first.

The Board would provide that no part of the proceeds of the Notes shall be invested directly or indirectly in such manner as to cause the interest on the Notes to be subject to Federal income taxes under the Internal Revenue Code or the regulations promulgated thereunder.

In addition to the customary certification, determinations, statements and other documents necessary or desirable in connection with the issuance of Authority obligations, the Chairman of the Authority; Vice-Chairman of the Authority; Chairman of the Committee on Finance; Executive Director; Assistant Executive Director; Chief Financial Officer; Director, Finance Department; Comptroller; Assistant Director, Finance Department; Deputy Comptroller; Treasurer or Assistant Treasurer of the Authority would be authorized expressly to certify on behalf of the Authority as to the need for issuance of the Notes, as to the status of the projects or purposes for which the proceeds of said Notes are to 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.

It was recommended that the Board authorize the Committee on Finance, in connection with the extension of the Commercial Paper Program, to authorize or approve any and all agreements as may be required or necessary to effectuate the extension, modification or continuance of the Port Authority Commercial Paper Program authorized in this Resolution and to take such other action as in the opinion of the Committee on Finance may be necessary in connection with such effectuation.

Port Authority Commercial Paper Program - Modification and Extension - Port Authority Commercial Paper Resolution

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 capital funds for the financing of its facilities; and

WHEREAS, on September 9, 1982, the Authority established and authorized an issue of Port Authority Commercial Paper (such term and any other terms of special meaning shall have the meanings as set forth in Article I of this Resolution) with an unlimited aggregate principal amount, provided that the aggregate principal amount thereof outstanding at any one time was not to exceed One Hundred Million Dollars (\$100,000,000); and

WHEREAS, on September 9, 1982, the Authority authorized the sale of Port Authority Commercial Paper Notes, subject to the foregoing, with the proceeds derived from the sale thereof, from time to time, to be used for financing for any and all purposes for which the Authority is or shall be authorized to issue bonds, notes, securities or other obligations or evidences of indebtedness and provided that no such Port Authority Commercial Paper Note would be outstanding subsequent to December 30, 1983; and

WHEREAS, on October 13, 1983, the Authority authorized an extension of the issue of Port Authority Commercial Paper for the period commencing on December 30, 1983, and ending on December 31, 1985, with an unlimited aggregate principal amount during the extension, provided that the aggregate principal amount thereof outstanding at any one time during such period would not exceed One Hundred Fifty Million Dollars (\$150,000,000); and

WHEREAS, the Authority has determined to authorize an extension of the issue of Port Authority Commercial Paper covering Port Authority Commercial Paper Notes issued on or after the Effective Date for a period ending on December 31, 1990, and with an unlimited aggregate principal amount during the extension; provided, however, that the aggregate principal amount thereof outstanding at any one time during such period shall not exceed One Hundred Fifty Million Dollars (\$150,000,000); and

WHEREAS, Port Authority Commercial Paper shall continue to be a special obligation of the Authority; and

WHEREAS, Port Authority Commercial Paper shall be payable as to principal and interest from the proceeds of Port Authority Commercial Paper Notes or other obligations of the Authority issued for such purposes, including Consolidated Bonds issued in whole or in part for such purposes, or from Net Revenues deposited to the Consolidated Bond Reserve Fund, and in the event such proceeds or Net Revenues are insufficient therefor, from other moneys of the Authority legally available for such payments when due; and

WHEREAS, except as provided herein, the moneys of the Authority would not be pledged to the payment of interest on or the repayment of the principal of any Port Authority Commercial Paper Note at its Maturity Date; and

WHEREAS, on September 9, 1982, the Authority authorized a Revolving Credit Agreement in further support of the payment of any Port Authority Commercial Paper Note at its Maturity Date, if necessary; and

WHEREAS, on October 13, 1983, the Authority authorized an amendment and supplement to the Revolving Credit Agreement to conform to the provisions of the extension of the issue of Port Authority Commercial Paper authorized on October 13, 1983; and

WHEREAS, the Authority is to authorize a further amendment and supplement to the Revolving Credit Agreement to conform to the provisions of this modification and extension of the Port Authority Commercial Paper Program;

NOW, THEREFORE, after due consideration had, be it resolved by The Port Authority of New York and New Jersey that the resolution of September 9, 1982 (appearing at pages 263 et seq. of the Official Minutes of that date), establishing the issue of Port Authority Commercial Paper and authorizing, inter alia, the issuance and sale of Port Authority Commercial Paper Notes, as heretofore amended and supplemented by the resolution of October 13, 1983 (appearing at pages 395 et seq. of the Official Minutes of that date), with respect to Port Authority Commercial Paper Notes issued as of December 30, 1983 and thereafter, as the same has been amended, is hereby further amended and supplemented, with respect to Port Authority Commercial Paper Notes issued on or after the Effective Date, to read as follows:

ARTICLE I. DEFINITIONS.

As used in this Resolution and unless otherwise indicated or unless the context otherwise requires, the following terms shall have the following meanings (such meanings to be

equally applicable to both the singular and plural forms of the defined terms). As used in this Resolution, any words or phrases specially defined in the Consolidated Bond Resolution shall be read and construed in accordance with such special definitions. All accounting terms not specially defined in this Resolution shall be construed in accordance with generally accepted accounting principles consistently applied.

The term "Advance" shall mean an advance of moneys made to the Authority under the Revolving Credit Agreement in an amount requested by the Authority sufficient to prevent a Settlement Deficiency.

The term "Authorized Officer" shall mean any of one of the persons 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; Director, Finance Department; Assistant Director, Finance Department; Comptroller; Deputy Comptroller; Treasurer or Assistant Treasurer of the Authority, and any other person authorized by resolution of the Authority to perform the act or sign the document referred to.

The term "Bank Note" shall mean the promissory note or notes of the Authority, in substantially the form set forth in the Revolving Credit Agreement, issued on the terms set forth in the Revolving Credit Agreement to evidence the cumulative amount of any Advances and any repayment of principal on such Advances.

The term "Basic Resolution" shall mean the resolution adopted by the Authority on March 18, 1935, as amended March 25, 1935, September 16, 1943, March 6, 1947 and October 23, 1947, establishing General and Refunding Bonds.

The term "Bond Resolutions" shall mean (i) the Basic Resolution and (ii) the Consolidated Bond Resolution.

The term "Consolidated Bond Reserve Fund" shall mean the special fund by that name established by Section 7 of the Consolidated Bond Resolution.

The term "Consolidated Bond Resolution" shall mean the resolution adopted by the Authority on October 9, 1952, establishing Consolidated Bonds.

The term "Consolidated Bonds" shall mean the Authority's Consolidated Bonds (including Consolidated Notes) issued under the Consolidated Bond Resolution.

The term "Dealer" shall mean any dealer in sales of Port Authority Commercial Paper pursuant to an agreement with the Authority.

The term "Dealer Agreement" shall mean the agreement between the Authority and any Dealer for Port Authority Commercial Paper, in substantially the same form as the Dealer Agreement, between the Authority and Goldman Sachs & Co. dated Decemember 30, 1983, as the same may be or may have been amended and supplemented from time to time.

The term "Depository Agreement" shall mean the agreement between the Authority and any Issuing and Paying Agent for Port Authority Commercial Paper, in substantially the same form as the Depository Agreement between the Authority and Morgan Guaranty Trust Company of New York, made as of December 30, 1983, as the same may be or may have been amended and supplemented from time to time.

The term "Effective Date" shall mean the date the Revolving Credit Agreement becomes effective according to its terms.

The term "Final Maturity Date" shall mean the date established by the Authority in this Resolution beyond which Port Authority Commercial Paper is not authorized to be issued or outstanding.

The term "General and Refunding Bonds" shall mean the Authority's General and Refunding Bonds issued under the Basic Resolution.

The term "General Reserve Fund" shall mean the General Reserve Fund of the Authority authorized by the General Reserve Fund Statutes.

The term "General Reserve Fund Resolution" shall mean the resolution of the Authority adopted on March 9, 1931, as amended May 5, 1932, concerning the administration of the General Reserve Fund.

The term "General Reserve Fund Statutes" shall mean Chapter 5 of the Laws of New Jersey of 1931, as amended, and Chapter 48 of the Laws of New York of 1931, as amended.

The term "Issuing and Paying Agent" shall mean any bank or trust company appointed by the Executive Director of the Authority for and in connection with the issuance and redemption of Port Authority Commercial Paper Notes. Said bank or trust company 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.

The term "Maturity Date" shall mean the date on which the principal of and interest on any Port Authority Commercial Paper Note is due and owing to the holder thereof.

The term "Net Revenues", solely for the purpose of this Resolution shall mean, with respect to any date of calculation, the revenues of the Authority pledged under the Bond Resolutions and remaining after (i) payment or provision for payment of debt service on General and Refunding Bonds and Consolidated Bonds as required by the applicable provisions of the Bond Resolutions, (ii) payment into the General Reserve Fund of the amount necessary to maintain said Fund at the amount specified in the General Reserve Fund Statutes, (iii) payment of debt service on Variable Rate Demand Bonds as required by the applicable provisions of the Variable Rate Demand Bond Resolution; and (iv) applications to purposes authorized in accordance with Section 7 of the Consolidated Bond Resolution.

The term "Port Authority Commercial Paper" shall mean the issue of special obligations of the Authority established and issued pursuant to and under this Resolution.

The term "Port Authority Commercial Paper Note" or "Port Authority Commercial Paper Notes" shall mean any note or notes constituting all or a portion of the issue of Port Authority Commercial Paper.

The term "Port Authority Commercial Paper Resolution" or "this Resolution" shall mean this Port Authority Commercial Paper Resolution, including any amendments, modifications or supplements hereto.

The term "Revolving Credit Agreement" shall mean the agreement concerning, inter alia, Advances and the Bank Note, between the Authority and one or more participating banks and trust companies, in substantially the same form as the Revolving Credit Agreement, between the Authority and Marine Midland Bank, N.A., dated as of December 30, 1983, as the same may be or may have been amended and supplemented from time to time.

The term "Settlement Account" shall mean the separate account maintained by the Authority with the Issuing and Paying

Agent for the receipt and the disbursement of the proceeds from the sale of Port Authority Commercial Paper Notes and for the payment of the principal of and interest on Port Authority Commercial Paper Notes at their Maturity Dates.

The term "Settlement Deficiency" shall mean the amount by which the sum of the principal of and interest on any Port Authority Commercial Paper Notes payable on any Maturity Date exceeds the amount of moneys available in the Settlement Account for such payment on such Maturity Date.

The term "Special Reserve Fund" shall mean the special fund by that name established by Section 9 of the Basic Resolution and subsequently placed in trust pursuant to the Trust Agreement.

The term "Special Reserve Fund in Trust" shall mean the Special Reserve Fund placed in trust pursuant to the Trust Agreement.

The term "Trust Agreement" shall mean the agreement made as of December 31, 1970, between the Authority and First National City Bank (now Citibank, N.A.), as Trustee.

The term "Variable Rate Demand Bond Resolution" shall mean the resolution adopted by the Authority on November 14, 1985, establishing and authorizing the issuance of Variable Rate Demand Bonds.

The term "Variable Rate Demand Bonds" shall mean the Port Authority Limited Obligation Variable Rate Demand Bonds, Series 1985, Due 2015, established by and issued under the Variable Rate Demand Bond Resolution.

ARTICLE II. AUTHORIZATION, TERMS AND ISSUANCE.

Section 2.01. Establishment and Authorization of Issue of Notes. There is hereby established an issue of negotiable notes of the Authority to be known as "Port Authority Commercial Paper." Port Authority Commercial Paper Notes in an unlimited aggregate principal amount are hereby authorized to be issued for the purposes set forth in Section 2.04 of this Resolution; provided, however, that the aggregate principal amount of all Port Authority Commercial Paper Notes outstanding at any one time shall not exceed One Hundred Fifty Million Dollars (\$150,000,000). For purposes of determining such aggregate principal amount, no Port Authority Commercial Paper Note shall be deemed to be outstanding on its Maturity Date to the extent that one or more Port Authority Commercial Paper Notes, the proceeds of which are to be used to pay such Port Authority

Commercial Paper Note, have been sold on such day. The Port Authority Commercial Paper Notes shall otherwise be subject to the terms, conditions and limitations provided or referred to in this Resolution. The Port Authority Commercial Paper Notes shall be a special obligation of the Authority payable from the sources of payment set forth in Section 2.03 of this Resolution.

Section 2.02. General Terms of the Port Authority Commercial Paper Notes. The Port Authority Commercial Paper Notes authorized by this Resolution shall be issued in bearer form, not registrable as to either principal or interest; provided, however, if at any time, there shall be in effect a provision of the Internal Revenue Code of 1954, as amended (hereinafter called the "Code"), or the regulations issued thereunder, which provides that, for the interest on such Port Authority Commercial Paper Notes to be considered exempt from Federal income taxes under Section 103 of the Internal Revenue Code of 1954, as amended, and the regulations promulgated thereunder, such Port Authority Commercial Paper Notes must be in registered form, then such Port Authority Commercial Paper Notes shall be issued in registered form, registered as to both principal and interest but not as to either alone. The Port Authority Commercial Paper Notes shall be issued in the denomination of \$100,000 or any larger denomination that is an integral multiple of \$5,000 in excess thereof as determined by the Executive Director; Assistant Executive Director; Chief Financial Officer; Director, Finance Department; Assistant Director, Finance Department; Comptroller; Deputy Comptroller; Treasurer or Assistant Treasurer of the Authority, or any one of them; shall be dated the dates of their delivery from time to time hereunder and shall be numbered consecutively from 1 upwards in the order of their issuance and may bear such other identification as the Executive Director; Assistant Executive Director; Chief Financial Officer; Director, Finance Department; Assistant Director, Finance Department; Comptroller; Deputy Comptroller; Treasurer or Assistant Treasurer of the Authority, or any one of them, may deem appropriate. The Port Authority Commercial Paper Notes shall mature on such dates and in such years as shall be determined by the Executive Director; Assistant Executive Director; Chief Financial Officer; Director, Finance Department; Assistant Director, Finance Department; Comptroller; Deputy Comptroller; Treasurer or Assistant Treasurer of the Authority, or any one of them; provided, however, that the term of any Port Authority Commercial Paper Note shall not exceed two hundred seventy (270) days, and that no Port Authority Commercial Paper Note shall be issued or outstanding subsequent to the Final Maturity Date, which is hereby established as December 31, 1990. The Port Authority Commercial Paper Notes shall be payable at the principal office of the Issuing and Paying Agent in New York, New York, in lawful money of the United States of America. No Port

Authority Commercial Paper Note shall be subject to redemption prior to maturity.

Each Port Authority Commercial Paper Note shall be deemed to bear interest at a rate per annum equal to the product (converted to a percentage) of (a) a fraction, the numerator of which is the total interest payable on such Port Authority Commercial Paper Note during its term and the denominator of which is the par value or denomination of such Port Authority Commercial Paper Note and (b) a fraction, the numerator of which is three hundred sixty-five (365)/three hundred sixty-six (366) and the denominator of which is the number of days (calculated on an actual calendar day basis) from the date of such Port Authority Commercial Paper Note to its Maturity Date.

Each Port Authority Commercial Paper Note shall bear interest at a rate to be set by the Executive Director; Assistant Executive Director; Chief Financial Officer; Director, Finance Department; Assistant Director, Finance Department; Comptroller; Deputy Comptroller; Treasurer or Assistant Treasurer of the Authority, or any one of them; provided, however, that no Port Authority Commercial Paper Note shall bear interest in excess of ten per centum (10%) per annum.

Section 2.03. Sources of Payment. The principal of and interest on each of the Port Authority Commercial Paper Notes shall be a special obligation of the Authority payable from the proceeds of Port Authority Commercial Paper Notes or other obligations of the Authority issued for such purposes, including Consolidated Bonds issued in whole or in part for such purposes, or from Net Revenues deposited to the Consolidated Bond Reserve Fund, and in the event such proceeds or Net Revenues are insufficient therefor, from other moneys of the Authority legally available for such payments when due.

The principal of and interest on any Port Authority Commercial Paper Notes shall not be payable from the Special Reserve Fund in Trust or the General Reserve Fund, and the payment thereof shall be subject in all respects to (i) the payment of debt service on General and Refunding Bonds and Consolidated Bonds as required by the applicable provisions of the Bond Resolutions, (ii) the payment into the General Reserve Fund of the amount necessary so as to maintain said Fund at the amount specified in the General Reserve Fund Statutes, and (iii) the payment of debt service on Variable Rate Demand Bonds as required in the applicable provisions of the Variable Rate Demand Bond Resolution.

Section 2.04. Application of Proceeds. The proceeds of each Port Authority Commercial Paper Note shall be used (a) for

purposes of payment for 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 1954, as amended, and the regulations promulgated thereunder, all or any portion of the unspent proceeds of the Notes may 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 such Notes; and (b) for the purpose of refunding, at a Maturity Date, any Port Authority Commercial Paper Note.

In the event the Executive Director of the Authority determines that the needs of the Authority for capital funds or the public interest require allocation of the proceeds of any of the Port Authority Commercial Paper Notes to purposes in connection with some but not all of the purposes authorized in this Section 2.04, the Executive Director is hereby authorized, from time to time, to make such allocation in regard to the expenditure of the proceeds of such Port Authority Commercial Paper Note; provided, however, that no portion of the proceeds of any Port Authority Commercial Paper Note shall be allocated to purposes in connection with an additional facility of the Authority prior to the initial expenditure of all or a portion of the proceeds of a series of Consolidated Bonds for purposes in connection with such additional facility.

Section 2.05. Issue and Sale of Port Authority Commercial Paper Notes. Port Authority Commercial Paper Notes may be issued, sold and delivered under the terms of this Resolution whenever the Executive Director; Assistant Executive Director; Chief Financial Officer; Director, Finance Department; Assistant Director, Finance Department; Comptroller; Deputy Comptroller; Treasurer or Assistant Treasurer of the Authority, or any one of them, shall prescribe the terms of such Port Authority Commercial Paper Notes (including the principal amount of, the purchase price of, the interest payable on, the issuance date of and the Maturity Date of such Port Authority Commercial Paper Notes) and deliver instructions therefor to the Issuing and Paying Agent, all pursuant to Section 2.02 hereof and to the Depositary Agreement. Such directions prescribing the terms of the Port Authority Commercial Paper Notes may be given orally, but in such event the Executive Director; Assistant Executive Director; Chief Financial Officer; Director, Finance Department; Assistant Director, Finance Department; Comptroller; Deputy Comptroller; Treasurer or Assistant Treasurer of the Authority, or any one of them, shall deliver to the Issuing and Paying Agent

written confirmation of such prescribed terms within twenty-four (24) hours (unless such instructions are transmitted by a time-sharing terminal or telex, in which event such time-sharing terminal message or telex shall be considered to be written instructions). The Executive Director; Assistant Executive Director; Chief Financial Officer; Director, Finance Department; Assistant Director, Finance Department; Comptroller; Deputy Comptroller; Treasurer or Assistant Treasurer of the Authority, or any one of them, is hereby authorized to direct the Issuing and Paying Agent to countersign any Port Authority Commercial Paper Note for the purposes of authentication only and deliver such Port Authority Commercial Paper Note to the purchaser thereof; provided, however, that such Port Authority Commercial Paper Note shall not be valid or obligatory for any purpose unless and until so countersigned.

Section 2.06. Appointment of Issuing Agent and Paying Agents. The Committee on Finance is hereby authorized to appoint one or more Issuing and Paying Agents, and the Executive Director; Assistant Executive Director; Chief Financial Officer; Director, Finance Department; Assistant Director, Finance Department; Comptroller; Deputy Comptroller; Treasurer or Assistant Treasurer of the Authority, or any one of them, is hereby authorized to enter into Depositary Agreements which may contain such terms and conditions not inconsistent with this Resolution, regarding the function, responsibilities and duties of such Issuing and Paying Agents.

Section 2.07. Transfer of Notes. The Authority and the Issuing and Paying Agent may treat the holder of any Port Authority Commercial Paper Note as the absolute owner of such Port Authority Commercial Paper Note for the purpose of receiving payment of the principal thereof and interest thereon and for all other purposes, and neither the Authority nor the Issuing and Paying Agent shall be affected by any notice or knowledge to the contrary, unless such Port Authority Commercial Paper Note shall be issued in registered form, in which case the Authority and the Issuing and Paying Agent may treat the registered holder of any Port Authority Commercial Paper Note as the absolute owner of such Port Authority Commercial Paper Note for the purpose of receiving payment of the principal thereof and interest thereon and for all other purposes and neither the Authority nor the Issuing and Paying Agent shall be affected by any notice or knowledge to the contrary.

Section 2.08. Port Authority Commercial Paper Notes Mutilated, Lost, Destroyed or Stolen. In case any Port Authority Commercial Paper Note shall at any time become mutilated or be lost or destroyed, the Authority, in its discretion, may execute and cause the Issuing and Paying Agent to countersign and deliver

a new Port Authority Commercial Paper Note of like tenor and amount in exchange or substitution for and upon cancellation of said mutilated Port Authority Commercial Paper Note or in lieu of or in substitution for such destroyed or lost Port Authority Commercial Paper Note; or if such Port Authority Commercial Paper Note shall have matured, instead of issuing a substitute Port Authority Commercial Paper Note the Authority may direct the Issuing and Paying Agent to pay the same without surrender thereof. In case of destruction or loss, the applicant for a substitute Port Authority Commercial Paper Note shall furnish to the Authority evidence satisfactory to it of the destruction or loss of such Port Authority Commercial Paper Note and of the ownership thereof and also such security and indemnity as may be required by the Authority. Upon the issuance of any substitute Port Authority Commercial Paper Note, 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 Port Authority Commercial Paper Note so issued in substitution. Any Port Authority Commercial Paper Note issued under the provisions of this Section 2.08 in lieu of any Port Authority Commercial Paper Note alleged to have been destroyed or lost shall constitute an original contractual obligation on the part of the Authority, whether or not the Port Authority Commercial Paper Note 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 with all other Port Authority Commercial Paper Notes issued hereunder.

Section 2.09. Authorization of Sale and Distribution of Offering Statement. The Port Authority Commercial Paper Notes shall be sold to the purchasers thereof in accordance with the terms and conditions of the Depositary Agreement and the Dealer Agreement, and the Issuing and Paying Agent is hereby authorized and directed to deliver the Port Authority Commercial Paper Notes to the purchasers thereof upon the direction of the Executive Director; Assistant Executive Director; Chief Financial Officer; Director, Finance Department; Assistant Director, Finance Department; Comptroller; Deputy Comptroller; Treasurer or Assistant Treasurer of the Authority, or any one of them, in accordance with the terms of the Dealer Agreement and the Depositary Agreement. The Executive Director; Assistant Executive Director; Chief Financial Officer; Director, Finance Department; Assistant Director, Finance Department; Comptroller; Deputy Comptroller; Treasurer or Assistant Treasurer of the Authority, or any one of them, is hereby authorized to arrange for the preparation of a Commercial Paper Memorandum or other offering statement, in the name and on behalf of the Authority, describing the Port Authority Commercial Paper Notes and the

Authority and its financial condition, and making representations on behalf of the Authority; provided, however, that such Commercial Paper Memorandum or other offering statement shall not be issued without the express consent of the Executive Director; Assistant Executive Director; Chief Financial Officer; Director, Finance Department; Assistant Director, Finance Department; Comptroller; Deputy Comptroller; Treasurer or Assistant Treasurer of the Authority, or any one of them. The Authority hereby approves the use of any such offering statement in connection with the sale of the Port Authority Commercial Paper Notes.

Section 2.10. Authorization of Revolving Credit Agreement and the Bank Note. The Executive Director; Assistant Executive Director; Chief Financial Officer; Director, Finance Department; Assistant Director, Finance Department; Comptroller; Deputy Comptroller; Treasurer or Assistant Treasurer of the Authority, or any one of them, is hereby authorized to enter into a Revolving Credit Agreement which may contain such terms and conditions not inconsistent with this Resolution, for provision for the payment of Advances, in support of the payment of the principal of and interest on any Port Authority Commercial Paper Note at its Maturity Date, if necessary, and to execute and deliver the Bank Note.

Section 2.11. Appointment of Dealers. The Committee on Finance of the Authority is hereby authorized to appoint one or more Dealers and the Executive Director; Assistant Executive Director; Chief Financial Officer; Director, Finance Department; Assistant Director, Finance Department; Comptroller; Deputy Comptroller; Treasurer or Assistant Treasurer of the Authority, or any one of them, is hereby authorized to enter into Dealer Agreements which may contain such terms and conditions not inconsistent with this Resolution regarding the function, responsibilities and duties of the Dealers.

ARTICLE III. SETTLEMENT ACCOUNT.

Section 3.01. Establishment of the Settlement Account. There is hereby established the Settlement Account to be held and maintained by the Issuing and Paying Agent for the account of the Authority in accordance with the terms of this Resolution.

Section 3.02. Deposits to and Disbursements from the Settlement Account. There shall be deposited into the Settlement Account such portion of the proceeds of the sale of the Port Authority Commercial Paper Notes as the Executive Director; Assistant Executive Director; Chief Financial Officer; Director, Finance Department; Assistant Director, Finance Department; Comptroller; Deputy Comptroller; Treasurer or Assistant Treasurer of the Authority, or any one of them, shall direct, all Advances

made under the Revolving Credit Agreement and such amounts as the Authority may elect to deposit in such Settlement Account from funds (including proceeds of Consolidated Bonds) legally available for such deposit. Disbursements from the Settlement Account shall be made upon the direction of the Executive Director; Assistant Executive Director; Chief Financial Officer; Director, Finance Department; Assistant Director, Finance Department; Comptroller; Deputy Comptroller; Treasurer or Assistant Treasurer of the Authority, or any one of them.

ARTICLE IV. FORM AND EXECUTION OF NOTES.

Section 4.01. Form of Notes. Each of the Port Authority Commercial Paper Notes shall have the official seal of the Authority, or a facsimile thereof, affixed thereto or printed or impressed thereon, and shall be signed, manually or by facsimile signature, by any Authorized Officer and shall be manually countersigned by the Issuing and Paying Agent. Such Port Authority Commercial Paper Notes shall be in substantially the following form, the blank spaces being appropriately filled in:

(Form of Port Authority Commercial Paper Note)
THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
COMMERCIAL PAPER NOTE

Issue Date:

Principal Amount:

Note Number _____

On _____, for value received, THE PORT AUTHORITY OF NEW YORK and New Jersey (the Authority) promises to pay to the Bearer hereof the sum of _____ U.S. Dollars payable at _____.

This note is issued pursuant to the Port Authority Commercial Paper Resolution adopted by the Authority on November 14, 1985 ("Note Resolution") and is a SPECIAL OBLIGATION payable solely from the sources of payment listed and to the extent indicated in Section 2.03 of the Note Resolution. A copy of the Note Resolution, which is a contract between the Authority and the holder of this note, is on file with the Issuing and Paying Agent at the above address.

This note shall not be entitled to any security, right or benefit pursuant to the Note Resolution or be valid or obligatory for any purpose unless duly countersigned by the Issuing and Paying Agent.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen or to 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 and the Compact creating the Authority and the 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 resolutions of the Authority.

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 and its official seal to be affixed hereto, or facsimiles thereof to be printed hereon, and this Port Authority Commercial Paper Note to be dated as of its Issue Date.

THE PORT AUTHORITY
OF NEW YORK AND NEW JERSEY

Authorized Officer

NOT VALID UNLESS COUNTERSIGNED

Authenticated:

Issuing and Paying Agent

By _____

Authorized Signature

(End of Form of Port Authority Commercial Paper Note)

Section 4.02. Execution of Notes. In case any Authorized Officer of the Authority who shall have signed any of the Port Authority Commercial Paper Notes shall cease to be such Authorized Officer before the Port Authority Commercial Paper Notes shall have been authenticated by the Issuing and Paying Agent, the Port Authority Commercial Paper Notes may nevertheless be issued as though the person who signed such notes had not ceased to be such Authorized Officer of the Authority.

Section 4.03. Registration. In the event that any Port Authority Commercial Paper Notes are required to be issued in registered form, then, in that event, the Executive Director; Assistant Executive Director; Chief Financial Officer; Director, Finance Department; Assistant Director, Finance Department; Comptroller; Deputy Comptroller; Treasurer or Assistant Treasurer of the Authority, or any one of them, is hereby authorized to modify the form of such Port Authority Commercial Paper Notes; provided, however, that all expenses connected with such registration or subsequent registrations shall be borne by the Authority.

ARTICLE V. COVENANTS.

The Authority hereby covenants and agrees with the holder of each of the Port Authority Commercial Paper Notes as follows:

(a) The Authority shall duly and punctually pay or cause to be paid the principal of and interest on the Port Authority Commercial Paper Notes, as specified therein.

(b) Upon the date of issuance of the Port Authority Commercial Paper Notes, all conditions, acts and things required by the Constitution or statutes of the States of New York and New Jersey, or the United States of America, or the Bond Resolutions, or this Resolution to exist, to have happened and to have been performed precedent to or in the issuance of such Port Authority Commercial Paper Notes shall exist, have happened and have been performed and such Port Authority Commercial Paper Notes, together with all other indebtedness of the Authority, shall be within every debt and other limit prescribed thereby.

(c) The Authority shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Authority under the provisions of this Resolution in accordance with the terms of such provisions.

(d) So long as any Port Authority Commercial Paper Notes issued on or after the Effective Date remain outstanding, the Authority, at such time or times as it makes the computations called for by Section 3 of the Consolidated Bond Resolution, will, only for purposes of such computation, consider the principal amount of Consolidated Bonds then outstanding to include an amount equal to the amount necessary to refund the principal of and interest on Port Authority Commercial Paper Notes whose principal amount would be equal to the actual (as opposed to maximum potential) commitment of the banks

as of the date of such computation to make advances under the Revolving Credit Agreement.

ARTICLE VI. MISCELLANEOUS.

Section 6.01. Contract. The provisions of this Resolution shall constitute a contract with the holders of the Port Authority Commercial Paper Notes issued pursuant to this Resolution, and with each such holder.

Section 6.02. Amendments. The Authority may modify or amend this Resolution or any agreement authorized by this Resolution at any time by a supplemental resolution or agreement, as applicable, without notice to or the consent of any holder of the Port Authority Commercial Paper Notes, but only in regard to such provisions as shall not materially and adversely affect the interests of such holders of the Port Authority Commercial Paper Notes then outstanding.

Section 6.03. Liability. No Commissioner, officer, agent, representative, or employee of the Authority shall be held personally liable to any purchaser or holder of any of the Port Authority Commercial Paper Notes under or upon such Port Authority Commercial Paper Notes, or under or upon this Resolution or any resolution hereafter adopted relating to the Port Authority Commercial Paper Notes, or because of the issuance or attempted issuance of any of the Port Authority Commercial Paper Notes, or because of any act or omission in connection with the construction, acquisition, effectuation, operation or maintenance of any facility of the Authority, or because of any act or omission in connection with the investment or management of the revenues, funds or moneys of the Authority, or otherwise in connection with the management of its affairs, excepting solely for things wilfully done by such person with an intent to defraud or wilfully omitted to be done by such person with an intent to defraud.

Section 6.04. Investment of Proceeds. No part of the proceeds of any Port Authority Commercial Paper Note shall be invested directly or indirectly in such a manner as to cause the interest on the Port Authority Commercial Paper Notes to be subject to Federal income taxes under the Internal Revenue Code of 1954, as amended, or the regulations promulgated thereunder.

Section 6.05. Certifications. The Chairman of the Authority; Vice-Chairman of the Authority; Chairman of the Committee on Finance; Executive Director; Assistant Executive Director; Chief Financial Officer; Director, Finance Department; Assistant Director, Finance Department; Comptroller; Deputy Comptroller; Treasurer or Assistant Treasurer of the Authority, or any one of them, is hereby authorized to certify on behalf of the Authority as to the need for the issuance of the Port Authority Commercial Paper Notes for the purposes for which such Port Authority Commercial Paper Notes are issued, as to the

status of the projects for which the proceeds of said Port Authority Commercial Paper Notes 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 this Resolution.

Section 6.06. Determinations. Whenever in this Resolution it is provided that any selection, designation, determination or estimate shall or may be made by an individual duly authorized by this Resolution, or that any action may be taken or withheld by such individual or that any action shall or may be taken or withheld at the option of or dependent upon the opinion, discretion or judgment of such individual, then such individual's selection, designation, determination, estimate, action, option, opinion, discretion or judgment so expressed shall be conclusive for the purposes of this Resolution, whether required to be made, taken or withheld as a condition precedent to the issuance of any of the Port Authority Commercial Paper Notes or for the purpose of determining if all conditions precedent to the issuance of any such Port Authority Commercial Paper Note exist, or otherwise, as in the opinion of such individual will best serve the public interest, the Authority hereby adopting such selection, designation, determination, estimate, action, option, opinion, discretion or judgment so expressed as its own.

Section 6.07. Titles. Titles to the Articles and Sections of this Resolution are solely for convenience, and are not an aid in the interpretation of this Resolution or any part thereof.

Section 6.08. Committee on Finance. The Committee on Finance is hereby authorized to authorize or approve any and all agreements as may be required or necessary to effectuate the extension, modification or continuance of the Port Authority Commercial Paper Program authorized in this Resolution and to take such other action as in the opinion of the Committee on Finance may be necessary in connection with such effectuation.

There are no pages 428 and 429.

(Board - 11/14/85)

Port Authority Commercial Paper Program - Modification and Extension - Line of Credit Agreement and Bank Accounts

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

RESOLVED, that the Executive Director; Assistant Executive Director; Chief Financial Officer; Director, Finance Department; Comptroller; Assistant Director, Finance Department; Treasurer or Assistant Treasurer of the Authority, or any one of them, is hereby authorized to amend and supplement the line of credit agreement dated December 30, 1983, between The Port Authority of New York and New Jersey (the Authority) and Marine Midland Bank, N.A. (Marine), to provide that the line of credit provided for in such agreement shall be available in connection with the extension of the Port Authority Commercial Paper Program, in an unlimited aggregate principal amount; provided, however, that the aggregate principal amount of borrowings thereunder outstanding at any one time shall not be in excess of Fifteen Million Dollars (\$15,000,000), and to execute and deliver a note or notes on substantially similar terms and in substantially the same form as set forth in such amendment and supplement; and it is further

RESOLVED, that the Executive Director; Chief Financial Officer; Assistant Executive Director; Treasurer or Assistant Treasurer of the Authority, or any of them, is hereby authorized to establish and maintain zero balance bank accounts with Marine to permit borrowings under the aforesaid line of credit; and it is further

RESOLVED, that so long as the line of credit is available or borrowings thereunder are outstanding, the total cumulative principal amount of Port Authority Commercial Paper Notes, together with any borrowings under the line of credit and any borrowings under the revolving credit agreement in connection with the Port Authority Commercial Paper Notes, outstanding at any one time during the continuance of the Port Authority Commercial Paper Program shall

continue not to be in excess of One Hundred Fifty Million Dollars (\$150,000,000); and it is further

RESOLVED, that in the event that a line of credit agreement is not executed with Marine, the Committee on Finance is hereby authorized to approve a stand-by line of credit agreement consistent with the provisions of this Resolution with an entity other than Marine and to establish zero balance bank accounts in connection therewith; and it is further

RESOLVED, that the form of any such amendment and supplement with Marine (or such other entity) shall be subject to the approval of General Counsel or his designated representative.

(Board - 11/14/85)

Port Authority Commercial Paper Program - Modification and Extension - Establishment of Bank Accounts

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

RESOLVED, that the Executive Director; Assistant Executive Director; Chief Financial Officer; Treasurer or Assistant Treasurer of the Authority, or any one of them, is hereby authorized to continue to maintain a bank account in the name of The Port Authority of New York and New Jersey with Morgan Guaranty Trust Company of New York (Morgan) as partial compensation to Morgan for services rendered as issuing and paying agent under the Port Authority Commercial Paper Program as extended or, in the event Morgan does not continue as such issuing and paying agent, the Chairman of the Authority; Vice-Chairman of the Authority; Chairman of the Committee on Finance; Executive Director; Assistant Executive Director; Chief Financial Officer; Director, Finance Department; Comptroller; Assistant Director, Finance Department; Deputy Comptroller; Treasurer or Assistant Treasurer of the Authority, or any one of them, is hereby authorized to establish such a bank account as partial compensation for services rendered by such other issuing and paying agent; and it is further

RESOLVED, that the moneys on deposit in the aforesaid bank account shall not be in excess of \$50,000 (or such other amount as may be approved by the Committee on Finance) at any one time; and it is further

RESOLVED, that the form of any agreement with Morgan (or such other entity) shall be subject to the approval of General Counsel or his designated representative.

Port Authority Limited Obligation Variable Rate Demand Bonds, Series 1985, Due 2015 - Report

It was reported that gross capital expenditures were expected to total more than \$3 billion over the next several years. It is contemplated that scheduled projects authorized or to be authorized by the Board in connection with existing facilities of the Port Authority or those under study would make necessary the issuance of new debt obligations of the Port Authority over the next several years. Under these circumstances, and in view of the continuing volatility in the credit markets, it is desirable to continue to use diversified sources of financing while at the same time preserving and enhancing the acceptability of the principal means of such financing, the Port Authority's Consolidated Bonds. It is desirable for the Port Authority to continue its practice of financing portions of its capital expenditures through a combination of long-, intermediate- and short-term obligations. It is believed that these results may be accomplished in part by establishing and authorizing the issuance and sale of Port Authority Limited Obligation Variable Rate Demand Bonds, as well as continuing and modifying the current Port Authority Commercial Paper Program (the "Program") established by the Board at its meeting on September 9, 1982, and extended and increased at its meeting on October 13, 1983. The Program is scheduled to terminate on December 31, 1985.

It was recommended that the Board establish and authorize the issuance of Port Authority Limited Obligation Variable Rate Demand Bonds, Series 1985, Due 2015 ("VRDBs"), in an aggregate principal amount of up to \$200,000,000. It was further recommended that the Committee on Finance be authorized to sell and to deliver all or any part of such VRDBs in one or more installments or lots, at such time or times on or before June 30, 1986, as it deems propitious, at public or private sale, with or without advertisement. The recommended terms of the VRDBs were as follows:

Series: Port Authority Limited Obligation Variable Rate Demand Bonds, Series 1985, Due 2015.

Principal Amount: \$200,000,000.

Dated: Date of Issuance, on or after December 1, 1985.

Due: December 1, 2015; subject to tender, redemption or retirement.

Tender Option: VRDBs would be subject to purchase by the Tender and Paying Agent, upon demand of the registered holders thereof, on any business day,

on 7 calendar days' notice, until conversion, tender, redemption or retirement.

Call Provisions: At the Port Authority's option, on 30 days' notice, on June 1, 1986, and on any interest payment date thereafter at 100%, plus accrued interest.

To meet the schedule of mandatory periodic retirement, on 30 days' notice, on December 1, 2006, and on any December 1 thereafter at 100%, plus accrued interest.

To meet the provisions of accelerated mandatory retirement, on 30 days' notice, on June 1, 1986, and on any June 1 as required at 100%, plus accrued interest.

VRDBs held by the Port Authority, the Remarketing Agent or the Liquidity Facility on the date fixed for redemption would, at the option of the Port Authority be redeemed or retired prior to bonds held by any other registered holders.

Mandatory Periodic Retirement:

<u>Date</u>	<u>Cumulative Par Value</u>	<u>Date</u>	<u>Cumulative Par Value</u>
December 1, 2006	\$ 20,000,000	December 1, 2011	\$120,000,000
December 1, 2007	40,000,000	December 1, 2012	140,000,000
December 1, 2008	60,000,000	December 1, 2013	160,000,000
December 1, 2009	80,000,000	December 1, 2014	180,000,000
December 1, 2010	100,000,000	December 1, 2015	200,000,000

Accelerated Mandatory Retirement: Until the effective date of any conversion as described below, in the event that net revenues as defined in the Consolidated Bond Resolution, remaining after the payment of debt service on General and Refunding Bonds and Consolidated Bonds as required by the applicable provisions of the Bond Resolutions and after the payment into the General Reserve Fund of the amount necessary so as to maintain said Fund at the amount specified in the General Reserve

Fund Statutes, for any calendar year calculated as of each December 31 fall below One Hundred Million Dollars (\$100,000,000), the Authority shall retire, on the next succeeding June 1, Variable Rate Demand Bonds in the aggregate principal amount of the lesser of Twenty Million Dollars (\$20,000,000) or the amount of Variable Rate Demand Bonds then outstanding, in accordance with the procedures set forth above in regard to redemption of Variable Rate Demand Bonds, applied to the schedule of mandatory period retirement.

Sinking Fund: A separate sinking fund would be required to be established for VRDBs into which payments shall be made in such amounts and in such times as to accomplish the schedule of mandatory periodic retirement.

Interest Rates and Interest Payable: Until conversion, tender, redemption or retirement, interest would be payable approximately monthly, as specified by the Committee on Finance, commencing on or about February 3, 1986, at the variable interest rate per annum for each Interest Calculation Period. The variable rate of interest for each Interest Calculation Period would be calculated by the Remarketing Agent as the minimum rate per annum, on a 365/366-day year, necessary to enable the Remarketing Agent to sell the VRDBs at par; provided, however, that, unless the Port Authority shall have given its consent in writing to the contrary, the variable rate shall not be greater than 110%, nor less than 90%, of a specified index maintained by the Independent Evaluator, and shall be rounded off to the nearest 1/8% or 1/20%. The Port Authority will immediately thereafter cause the Remarketing Agent to provide notice of the variable rate as calculated for each Interest Calculation Period to the Trustee, the Tender and Paying Agent, the Registrar and the Liquidity Facility.

Conversion: At the option of the Port Authority on a one-time basis, on 30 days' notice, VRDBs would be convertible to registered bonds maturing on December 1, 2015, bearing a fixed rate of interest, interest payable on each June 1 and December 1 thereafter, at a rate, not in excess of 15% per annum, calculated by the Remarketing Agent as the minimum rate per annum, on a 360-day year, necessary to enable the Remarketing Agent to sell

the bonds at par, without Liquidity Facility, accelerated mandatory retirement or tender option, in the denominations of \$5,000 or integral multiples of \$5,000; provided, however, that unless the Authority shall have given its consent in writing to the contrary, the fixed rate shall not exceed a specified fixed rate index maintained by the Independent Evaluator, and shall be rounded off to the nearest 1/8% or 1/10%. The fixed rate bonds would be subject to call to meet the schedule of mandatory retirement, or at the Port Authority's option. The Port Authority will immediately thereafter cause the Remarketing Agent to provide notice of such conversion and such fixed interest rate as calculated to the Trustee, the Tender and Paying Agent, the Registrar and the Liquidity Facility.

Registration and Denominations: Until conversion, VRDBs would be authorized to be in registered form, in the denominations of \$25,000 or integral multiples of \$5,000 in excess of \$25,000.

Security: The principal of and interest on VRDBs shall be a special limited obligation of the Port Authority payable solely from Net Revenues deposited to the Consolidated Bond Reserve Fund, and in the event such Net Revenues are insufficient therefor, from other moneys determined by the Authority to be legally available for such payments.

Revolving Credit and Stand-by Purchase Agreement: The Authority would enter into a line of credit agreement in the form of a revolving stand-by credit facility and stand-by purchase agreement with a bank or banks in the State of New York and/or the State of New Jersey in the amount of \$200,000,000 (plus \$2,000,000 as interest thereon) (referred to herein as the "Liquidity Facility"). The Liquidity Facility is to provide liquidity in the event any of the VRDBs cannot be remarketed and are not purchased by the Port Authority during a period to be specified subsequent to a demand for tender. The Port Authority would have the option to purchase the Tendered Bonds from either the Remarketing Agent or the Liquidity Facility.

Remarketing Agent: The managing underwriter. In addition to the general duties connected with the remarketing of bonds and the processing of

payments therefor, the Remarketing Agent would use its best efforts to avoid the need for the Port Authority to call upon the Liquidity Facility. To this end, the Remarketing Agent would be expected to make a market in VRDBs, purchasing and carrying Tendered Bonds for short periods of time in the expectation of prompt resale. However, the Remarketing Agent would commit itself to carry Tendered Bonds for a period to be specified by the Committee on Finance.

Although the principal of and interest on the Port Authority Commercial Paper Notes would be payable from the proceeds of Port Authority obligations issued for such purposes, the principal of and interest on VRDBs would be a special limited obligation of the Port Authority payable solely from Net Revenues deposited to the Consolidated Bond Reserve Fund pledged under the Basic Resolution establishing the issue of General and Refunding Bonds and the Consolidated Bond Resolution establishing the issue of Consolidated Bonds and remaining after (i) the payment or provision for payment of debt service on General and Refunding Bonds and Consolidated Bonds as required by the applicable provisions of the Resolutions establishing such issues; (ii) the payment into the General Reserve Fund of the amount necessary to maintain said Fund at the amount specified in the General Reserve Fund Statutes; and (iii) applications to purposes authorized in accordance with Section 7 of the Consolidated Bond Resolution.

The principal of and interest on VRDBs would not be payable from the Special Reserve Fund in Trust or the General Reserve Fund of the Port Authority, and the payment thereof would be subject in all respects to (i) the payment of debt service on General and Refunding Bonds and Consolidated Bonds as required by the applicable provisions of the resolutions establishing such issues; and (ii) the payment into the General Reserve Fund of the amount necessary to maintain said Fund at the amount specified in the General Reserve Fund Statutes.

So long as any VRDBs remain outstanding, the Port Authority would not apply any moneys in the Consolidated Bond Reserve Fund (except for payment of debt service becoming due on General and Refunding Bonds, Consolidated Bonds or VRDBs or as otherwise required by operation of law) in cumulative amounts exceeding \$500,000,000 in any period of two consecutive calendar years (or such other amounts over such other period as may be specified by the Committee on Finance prior to the sale of VRDBs), unless the Port Authority shall certify that such application will not, based on an estimate of revenues, operating expenses, debt service, reserves and capital expenditures (a copy of which certification and estimate shall be filed with the Trustee and the Liquidity Facility), materially impair the sound

credit standing of the Port Authority or the ability of the Port Authority to fulfill its commitments whether statutory or contractual or reasonably incidental thereto, including its undertakings to the holders of VRDBs.

The proceeds of the VRDBs would be used for purposes of payment for capital expenditures in connection with any one or more of the facilities of the Port Authority and for purposes incidental thereto; provided, however, that subject to agreements with the holders of obligations of the Port Authority and consistent with applicable provisions of the Internal Revenue Code of 1954, as amended, and the regulations promulgated thereunder, the Committee on Finance may authorize all or any portion of the unspent proceeds of the VRDBs to be used for any purpose for which at the time of issuance thereof the Port Authority was authorized by law to issue its obligations, including capital expenditures in connection with facilities of the Port Authority certified or to be certified after such issuance.

In the event the Committee on Finance determines that the needs of the Port Authority for capital funds or the public interest require allocation or restriction of the proceeds of any of the VRDBs to purposes in connection with some but not all of these purposes, the Committee would be authorized, prior to the sale of any VRDBs from time to time, to make such allocation in regard to the expenditure of the proceeds of such VRDBs; provided, however, that no portion of the proceeds of any VRDBs shall be allocated to purposes in connection with an additional facility of the Port Authority prior to the initial expenditure of all or a portion of any of the proceeds of a series of Consolidated Bonds for purposes in connection with such additional facility.

It was reported to be necessary, in order to sell tax-exempt variable rate demand bonds, for issuers to have an outside credit source providing a revolving credit and stand-by purchase facility to ensure liquidity in the event, due to market conditions, such bonds cannot be remarketed when "put" back to the Port Authority. This is accomplished through either a bank letter of credit or a line of credit. In view of the Port Authority's continued strong financial rating, a line of credit in the form of a revolving credit and stand-by purchase facility would be sufficient.

VRDBs would utilize a Liquidity Facility of \$200,000,000 (plus \$2,000,000 as accrued interest on the VRDBs) which would be provided by Marine Midland Bank, N.A. ("Marine"), with the participation of additional banks in New York and New Jersey; Marine provides the current stand-by credit facility under the Port Authority Commercial Paper Program. The Liquidity Facility

would be provided for a fixed period of not less than five years, renewable thereafter from year to year unless cancelled by either party upon no less than six months' notice. The Committee on Finance would authorize an agreement with Marine on such terms, and in such other respects as appropriate in connection with VRDBs, as will best serve the Port Authority and the public interest. The principal of and interest on any advances through the Liquidity Facility would be repayable from the sources of payment and subject to the conditions described above for the VRDBs (except that advances would not be payable from the proceeds of VRDBs or Port Authority Commercial Paper Notes or from additional advances).

It was recommended that the Board provide that no part of the proceeds of the VRDBs shall be invested directly or indirectly in such manner as to cause the interest on VRDBs to be subject to Federal income taxes under the Internal Revenue Code of 1954, as amended, or the regulations promulgated thereunder.

In addition to the customary certifications, determinations, statements and other documents necessary or desirable in connection with the issuance of Port Authority obligations, the Committee on Finance; Chairman of the Port Authority; Vice Chairman of the Port Authority; Chairman of the Committee on Finance; Executive Director; Assistant Executive Director; Chief Financial Officer; Director, Finance Department; Comptroller; Deputy Comptroller; Assistant Director, Finance Department; Treasurer or Assistant Treasurer of the Port Authority would be authorized expressly to certify on behalf of the Port Authority as to the need for issuance of the VRDBs, as to the status of the projects or purposes for which the proceeds of said VRDBs are to be used, as to the Port Authority's intentions with respect to the application and investment of said proceeds, and as to such other related matters as may be authorized.

In light of the ongoing discussions and review of VRDBs, and the unique nature of a competitive proposal for such obligations, it was recommended that the Committee on Finance be authorized, in connection with VRDBs, to take any other action as in the opinion of the Committee would best serve the public interest.

(Board - 11/14/85)

Port Authority Limited Obligation Variable Rate Demand Bonds, Series 1985, Due 2015

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 capital funds for the financing of its facilities; and

WHEREAS, the Authority has determined to establish and authorize an issue of Port Authority Limited Obligation Variable Rate Demand Bonds, Series 1985, Due 2015, referred to herein as Variable Rate Demand Bonds (such term and any other terms of special meaning shall have the meanings as set forth in Article I of this Resolution), with an aggregate principal amount not to exceed Two Hundred Million Dollars (\$200,000,000); and

WHEREAS, the Authority has determined to authorize the sale, on or before June 30, 1986, of Variable Rate Demand Bonds, subject to the foregoing, with the proceeds derived from the sale thereof, from time to time, to be used for financing for any and all purposes for which the Authority is or shall be authorized to issue bonds, notes, securities or other obligations or evidences of indebtedness; and

WHEREAS, Variable Rate Demand Bonds shall be a special limited obligation of the Authority, payable as to principal and interest solely from Net Revenues deposited to the Consolidated Bond Reserve Fund, and in the event such Net Revenues are insufficient therefor, from other moneys determined by the Authority to be legally available for such payments; and

WHEREAS, except as provided herein the moneys of the Authority would not be pledged to the payment of interest on or the repayment of the principal of any Variable Rate Demand Bond; and

WHEREAS, the Authority is to authorize a Revolving Credit and Stand-by Purchase Agreement in further support, if necessary, of the payment of interest on or the repayment of the principal of any Tendered Bonds in accordance with the provisions of this Resolution;

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

ARTICLE I

DEFINITIONS

As used in this Resolution and unless otherwise indicated or unless the context otherwise requires, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the defined terms). As used in this Resolution, any words or phrases specially defined in the Consolidated Bond Resolution shall be read and construed in accordance with such special definitions. All accounting terms not specially defined in this Resolution shall be construed in accordance with generally accepted accounting principles consistently applied.

The term "Authorized Officer" shall mean any of one of the persons 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; Director, Finance Department; Assistant Director, Finance Department; Comptroller; Deputy Comptroller; Treasurer or Assistant Treasurer of the Authority, and any other person authorized by resolution of the Authority to perform the act or sign the document referred to.

The term "Basic Resolution" shall mean the resolution adopted by the Authority on March 18, 1935, as amended March 25, 1935, September 16, 1943, March 6, 1947 and October 23, 1947, establishing General and Refunding Bonds.

The term "Bond Advance" shall mean an advance of moneys made pursuant to the Revolving Credit and Stand-by Purchase Agreement in an amount not exceeding the Purchase Price for Tendered Bonds, if any.

The term "Bond Resolutions" shall mean (i) the Basic Resolution and (ii) the Consolidated Bond Resolution.

The term "Business Day" shall mean any day other than a day on which banks located in the City of New York are required or authorized to remain closed.

The term "Code" shall mean the Internal Revenue Code of 1954, as amended; the term "Regulations" shall mean the regulations issued or proposed thereunder; and the term "Section 103" shall mean Section 103 of the Code.

The term "Committee on Finance" shall mean the Committee on Finance of the Authority as the same may be constituted from time to time.

The term "Consolidated Bond Reserve Fund" shall mean the special fund by that name established by Section 7 of the Consolidated Bond Resolution.

The term "Consolidated Bond Resolution" shall mean the resolution adopted by the Authority on October 9, 1952, establishing Consolidated Bonds.

The term "Consolidated Bonds" shall mean the Authority's Consolidated Bonds (including Consolidated Notes) issued under the Consolidated Bond Resolution.

The term "Fixed Interest Index" shall mean that index determined by the Independent Evaluator on the day the fixed interest rate is to be calculated pursuant to Section 2.02 prior to conversion as provided for in Section 2.11 based on yield evaluations at par of securities of not less than twenty (20) issuers selected by the Independent Evaluator, which securities meet the following criteria: (i) the interest on such securities is exempt from Federal income taxation; (ii) the maturity (or remaining period to maturity) on such securities is approximately equal to the period to maturity on the Variable Rate Demand Bonds; and (iii) the rating of such securities by Moody's Investors Service, Inc., Standard & Poor's Corporation or Fitch Investors Service, Inc., is in a bond rating category which is the same as or equivalent to the rating category assigned to the Variable Rate Demand Bonds (without regard to any modification of a rating by the addition of a plus or minus or other numerical designation indicating relative standing within a rating category) or are otherwise determined by the Independent Evaluator to be of credit-worthiness comparable to that of the Variable Rate Demand Bonds.

The term "General and Refunding Bonds" shall mean the Authority's General and Refunding Bonds issued under the Basic Resolution.

The term "General Reserve Fund" shall mean the General Reserve Fund of the Authority authorized by the General Reserve Fund Statutes.

The term "General Reserve Fund Resolution" shall mean the resolution of the Authority adopted on March 9, 1931, as amended May 5, 1932, concerning the administration of the General Reserve Fund.

The term "General Reserve Fund Statutes" shall mean Chapter 5 of the Laws of New Jersey of 1931, as amended, and Chapter 48 of the Laws of New York of 1931, as amended.

The term "Independent Evaluator" (which shall include any successor Independent Evaluator) shall mean a nationally recognized municipal securities evaluation service or other entity appointed pursuant to Section 2.09 of this Resolution which is willing and able to accept the office and to perform the duties imposed upon it under this Resolution.

The term "Interest Calculation Period" shall mean the period of seven (7) consecutive days in each calendar week as fixed and provided for by the Committee on Finance; *provided, however*, that the initial Interest Calculation Period shall commence on the date of issuance of the Variable Rate Demand Bonds and shall continue to and include the final day of the Interest Calculation Period in the next succeeding calendar week.

The term "Interest Rate Index" shall mean that index determined by the Independent Evaluator on the day the variable rate is to be calculated for the next succeeding Interest Calculation Period as provided for in Section 2.02 based on yield evaluations at par of securities of not less than twenty (20) issuers selected by the Independent Evaluator, which securities meet the following criteria: (i) the interest on such securities is exempt from Federal income taxation; (ii) the maturity (or remaining period to maturity) on such securities is thirty (30) days or less; and (iii) the rating of such securities by Moody's Investors Service, Inc., Standard & Poor's Corporation or Fitch Investors Service, Inc., is in a bond, note or commercial paper rating category which is the same as or equivalent to the rating category assigned to the Variable Rate Demand Bonds (without regard to any modification of a rating by the addition of a plus or minus or other numerical designation indicating relative standing within a rating category) or are otherwise determined by the Independent Evaluator to be of credit-worthiness comparable to that of the Variable Rate Demand Bonds.

The term "Liquidity Facility" (which shall include any successor Liquidity Facility or portion thereof) shall mean the banks and trust companies participating in the Revolving Credit and Stand-by Purchase Agreement.

The term "Net Revenues" shall mean, solely for the purpose of this Resolution, with respect to any date of calculation, the revenues of the Authority pledged under the Bond Resolutions and remaining after (i) payment or provision for payment of debt service on General and Refunding Bonds and Consolidated Bonds as required by the applicable provisions of the Bond Resolutions; (ii) payment into the General Reserve Fund of the amount necessary to maintain said Fund at the amount specified in the General Reserve Fund Statutes; and (iii) applications to purposes authorized in accordance with Section 7 of the Consolidated Bond Resolution.

The term "Notice of Tender" shall mean a written, irrevocable demand made by the registered holder of a Variable Rate Demand Bond or Bonds for the Tender and Paying Agent or Agents to purchase, in accordance with the provisions of this Resolution, the Variable Rate Demand Bond or Bonds specified in such Notice of Tender.

The term "Purchase Price" shall mean the principal amount of any Tendered Bond together with accrued and unpaid interest thereon, if any, to the date of purchase specified in a Notice of Tender.

The term "Registrar" (which shall include any successor Registrar) shall mean any bank or trust company appointed pursuant to Section 2.09 of this Resolution for and in connection with Variable Rate Demand Bonds.

The term "Remarketing Agent" (which shall include any successor Remarketing Agent) shall mean the remarketing agent for Variable Rate Demand Bonds appointed pursuant to Section 2.09 of this Resolution.

The term "Remarketing Agreement" shall mean the agreement between the Authority and the Remarketing Agent for Variable Rate Demand Bonds, as the same may be or may have been amended and supplemented from time to time.

The term "Revolving Credit and Stand-by Purchase Agreement" shall mean the agreement in support of the payment of the Purchase Price of any Tendered Bonds, if necessary, concerning, *inter alia*, Bond Advances, between the Authority and the Liquidity Facility, as the same may be or may have been amended and supplemented from time to time.

The term "Special Reserve Fund" shall mean the special fund by that name established by Section 9 of the Basic Resolution and subsequently placed in trust pursuant to the Trust Agreement.

The term "Special Reserve Fund in Trust" shall mean the Special Reserve Fund placed in trust pursuant to the Trust Agreement.

The term "Tender Account" shall mean the separate account maintained by the Authority with the Tender and Paying Agent or Agents for the payment of the Purchase Price of any Tendered Bonds pursuant to the provisions of this Resolution.

The term "Tender Agreement" shall mean the agreement between the Authority and any Tender and Paying Agent or Agents for Variable Rate Demand Bonds, as the same may be or may have been amended and supplemented from time to time.

The term "Tender and Paying Agent" (which shall include any successor Tender and Paying Agent) shall mean any bank or trust company appointed pursuant to Section 2.09 of this Resolution for and in connection with the tender, redemption and retirement of Variable Rate Demand Bonds, and the payment of interest thereon. Said bank or trust company 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 under this Resolution.

The term "Tendered Bond" shall mean a Variable Rate Demand Bond tendered to the Tender and Paying Agent in accordance with the provisions of Section 3.03 of this Resolution.

The term "Trust Agreement" shall mean the agreement made as of December 31, 1970, between the Authority and First National City Bank (now Citibank, N.A.), as Trustee.

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The term "Trustee" (which shall include any successor Trustee) shall mean a bank or trust company appointed pursuant to Section 2.09 of this Resolution for and in connection with the Variable Rate Demand Bonds. Said bank or trust company 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 under this Resolution.

The term "Variable Rate Demand Bond Resolution" or "this Resolution" shall mean this Variable Rate Demand Bond Resolution, including any amendments, modifications or supplements hereto.

The term "Variable Rate Demand Bonds" shall mean the Port Authority Limited Obligation Variable Rate Demand Bonds, Series 1985, Due 2015, established and authorized by this Resolution.

ARTICLE II

AUTHORIZATION, TERMS AND ISSUANCE

SECTION 2.01. *Establishment and Authorization of Issue.* There is hereby established an issue of negotiable bonds of the Authority to be known as "Port Authority Limited Obligation Variable Rate Demand Bonds, Series 1985, Due 2015." Variable Rate Demand Bonds in an aggregate principal amount not to exceed Two Hundred Million Dollars (\$200,000,000) are hereby authorized to be issued and sold for the purposes set forth in Section 2.04 of this Resolution. Variable Rate Demand Bonds shall otherwise be subject to the terms, conditions and limitations provided or referred to in this Resolution or as may be provided or authorized by the Committee on Finance. Variable Rate Demand Bonds shall be a special limited obligation of the Authority payable solely from the sources of payment set forth in Section 2.03 of this Resolution.

SECTION 2.02. *General Terms of the Port Authority Limited Obligation Variable Rate Demand Bonds, Series 1985, Due 2015.* Variable Rate Demand Bonds shall be dated as of their date of issuance on or after December 1, 1985, shall mature on December 1, 2015, shall be numbered consecutively from 1 upwards and may bear such other identification as any Authorized Officer of the Authority may deem appropriate. Variable Rate Demand Bonds shall be issued in registered form without coupons, registered as to both principal and interest but not as to either alone, in the denomination of \$25,000 or in any larger denomination that is an integral multiple of \$5,000. Both principal of and interest on Variable Rate Demand Bonds shall be payable in lawful money of the United States of America. Principal of Variable Rate Demand Bonds and interest on Tendered Bonds or Variable Rate Demand Bonds called for redemption shall be payable at the office or offices, designated by the Authority, of the Tender and Paying Agent or Agents appointed for the purpose, in the City of New York, State of New York. Interest on the registered Variable Rate Demand Bonds other than Tendered Bonds or Variable Rate Demand Bonds called for redemption shall be payable when due to the registered holder thereof by check or draft drawn on the Tender and Paying Agent or Agents appointed for the purpose and mailed to said registered holder; *provided, however*, that interest may be paid in immediately available funds to any registered holder of at least Five Hundred Thousand Dollars (\$500,000) in aggregate principal amount of Variable Rate Demand Bonds at the request of such registered holder made in accordance with procedures prescribed therefor by the Tender and Paying Agent.

Subject to the changes and adjustments authorized in this Resolution, Variable Rate Demand Bonds shall bear interest from their date at the variable rate per annum for each Interest Calculation Period for such Variable Rate Demand Bonds. The variable rate for each Interest Calculation Period shall be calculated by the Remarketing Agent on the Business Day immediately preceding the first day of such Interest Calculation Period as the minimum rate per annum, computed on the basis of actual days elapsed and a 365/366-day year, necessary to enable the Remarketing Agent, under the then prevailing financial market conditions, to sell Variable Rate Demand Bonds at par (*i.e.*, at a price equal to the principal amount thereof); *provided, however*, that, unless the Authority shall have given its consent in writing to the contrary, the variable rate shall not be greater than one hundred ten per centum (110%), nor less than ninety per centum (90%), of the Interest Rate Index; and *provided, further*, that the variable rate shall be rounded off to the nearest one-eighth of one per centum ($\frac{1}{8}\%$) or one-twentieth of one per centum ($\frac{1}{20}\%$) per annum. Upon such calculation, the Authority will immediately thereafter cause the Remarketing Agent to provide notice of the variable rate as calculated for each Interest Calculation Period to the Trustee, the Tender and Paying Agent or Agents, the Registrar and the Liquidity Facility. Such determination and such rate

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or rates shall be conclusive and binding for all purposes upon the holders of any Variable Rate Demand Bonds. Interest shall be payable approximately monthly, as may be authorized by the Committee on Finance, commencing on or about February 3, 1986, and thereafter until maturity or prior tender, redemption or conversion as herein provided.

The Authority will keep or cause to be kept at the office or offices, designated by the Authority, of its Registrar appointed for the 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 Variable Rate Demand Bonds. Each registered Variable Rate Demand Bond shall be transferable only upon such books by the registered holder thereof or by such registered holder's attorney duly authorized in accordance with the provisions of this Resolution.

A registered Variable Rate Demand Bond, upon the written request of the registered holder or holders thereof and upon surrender thereof, may be exchanged for a registered Variable Rate Demand Bond or Bonds, registered as designated in such request, of any other authorized denominations of the same aggregate principal amount and of like tenor and effect as the surrendered bond or bonds.

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

The Authority shall bear the cost incurred by the Authority in connection with the registration, transfer, cancellation, exchange and delivery of Variable Rate Demand Bonds, including such fees as may be imposed by the Registrar of the Authority for such services performed by the Registrar as provided in this Resolution.

Except as provided below, Variable Rate Demand Bonds shall be redeemable, in whole or in part, at the option of the Authority, on thirty (30) days' notice at one hundred per centum (100%) of their face value on any interest payment date at or subsequent to June 1, 1986. If less than all of the Variable Rate Demand Bonds then outstanding are to be called for redemption, the Variable Rate Demand 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); *provided, however*, that Variable Rate Demand Bonds held by the Authority, by the Remarketing Agent in accordance with the terms of the Remarketing Agreement or by the Liquidity Facility may, at the sole discretion of the Authority, be redeemed prior to Variable Rate Demand Bonds held by any other registered holders.

Notice of intention to redeem any Variable Rate Demand Bonds shall be given by the Authority by publication in one or more daily newspapers of general circulation in the City of New York, State of New York. A copy of such notice shall also be mailed by the Authority or the Registrar, as the Authority may elect, to the registered holders of Variable Rate Demand Bonds to be called for redemption, at their last known addresses as appearing upon the books for registration kept by the Registrar 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 Variable Rate Demand Bonds.

Before the date fixed for redemption specified in such notice, the Authority will pay or cause to be paid to the Tender and Paying Agent or Agents an amount in cash in the aggregate sufficient to redeem all of the outstanding Variable Rate Demand Bonds which are to be redeemed, at the respective redemption prices thereof, which, in each case, shall include the accrued and unpaid interest to the date fixed for redemption, if any, such amount to be held by the Tender and Paying Agent or Agents in trust for the account of the registered holders of the Variable Rate Demand 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 holder in accordance with the provisions of this Resolution. On and after the date fixed for redemption, the notice of intention to redeem having been completed as above provided, the bonds so called shall become due and payable at the office or offices of the Tender and Paying Agent or Agents designated by the Authority, and if funds sufficient for payment of the redemption price shall have been deposited with the Tender and Paying Agent or 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

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the date fixed for their redemption, and such bonds shall not be entitled to the benefit or security of this Resolution, but shall rely solely upon the funds so deposited.

In the case of Variable Rate Demand Bonds of denominations greater than \$25,000, if less than all of the Variable Rate Demand Bonds then outstanding are to be called for redemption, then for all purposes in connection with such redemption, each \$25,000 unit of face value shall be treated as though it were a separate bond of the denomination of \$25,000, and the word "bond" as used in the immediately preceding paragraph of this Section 2.02 shall be deemed to refer to such \$25,000 unit of face value. If it is determined as above provided that one or more but not all of the \$25,000 units of face value represented by any bond are to be called for redemption, then upon notice of intention to redeem said \$25,000 unit or units, the registered holder of said bond shall forthwith present said bond to the Registrar of the Authority who shall issue new bonds of smaller authorized denominations but of the same aggregate principal amount in exchange therefor, pursuant to the provisions of this Resolution, including a new bond or bonds with the aggregate principal amount of the \$25,000 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 registered holder thereof. Notwithstanding anything in this Resolution to the contrary, if redemption of the \$25,000 unit or units of face value so called would result in a registered bond of a denomination not authorized under this Resolution, then such portion of the face value of such bond in excess of the \$25,000 unit or units of face value so called shall be redeemed to the extent necessary to avoid such result. If the registered holder of such bond of a denomination greater than \$25,000 shall fail to present such bond to the Registrar of the Authority 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 amount 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 Tender and Paying Agent or 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 amount 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 to the extent of the portion of its principal amount (and accrued interest thereon to the date fixed for redemption) represented by such amount of face value, but to that extent shall rely solely upon the funds so deposited.

The Authority shall establish and maintain a separate sinking fund for the retirement of Variable Rate Demand Bonds which shall be known as the "Port Authority Limited Obligation Variable Rate Demand Bonds, Series 1985, Due 2015, Sinking Fund." The amount required to be paid into said Sinking Fund for each year shall be the difference at December 1 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 2.02, determined in the manner provided in the next succeeding paragraph. Except as provided in the last paragraph of this Section 2.02, payments into said Sinking Fund may, at the sole discretion of the Authority, be made in Variable Rate Demand Bonds purchased or redeemed by the Authority, or held by the Remarketing Agent or the Liquidity Facility and purchased 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. Variable Rate Demand Bonds 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 Variable Rate Demand Bonds theretofore issued and negotiated and then held by the Authority may be purchased for such purpose as well as Variable Rate Demand Bonds held by others. To be eligible for payment into said Sinking Fund each such Variable Rate Demand Bonds shall have theretofore actually been issued and negotiated by the Authority. Variable Rate Demand Bonds paid into said Sinking Fund shall be received therein at a value equal to the principal amount of such Variable Rate Demand Bond. Upon payment into said Sinking Fund of said Variable Rate Demand Bonds so purchased or redeemed, said Variable Rate Demand Bonds shall be forthwith cancelled. All Variable Rate Demand Bonds which shall have been redeemed as provided in the seventh paragraph of this Section 2.02 shall be deemed to have been paid into said Sinking Fund and cancelled within the requirements of the preceding sentence whether or not said Variable Rate Demand Bonds shall have been presented for payment upon such redemption.

The schedule amount of Variable Rate Demand Bonds for each year shall be determined by multiplying the aggregate principal amount of all Variable Rate Demand Bonds theretofore issued (whether or not any of such Variable Rate Demand Bonds shall have theretofore been retired) by the cumulative percentage of total principal

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amount specified opposite such year in the schedule of mandatory periodic retirement hereafter set forth in this Section 2.02; if the amount so determined shall not be a multiple of \$25,000, then the schedule for the year shall be the next higher multiple of \$25,000.

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 15 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 Variable Rate Demand Bonds at October 15, 2006, and at October 15 of each year thereafter, in the manner and upon the notice set forth in the seventh paragraph of this Section 2.02, at the price of one hundred per centum (100%) of their face value, plus accrued interest to the date fixed for redemption.

The following schedule of mandatory periodic retirement is provided for Variable Rate Demand Bonds:

<u>Year</u>	<u>Cumulative Percentage of Total Principal Amount</u>	<u>Year</u>	<u>Cumulative Percentage of Total Principal Amount</u>
2006	10	2011	60
2007	20	2012	70
2008	30	2013	80
2009	40	2014	90
2010	50	2015	100

Nothing herein contained shall be construed in any way to prevent the Authority from retiring Variable Rate Demand Bonds more rapidly than is shown in the foregoing schedule of mandatory periodic retirement.

Until the effective date of any conversion as specified in Section 2.11 of this Resolution, if net revenues, as defined in the Consolidated Bond Resolution, remaining after the payment of debt service on General and Refunding Bonds and Consolidated Bonds as required by the applicable provisions of the Bond Resolutions and after the payment into the General Reserve Fund of the amount necessary so as to maintain said Fund at the amount specified in the General Reserve Fund Statutes, for any calendar year calculated as of each December 31 fall below One Hundred Million Dollars (\$100,000,000), the Authority shall retire, on the next succeeding June 1, Variable Rate Demand Bonds in the aggregate principal amount of the lesser of Twenty Million Dollars (\$20,000,000) or the amount of Variable Rate Demand Bonds then outstanding. Any such retirement shall be in accordance with the procedures set forth in the seventh paragraph of this Section 2.02 in regard to redemption of Variable Rate Demand Bonds, applied to the schedule of mandatory periodic retirement.

SECTION 2.03. Sources of Payment. The principal of and interest on Variable Rate Demand Bonds shall be a special limited obligation of the Authority payable solely from Net Revenues deposited to the Consolidated Bond Reserve Fund, and in the event such Net Revenues are insufficient therefor, from other moneys determined by the Authority to be legally available for such payments when due.

The principal of and interest on Variable Rate Demand Bonds shall not be payable from the Special Reserve Fund in Trust or the General Reserve Fund, and the payment thereof shall be subject in all respects to (i) the payment of debt service on General and Refunding Bonds and Consolidated Bonds as required by the applicable provisions of the Bond Resolutions; and (ii) the payment into the General Reserve Fund of the amount necessary so as to maintain said Fund at the amount specified in the General Reserve Fund Statutes.

SECTION 2.04. Application of Proceeds. The proceeds of the Variable Rate Demand Bonds shall be used for purposes of payment for 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 the provisions of the Code, whether in Section 103 or otherwise, or the Regulations, the Committee on Finance may authorize all or any portion of the unspent proceeds of Variable Rate Demand Bonds 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 such issuance.

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 Variable Rate Demand Bonds to purposes in connection with some but not all of the purposes authorized in this Section 2.04, the Committee on Finance is hereby authorized, prior to the sale of any Variable Rate Demand Bonds from time to time, to make such allocation in regard to the expenditure of the proceeds of such Variable Rate Demand Bonds; *provided, however*, that no portion of the proceeds of any Variable Rate Demand Bonds shall be allocated to purposes in connection with an additional facility of the Authority prior to the initial expenditure of all or a portion of the proceeds of a series of Consolidated Bonds for purposes in connection with such additional facility. The adoption by said Committee of such a resolution prior to any such sale of Variable Rate Demand Bonds shall be sufficient to restrict the application of proceeds of Variable Rate Demand Bonds included in such sale to the purposes specified by the Committee on Finance in said resolution.

SECTION 2.05. *Authorization of Issuance.* Variable Rate Demand Bonds in the principal amount not to exceed Two Hundred Million Dollars (\$200,000,000) may be issued under the terms of this Resolution on or after December 1, 1985, but on or before June 30, 1986.

SECTION 2.06. *Appointment of Trustee.* The Committee on Finance is hereby authorized to appoint a Trustee for and in connection with the Variable Rate Demand Bonds. The Trustee is hereby authorized to (i) institute any action or proceeding on behalf of the holders of the Variable Rate Demand Bonds 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 Variable Rate Demand Bonds. 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 Variable Rate Demand Bonds. 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 2.06 whether on the Trustee's initiative or at the request or direction of any of the holders of Variable Rate Demand Bonds.

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 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, 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 obligations of the Authority, and (iii) the payments of principal on obligations 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 depository for the Authority, act as Trustee, Tender and Paying Agent, Paying Agent and Registrar of bonds of the Authority, whether of Variable Rate Demand Bonds or otherwise, 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 Variable Rate Demand Bonds then outstanding or by their attorneys duly authorized, excluding any Variable Rate Demand 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 Variable Rate Demand Bonds then outstanding, excluding any Variable Rate Demand 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 Variable Rate Demand Bonds as authorized in this Section 2.06. 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 Variable Rate Demand Bonds.

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.

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The failure of the Authority to take any action required by this Section 2.06 shall not invalidate any Variable Rate Demand 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 2.06 from entering any defense to an action or proceeding instituted by the Trustee or by the holder or holders of Variable Rate Demand Bonds.

SECTION 2.07. *Transfer of Variable Rate Demand Bonds.* The Authority and the Tender and Paying Agent or Agents may treat the registered holder of any Variable Rate Demand Bond as the absolute owner of such Variable Rate Demand Bond for the purpose of receiving payment of the principal thereof and interest thereon and for all other purposes and neither the Authority nor the Tender and Paying Agent or Agents shall be affected by any notice or knowledge to the contrary.

SECTION 2.08. *Variable Rate Demand Bonds Mutilated, Lost, Destroyed or Stolen.* In case any Variable Rate Demand Bond shall at any time become mutilated or be lost or destroyed, the Authority, in its discretion, may execute and deliver a new Variable Rate Demand Bond of like tenor and amount in exchange or substitution for and upon cancellation of said mutilated Variable Rate Demand Bond or in lieu of or in substitution for such destroyed or lost Variable Rate Demand Bond; or if such Variable Rate Demand Bond shall have matured or been tendered, instead of issuing a substitute Variable Rate Demand Bond the Authority may pay the same without surrender thereof. In case of destruction or loss, the applicant for a substitute Variable Rate Demand Bond shall furnish to the Authority evidence satisfactory to it of the destruction or loss of such Variable Rate Demand Bond 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 Variable Rate Demand Bond or make any such payment; or the Registrar of the Authority may so execute and deliver and the Tender and Paying Agent so make payment upon, in each case, the written request or authorization of the Authority. Upon the issuance of any substitute Variable Rate Demand Bond, 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 Variable Rate Demand Bond so issued in substitution. Any Variable Rate Demand Bond issued under the provisions of this Section 2.08 in lieu of any Variable Rate Demand Bond alleged to have been destroyed or lost shall constitute an original contractual obligation on the part of the Authority, whether or not the Variable Rate Demand Bond 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 with all other Variable Rate Demand Bonds issued hereunder.

SECTION 2.09. *Authorization of Sale.* The Committee on Finance is hereby authorized to sell all or any part of Variable Rate Demand Bonds at such price and on such terms and under such conditions as it deems appropriate, and to do so in the name of and on behalf of the Authority, at public or private sale, with or without advertisement, at one or more times on or after December 1, 1985, but on or before June 30, 1986, and to fix the terms and conditions upon which such 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.

The Committee on Finance shall have power in the name of and on behalf of the Authority, in connection with Variable Rate Demand Bonds, to enter into any appropriate contracts or agreements concerning any sales; to fix the time or times and determine the terms and conditions of delivery of said Variable Rate Demand Bonds; to appoint one or more Tender and Paying Agents, a Remarketing Agent, a Registrar, a Trustee and an Independent Evaluator (including successors to each of the foregoing), and to enter into any appropriate contracts or agreements therewith, including the Tender Agreement, the Remarketing Agreement and the Revolving Credit and Stand-by Purchase Agreement; to provide appropriate procedures for the administration of the tender, payment of interest, retirement, redemption, conversion, call or other provisions related to Variable Rate Demand Bonds; to designate the office or offices of any Tender and Paying Agent or Agents at which payments shall be made and the office or offices of any Registrar at which the Registry Books of the Authority shall be kept; to enter into any appropriate contracts or agreements providing insurance in connection with said Variable Rate Demand Bonds; prior to the issuance or conversion of the Variable Rate Demand Bonds, to change and adjust any dates or days provided for in this Resolution including the dates of issuance, maturity, interest payment, Interest Rate Index or Fixed Interest Index determination, interest rate calculation, Interest Calculation Periods, conversion, redemption, retirement,

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call and sinking fund provisions; *provided, however*, that the date of maturity may not be later than December 31, 2015; prior to the issuance and conversion of the Variable Rate Demand Bonds, to adjust or change the respective dates and cumulative percentages of total principal amount provided in the schedule of mandatory sinking fund redemption to retire the entire principal amount of Variable Rate Demand Bonds at or prior to maturity or to rescind in its entirety the establishment of the mandatory sinking fund redemption schedule and provisions as to the Variable Rate Demand Bonds; prior to the issuance and conversion of the Variable Rate Demand Bonds, consistent with this paragraph, to change or adjust the provisions of the form of the bonds; to change or adjust the Interest Rate Index or, prior to conversion as herein provided, to change or adjust the Fixed Interest Index; to change and adjust the provisions for Tender contained in Article III of this Resolution; 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 and conversion of Variable Rate Demand Bonds or for the purpose of determining whether all conditions precedent to their issuance and conversion exist, the Authority hereby adopting all such selections, designations, determinations, actions, withholdings of action, estimates and exercises of judgment and discretion as its own; and to authorize any of the foregoing and generally to take such other action as in the opinion of the Committee on Finance may be necessary or appropriate in connection with Variable Rate Demand Bonds or will best serve the public interest.

SECTION 2.10. *Distribution of Official Statement.* The Committee on Finance shall have power to authorize one or more official statements in the name and on behalf of the Authority, describing the Variable Rate Demand Bonds and the Authority and its financial condition, and making representations on behalf of the Authority. The Authority hereby authorizes the purchaser or purchasers of the Variable Rate Demand Bonds in offering such bonds for resale to use such official statement or statements and representations as those of the Authority.

SECTION 2.11. *Conversion of Interest Rate.* The Authority may exercise a one-time election to convert the rate of interest on the Variable Rate Demand Bonds from a variable rate to a fixed rate, to be calculated by the Remarketing Agent on the basis of the method set forth herein; and upon such exercise of such election the Variable Rate Demand Bonds so converted (referred to hereinafter in this Section 2.11 as "Bonds") shall bear interest at said fixed rate of interest commencing on the interest payment date specified in the notice of conversion, payable on each June 1 and December 1 thereafter until maturity on December 1, 2015, or prior redemption; *provided, further*, that Bonds once converted may not again be converted; *provided, further*, that on and after the date of conversion on the interest payment date specified in said notice Bonds so converted may no longer be tendered in accordance with the provisions of Article III of this Resolution. Notwithstanding such conversion, the sources of payment and security for the Bonds so converted shall be as specified in Section 2.03 of this Resolution, and except as otherwise provided in this Section 2.11, all other provisions of this Resolution shall apply to the Bonds so converted, subject to the changes, and adjustments authorized in this Resolution.

The fixed rate of interest to be borne by the Bonds so converted shall be calculated by the Remarketing Agent on or before the date specified in the notice of conversion provided by the Authority, in accordance with this Section 2.11, as the minimum rate per annum, computed on the basis of a 360-day year, necessary to enable the Remarketing Agent, under the then prevailing financial market conditions, to sell such Bonds at par (*i.e.*, at a price equal to the principal amount thereof); *provided, however*, that, unless the Authority shall have given its consent in writing to the contrary, the fixed rate of interest shall not exceed the Fixed Interest Index; and *provided, further*, that the fixed rate of interest shall be rounded off to the nearest one-eighth of one per centum ($\frac{1}{8}\%$) or one-tenth of one per centum ($\frac{1}{10}\%$).

On not less than thirty (30) days' notice prior to any interest payment date, notice of intention to exercise this election to convert the rate of interest and, on or before the date fixed for such conversion, notice of the fixed rate of interest to be borne by the Bonds from and after such date, shall be given by the Authority by publication in one or more daily newspapers of general circulation in the City of New York, State of New York. A copy of such notice or notices shall also be mailed by the Authority or the Registrar, as the Authority may elect, to the registered holders of Variable Rate Demand Bonds, at their last known addresses as appearing upon the Registry Books of the Authority and to the Trustee, the Tender and Paying Agent or Agents, the Registrar of the Authority and the Liquidity Facility.

On and after the date of conversion on the interest payment date specified in said notice, the Liquidity Facility shall be terminated and the registered holders of the Bonds so converted, shall be required to present Variable Rate Demand Bonds to the Registrar of the Authority for endorsement; Bonds shall be in the denominations of \$5,000 or integral multiples of \$5,000, and shall be in registered form, registered as to both principal and interest but not as to either alone. In the event that the Authority exercises its conversion election as provided in this Section 2.11, any Authorized Officer of the Authority is authorized, at the time such election to convert is exercised, to modify the form of the Bonds appearing in Section 4.01 of this Resolution; *provided, however*, that all expenses in connection with such modification, presentation for endorsement and registration thereafter shall be borne by the Authority.

In the event of a failure by the registered holder of any Variable Rate Demand Bond to present such Bond to the Registrar for exchange or endorsement as aforesaid on or prior to the date fixed for conversion on the interest payment date specified in said notice, such Bond will be deemed presented and such registered holder shall not be entitled to any benefits of this Resolution on such Bond, except as may be provided for Variable Rate Demand Bonds so converted.

At the time of the exercise of an election to convert the rate of interest, the Authority shall provide, or cause to be provided, to the Tender and Paying Agent, the Registrar of the Authority and the Trustee an opinion of a nationally recognized Bond Counsel to the effect that such conversion is authorized or permitted under this Resolution, and that such conversion will not adversely affect the exemption from Federal income taxation of the interest on such Bonds.

ARTICLE III

TENDER

SECTION 3.01. *Establishment of the Tender Account.* There is hereby established a Tender Account to be held and maintained by the Tender and Paying Agent or Agents for the account of the Authority in accordance with the terms of this Resolution.

SECTION 3.02. *Deposits to and Disbursements from the Tender Account.* There shall be deposited into the Tender Account the proceeds from the remarketing of Tendered Bonds by the Remarketing Agent, all Bond Advances, such amounts as the Authority may elect to deposit from Net Revenues or other funds determined by the Authority to be legally available for such deposit, and such other amounts as the Remarketing Agent may deposit. Disbursements from the Tender Account shall be made to purchase Tendered Bonds in accordance with the provisions of this Resolution and upon the direction of any Authorized Officer of the Authority.

SECTION 3.03. *Tender of Variable Rate Demand Bonds.* Until the effective date of a conversion of the variable interest rate to a fixed interest rate in accordance with the provisions of Section 2.11 of this Resolution, any Variable Rate Demand Bonds, or portion thereof, in any authorized denomination of \$25,000 or more, shall be purchased upon the demand of the registered holder thereof. Said demand shall be made by:

(i) Delivery to the office or offices, designated by the Authority, of the Tender and Paying Agent or Agents in the City of New York, State of New York, of a Notice of Tender in form satisfactory to the Authority and its Tender and Paying Agent or Agents, not less than seven (7) calendar days prior to the Business Day of purchase specified in said Notice of Tender; and

(ii) Delivery to said office or offices of such Tendered Bond or Bonds as specified in said Notice of Tender, at or prior to the time to be specified by the Tender and Paying Agent on the Business Day of purchase specified in said Notice of Tender.

The Tender and Paying Agent shall notify the Registrar of the Authority, the Remarketing Agent and the Liquidity Facility immediately upon receipt of such a Notice of Tender. On or before the Business Day specified in each Notice of Tender at the option of the Authority, the Authority will deposit or cause to be deposited in the Tender Account in accordance with Section 3.02 of this Resolution, and in accordance with the Remarketing Agreement and the Revolving Credit and Stand-by Purchase Agreement, an amount in cash equal to the Purchase Price for the Tendered Bonds specified in such Notice of Tender. On and after the date specified in each Notice

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. This bond is also issued pursuant to the Port Authority Limited Obligation Variable Rate Demand Bonds, Series 1985, Due 2015 Resolution adopted by the Authority on November 14, 1985 (the "Resolution"); Section 2.03 of the Resolution provides that the principal of and interest on this bond shall be a SPECIAL LIMITED OBLIGATION of the Authority payable solely from Net Revenues deposited to the Consolidated Bond Reserve Fund (as defined in the Resolution), and in the event such Net Revenues are insufficient therefor, from other moneys determined by the Authority to be legally available for such payments when due. The principal of and interest on this bond shall not be payable from the Special Reserve Fund in Trust or the General Reserve Fund, and the payment thereof shall be subject in all respects to (i) the payment of debt service on General and Refunding Bonds and Consolidated Bonds as required by the applicable provisions of the Bond Resolutions; and (ii) the payment into the General Reserve Fund of the amount necessary to maintain said Fund at the amount specified in the General Reserve Fund Resolution. A copy of the Resolution, which is a contract between the Authority and the registered holder of this bond, subject to modification as therein provided, is on file with the Tender and Paying Agent at the above address.

This bond shall not be entitled to any security, right or benefit pursuant to the Resolution or be valid or obligatory for any purpose unless duly countersigned by the Registrar of the Authority.

The Authority has appointed a Trustee for and in connection with the Variable Rate Demand Bonds as provided by the Resolution.

The variable interest rate on this bond for each Interest Calculation Period shall be calculated weekly by the Remarketing Agent as the minimum rate per annum necessary to enable the Remarketing Agent, under the then prevailing financial market conditions, to sell Variable Rate Demand Bonds at par (*i.e.*, at a price equal to the principal amount hereof); provided, however, that, unless the Authority shall have given its consent in writing to the contrary, the variable rate shall not be greater than one hundred ten per centum (110%), nor less than ninety per centum (90%), of the Interest Rate Index established by _____, the Independent Evaluator; provided, further, that the variable rate shall be rounded off to the nearest one-eighth of one per centum ($\frac{1}{8}\%$) or one-twentieth of one per centum ($\frac{1}{20}\%$) per annum. Upon such calculation, the Authority will immediately thereafter cause the Remarketing Agent to provide notice thereof to the Trustee, the Tender and Paying Agent or Agents, the Registrar and the Liquidity Facility. Such determination and such rate or rates shall be conclusive and binding for all purposes upon the holders of any Variable Rate Demand Bonds.

Until the effective date of a conversion of the variable interest rate to a fixed interest rate as described below, this bond shall be purchased upon the demand of the registered holder by:

(i) Delivery to the office or offices, designated by the Authority, of the Tender and Paying Agent or Agents in the City of New York, State of New York, of a written, irrevocable Notice of Tender in form satisfactory to the Authority and its Tender and Paying Agent or Agents, not less than seven (7) calendar days prior to the Business Day of purchase specified in said Notice of Tender; and

(ii) Delivery to said office or offices of such Tendered Bond or Bonds as specified in said Notice of Tender, at or prior to _____ p.m., New York City time, on the Business Day of purchase specified in said Notice of Tender.

The Tender and Paying Agent or Agents shall notify the Registrar of the Authority, the Remarketing Agent and the Liquidity Facility immediately upon receipt of such a Notice of Tender. On or before the Business Day specified in each Notice of Tender, at the option of the Authority, the Authority will deposit or cause to be deposited in the Tender Account in accordance with the Resolution, and in accordance with the Remarketing Agreement and the Revolving Credit and Stand-by Purchase Agreement an amount in cash equal to the outstanding principal amount thereof, together with accrued and unpaid interest thereon, if any, to the date specified in such Notice of Tender. On and after the date specified, if funds sufficient therefor shall have been deposited in the Tender Account as aforesaid, then and in any such event, interest shall cease to accrue on this bond from and after such date specified for purchase in each Notice of Tender, and this bond shall not be entitled to the benefit or security of the Resolution, but shall rely solely upon the funds so deposited.

In accordance with the Resolution, on not less than thirty (30) days' notice prior to any interest payment date, the Authority may exercise a one-time election to convert the rate of interest on the Variable Rate Demand Bonds

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from a variable rate to a fixed rate, to be calculated by the Remarketing Agent on the basis of the method set forth therein; and upon such exercise of such election this bond shall bear interest at said fixed rate of interest commencing on the interest payment date specified in said notice, payable on each June 1 and December 1 thereafter until maturity on December 1, 2015, or prior redemption; *provided, however*, that this bond once converted may not again be converted; and *provided, further*, that on and after the date of conversion on the interest payment date specified in said notice this bond may no longer be tendered as described above. Notwithstanding such conversion, the sources of payment and security for this bond shall be as specified above.

The fixed rate of interest to be borne by this bond so converted shall be calculated by the Remarketing Agent on or before the date specified in the notice of conversion provided by the Authority, as the minimum rate per annum necessary to enable the Remarketing Agent, under the then prevailing financial market conditions, to sell this bond at par (*i.e.*, at a price equal to the principal amount hereof); *provided, however*, that, unless the Authority shall have given its consent in writing to the contrary, the fixed rate of interest shall not exceed the Fixed Interest Index established by the Independent Evaluator; *provided, further*, that such rate shall be rounded off to the nearest one-eighth of one per centum ($\frac{1}{8}\%$) or one-tenth of one per centum ($\frac{1}{10}\%$).

On not less than thirty (30) days' notice prior to any interest payment date, notice of intention to exercise this election to convert the rate of interest and, on or before the date fixed for such conversion, notice of the fixed rate of interest to be borne by this bond from and after such date, shall be given by the Authority by publication in one or more daily newspapers of general circulation in the City of New York, State of New York. A copy of such notice or notices shall also be mailed by the Authority or the Registrar, as the Authority may elect, to the registered holders of Variable Rate Demand Bonds, at their last known addresses as appearing upon the Registry Books of the Authority and to the Trustee, the Tender and Paying Agent or Agents, the Registrar of the Authority and the Liquidity Facility.

On and after the date of conversion on the interest payment date specified in said notice, the Liquidity Facility shall be terminated and the registered holders of this bond shall be required to present it to the Registrar for exchange or endorsement. Bonds shall be authorized in the denomination of \$5,000 or integral multiples of \$5,000, and shall be in registered form, registered as to both principal and interest but not as to either alone.

At the time of the exercise of an election to convert the rate of interest to a fixed rate, the Authority shall provide, or cause to be provided, to the Tender and Paying Agent, the Registrar and the Trustee an opinion of a nationally recognized Bond Counsel to the effect that such conversion is authorized or permitted under the Resolution, and that such conversion will not adversely affect the exemption from Federal income taxation of the interest on this bond.

In the event of a failure by the registered holder of this bond to present this bond to the Registrar for exchange or endorsement as aforesaid on or prior to the date fixed for conversion on the interest payment date specified in said notice, this bond will be deemed presented and such registered holder shall not be entitled to any benefits of the Resolution on this bond, except as may be provided for bonds so converted.

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. The Variable Rate Demand Bonds are issuable only in the form of registered bonds without coupons in the denominations of \$25,000 or integral multiples of \$5,000 in excess of \$25,000. 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 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, transfer, cancellation, exchange and delivery of Variable Rate Demand Bonds 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 December 1, 2006, to satisfy the requirements of the schedule of mandatory periodic retirement provided for Variable Rate Demand Bonds in and pursuant to said Resolution at one hundred per centum (100%) of its face value, plus accrued interest to the date fixed for redemption.

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, 1986, at one hundred per centum (100%) of its face value, plus accrued interest to the date fixed for redemption.

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Until the effective date of any conversion of the variable rate to a fixed rate as described above, in the event that net revenues, as defined in the Consolidated Bond Resolution, remaining after the payment of debt service on General and Refunding Bonds and Consolidated Bonds as required by the applicable provisions of the Bond Resolutions and after the payment into the General Reserve Fund of the amount necessary so as to maintain said Fund at the amount specified in the General Reserve Fund Statutes, for any calendar year calculated as of each December 31 fall below One Hundred Million Dollars (\$100,000,000), the Authority shall retire, on the next succeeding June 1, Variable Rate Demand Bonds in the aggregate principal amount of the lesser of Twenty Million Dollars (\$20,000,000) or the amount of Variable Rate Demand Bonds then outstanding, in accordance with the procedures set forth above in regard to redemption of Variable Rate Demand Bonds, applied to the schedule of mandatory periodic retirement.

If less than all the Variable Rate Demand Bonds 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 City of New York, State of New York. A copy of such notice shall also be mailed to the registered holder of this bond at his last known address as appearing on the books for registration kept by the Registrar 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 Tender and Paying Agent or 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 Resolution but shall rely solely upon the funds so deposited.

If this bond is of a denomination greater than \$25,000, and if less than all of the Variable Rate Demand Bonds are to be called for redemption, then for all purposes in connection with redemption, each \$25,000 of face value of this bond shall be treated as though it were a separate bond of the denomination of \$25,000, and the word "bond" as used in the foregoing provisions shall be deemed to refer to such \$25,000 unit of face value.

If it is determined as above provided that one or more but not all of the \$25,000 units of face value represented by this bond are to be called for redemption, then upon notice of intention to redeem such \$25,000 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, including a new bond or bonds with the aggregate principal amount of the \$25,000 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. Notwithstanding anything in the Resolution to the contrary, if redemption of the \$25,000 unit or units of face value so called would result in a registered bond of a denomination not authorized under the Resolution, then such portion of the face value of such bond in excess of the \$25,000 unit or units of face value so called shall be redeemed to the extent necessary to avoid such result. 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 amount 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 Tender and Paying Agent or 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 amount 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 Resolution to the extent of the portion of its principal amount (and accrued interest thereon to the date fixed for redemption) represented by such amount of face value, 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 Variable Rate Demand Bonds by the Resolution.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen or to 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

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Jersey and the Compact creating the Authority and the 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 resolutions of the Authority.

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 and its official seal to be affixed hereto, or facsimiles thereof to be printed hereon, and this bond to be dated as of the _____ day of December, 1985.

THE PORT AUTHORITY
OF NEW YORK AND NEW JERSEY

.....
Authorized Officer

(END OF FORM OF VARIABLE RATE DEMAND BOND)

The certificate of authentication attached to each of the Variable Rate Demand Bonds 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 Port Authority Limited Obligation Variable Rate Demand Bonds, Series 1985, Due 2015, Resolution.

Date of Authentication:

REGISTRAR
as Registrar of the Authority

By
Authorized Officer

(END OF FORM OF CERTIFICATE OF AUTHENTICATION)

Each registered Variable Rate Demand Bond 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.

(END OF FORM OF PROVISIONS FOR ASSIGNMENT)

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SECTION 4.02. *Execution of Variable Rate Demand Bonds.* In case any Authorized Officer of the Authority who shall have signed any of the Variable Rate Demand Bonds shall cease to be such Authorized Officer before the Variable Rate Demand Bonds shall have been authenticated by the Registrar of the Authority, the Variable Rate Demand Bonds may nevertheless be issued as though the person who signed such bonds had not ceased to be such Authorized Officer of the Authority.

ARTICLE V

COVENANTS

The Authority hereby covenants and agrees with the registered holder of each of the Variable Rate Demand Bonds as follows:

(a) The Authority shall duly and punctually pay or cause to be paid the principal of and interest on the Variable Rate Demand Bonds, as specified therein.

(b) Upon the date of issuance or conversion of the Variable Rate Demand Bonds, all conditions, acts and things required by the Constitutions or statutes of the States of New York and New Jersey, or the United States of America, or the Bond Resolutions, or this Resolution to exist, to have happened and to have been performed precedent to or in the issuance of such Variable Rate Demand Bonds shall exist, have happened and have been performed and such Variable Rate Demand Bonds, together with all other indebtedness of the Authority, shall be within every debt and other limit prescribed thereby.

(c) The Authority shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Authority under the provisions of this Resolution in accordance with the terms of such provisions.

(d) So long as any Variable Rate Demand Bonds remain outstanding, the Authority shall not apply any moneys in the Consolidated Bond Reserve Fund (except for payment of debt service becoming due on General and Refunding Bonds, Consolidated Bonds or Variable Rate Demand Bonds or as otherwise required by operation of law) in cumulative amounts exceeding Five Hundred Million Dollars (\$500,000,000) in any period of two (2) consecutive calendar years (or such other amount over such other period as the Committee on Finance may specify prior to the issuance and sale of the Variable Rate Demand Bonds), unless the Authority shall first certify that such application will not, based on an estimate by the Chief Financial Officer; Director, Finance Department; Comptroller; Deputy Comptroller; Assistant Director, Finance Department; Treasurer or Assistant Treasurer of the Authority, of revenues, operating expenses, debt service, reserves and capital expenditures (a copy of which certification and estimate shall be filed with the Trustee and the Liquidity Facility), materially impair the sound credit standing of the Authority 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 Variable Rate Demand Bonds.

ARTICLE VI

MISCELLANEOUS

SECTION 6.01. *Contract.* The provisions of this Resolution shall constitute a contract with the registered holders of the Variable Rate Demand Bonds issued pursuant to this Resolution, and with each such registered holder.

SECTION 6.02. *Amendments.* The Authority may modify or amend this Resolution or any agreement authorized by this Resolution at any time by a supplemental resolution or agreement, as applicable, without notice to or the consent of any registered holder of the Variable Rate Demand Bonds, but only in regard to such provisions as shall not materially and adversely affect the interests of such registered holders of the Variable Rate Demand Bonds then outstanding.

SECTION 6.03. *Liability.* No Commissioner, Authorized Officer, officer, agent, representative or employee of the Authority shall be held personally liable to any purchaser or registered holder of any of the Variable

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Rate Demand Bonds under or upon such Variable Rate Demand Bonds, or under or upon this Resolution or any resolution hereafter adopted relating to the Variable Rate Demand Bonds, or because of the issuance or attempted issuance of any of the Variable Rate Demand Bonds, or because of any act or omission in connection with the construction, acquisition, effectuation, operation or maintenance of any facility of the Authority, or because of any act or omission in connection with the investment or management of the revenues, funds or moneys of the Authority, or otherwise in connection with the management of its affairs, excepting solely for things wilfully done with an intent to defraud or wilfully omitted to be done with an intent to defraud.

SECTION 6.04. *Investment of Proceeds.* The moneys derived from the sale of Variable Rate Demand Bonds shall from time to time be deposited in such depositories as the Authority may designate or invested in obligations of (or fully guaranteed by) the United States; *provided, however*, that such obligations shall mature not later than the date upon which the Authority intends to apply the proceeds so invested for the purposes for which such Variable Rate Demand Bonds were issued. No part of the proceeds of any of the Variable Rate Demand Bonds shall be invested directly or indirectly in such manner as to cause the interest on such Variable Rate Demand Bonds to be subject to Federal income taxes under the Code, whether under Section 103 or otherwise, or the Regulations.

SECTION 6.05. *Certifications.* The Committee on Finance or any Authorized Officer of the Authority is, and they each are, hereby authorized in connection with the Variable Rate Demand Bonds to take any action which may be necessary or desirable to assure that such Variable Rate Demand Bonds are in conformity with the provisions of the Code and the Regulations, and any such actions taken in connection therewith are hereby ratified. Any Authorized Officer of the Authority is hereby authorized to certify on behalf of the Authority as to the need for the issuance of the Variable Rate Demand Bonds for the purposes for which such Variable Rate Demand Bonds are issued, as to the status of the projects for which the proceeds of said bonds 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 this Resolution or the Committee on Finance.

SECTION 6.06. *Determinations.* Whenever in this Resolution it is provided that any selection, designation, determination or estimate shall or may be made by an individual duly authorized by this Resolution, or that any action may be taken or withheld by such individual or that any action shall or may be taken or withheld at the option of or dependent upon the opinion, discretion or judgment of such individual, then such individual's selection, designation, determination, estimate, action, option, opinion, discretion or judgment so expressed shall be conclusive for the purposes of this Resolution, whether required to be made, taken or withheld as a condition precedent to the issuance of any of the Variable Rate Demand Bonds or for the purpose of determining if all conditions precedent to the issuance of any such bond exist, or otherwise as in the opinion of such individual will best serve the public interest, the Authority hereby adopting such selection, designation, determination, estimate, action, option, opinion, discretion or judgment so expressed as its own.

SECTION 6.07. *Titles.* Titles to the Articles and Sections of this Resolution are solely for convenience, and are not an aid in the interpretation of this Resolution or any part thereof.

(Board - 11/14/85)

Consolidated Bonds, Fifty-fifth Series and Fifty-sixth Series - Report

It was reported that gross capital expenditures were expected to total more than \$3 billion over the next several years. Under present circumstances it is desirable for the Authority to continue its practice of financing a portion of its capital expenditures through a combination of long-, intermediate- and short-term obligations.

Authorization is being sought at this time for the issuance of up to \$200 million in aggregate principal amount of each of two series of Consolidated Bonds which, when combined with other existing or pending authorizations, would permit capital funds to be obtained from time to time upon the most favorable terms to the Authority. Prior to the sale of any of the foregoing obligations, the Authority would take any necessary or appropriate actions, as provided for in the Internal Revenue Code of 1954, as amended.

It was recommended that the Board establish Consolidated Bonds, Fifty-fifth Series, Due 2021, and Consolidated Bonds, Fifty-sixth Series, Due 2021, and that the Board authorize the issuance of up to \$200 million in aggregate principal amount of each such Series of Bonds. It was further recommended that the Committee on Finance be authorized to sell and to deliver all or any part of each such Series of Bonds at such time or times on or before December 31, 1986, as it deems propitious, in one or more installments at public or private sale, bearing interest at a rate or rates including fixed or variable rates 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 15% per annum.

The proceeds of each of such Series of Bonds 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 1954, as amended, and the regulations promulgated thereunder, the Committee on Finance may authorize all or any portion of the unspent proceeds of each such Series of Bonds 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 each of such Series of Bonds; (b) for the purpose of refunding, at or before maturity, all or any

part of any issue of Consolidated Notes issued and outstanding at the time of the sale of any installment of each of such Series of Bonds; 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.

It was also recommended that the Board authorize the Committee on Finance to designate and appoint one or more Paying Agents, a Registrar and a Trustee in connection with each of such Series of Bonds, as appropriate.

It was further recommended that the Board provide that no part of the proceeds of each of such Series of Bonds shall be invested directly or indirectly in such a manner as to cause the interest on each of such Series of Bonds to be subject to Federal income taxes under Section 103 of the Internal Revenue Code of 1954, as amended, and the regulations promulgated thereunder.

It was recommended that certification on behalf of the Authority as to the need for the issuance of each of such Series of Bonds, as to the status of the projects for which the proceeds of said Bonds 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; the Vice Chairman of the Authority; the Chairman of the Committee on Finance; the Executive Director; Assistant Executive Director; Chief Financial Officer; Director, Finance Department; Comptroller; Deputy Comptroller; Assistant Director, Finance Department; Treasurer or Assistant Treasurer of the Authority, and any action which may be necessary or desirable in connection with said Bonds to assure such Bonds are in conformity with the provisions of the Internal Revenue Code of 1954, as amended, and the regulations promulgated thereunder, may be taken by any one of the foregoing and that any such actions taken in connection therewith be ratified.

The Bonds of the Fifty-fifth and Fifty-sixth Series would be dated as of April 1, 1986 and October 1, 1986, respectively, mature April 1, 2021 and October 1, 2021, respectively, and bear interest at a rate or rates including fixed or variable rates or a combination thereof or without a stated rate of interest, to be fixed by the Committee on Finance not in excess of 15% per annum, shall be sold at a price resulting in a net interest cost to the Authority for each such Series of Bonds not in excess of 15% 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 1996 for each such Series of Bonds 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 1996 for each such Series of Bonds, at prices beginning at 103% and descending to 100%.

The Bonds would be issued in registered form, registered as to both principal and interest and not as to either alone. The Bonds would be issued in denominations of \$5,000 or integral multiples of \$5,000.

It was recommended that the Committee on Finance of the Authority be authorized (i) prior to the issuance of the first installment of the Bonds of each Series, to change the date as of which the Bonds of such series shall be dated to any date on or before December 31, 1986, and, if the date as of which the Bonds of such Series shall be dated is so changed and the Bonds bear a stated rate or rates of interest, the Committee would change by the same number of days the respective dates on which interest on the Bonds of such Series would be payable; (ii) prior to the issuance of any installment of the Bonds of each Series, to change the date at which any of the Bonds of that installment would mature; provided, that said date or dates would not be more than thirty-five years from the date as of which the Bonds of such Series are dated; (iii) prior to the issuance of the first installment of the Bonds of each Series, to adjust or change the respective dates in connection with the redemption, retirement, call and sinking fund provisions of the Bonds of such Series; (iv) prior to the issuance of the first installment of the Bonds of each Series, to adjust or change the respective dates and cumulative percentages of total principal amount provided in the schedule of mandatory sinking fund redemption to retire the entire Series at or prior to maturity or to rescind in its entirety the establishment of the mandatory sinking fund redemption schedule and provisions as to the Bonds of such Series; (v) prior to the issuance of the first installment of the Bonds of each Series, to reduce the percentages of face value relating to the optional call provisions for the Bonds of such Series; (vi) prior to the issuance of the first installment of the Bonds of each Series, to provide for the Bonds of each Series to be issued in book-entry form without certificates and to be separately registrable as to principal and interest to any one or more holders; and (vii) prior to the issuance of any installment of the Bonds of each Series, consistent with the foregoing, to change or adjust the provisions of the Bonds of such installment thereof to permit the issuance of such Bonds or installments with a fixed or variable interest rate or rates or a combination thereof.

(Board - 11/14/85)

Consolidated Bonds, Fifty-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 the "Fifty-fifth Series, Due 2021," 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 the Fifty-fifth Series, Due 2021, 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 as the Authority may hereafter determine.

The bonds of this Series shall be dated as of April 1, 1986, shall mature on April 1, 2021, and shall bear a stated rate or rates of interest including fixed or variable rates or a combination thereof, from the semi-annual interest payment date next preceding their date of issue, or if such date of issue shall be an interest payment date, from such date of issue, not exceeding fifteen per centum (15%) 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 including fixed or variable rates or a combination thereof, if any, 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 October 1, 1986, and thereafter on each succeeding April 1 and October 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 and interest on the coupon bonds of this Series, if any, shall be payable 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.

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 1954, as amended (hereinafter called the "Code"), or the regulations promulgated thereunder, which does not provide that, for the

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interest on the bonds of this Series to be considered exempt from Federal income taxes under Section 103 of the Code, 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 shall and it is hereby authorized to adopt an appropriate form of coupon bond issuable only in the denomination of \$5,000.

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 unexpired 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, 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 regulations promulgated thereunder which provides that for the interest on the bonds of this Series to be considered exempt from Federal income taxes under Section 103 of the Code 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 April 1, 1996, and prior to maturity, as follows:

At one hundred three per centum (103%) of their face value, plus accrued interest to the date fixed for redemption, at April 1, 1996, and thereafter and at or prior to April 1, 1998; at one hundred two per centum (102%) of their face value, plus accrued interest to the date fixed for redemption, thereafter and at or prior to April 1, 2001; 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 April 1, 2004; 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 October 1, 2020.

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).

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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 City of New York, State of New York, and also in a daily newspaper of general circulation in one or more of the following cities: the City of Boston, Commonwealth of Massachusetts; the City of Philadelphia, Commonwealth of Pennsylvania; the City of Chicago, State of Illinois; and the City of San Francisco, State of California. 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.

Before the date fixed for redemption specified in such notice, 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, 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 bonds 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 bonds 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.

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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-fifth Series, Due 2021, Sinking Fund." The amount required to be paid into said Sinking Fund for each year shall be the difference at October 1 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, 1996, 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, 1996, and thereafter and at or prior to October 1, 2020.

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

<u>Year</u>	<u>Cumulative Percentage of Total Principal Amount</u>	<u>Year</u>	<u>Cumulative Percentage of Total Principal Amount</u>
1996	0.5	2009	25.0
1997	1.0	2010	30.0
1998	1.5	2011	35.0
1999	2.0	2012	41.0
2000	3.0	2013	47.0
2001	4.0	2014	53.0
2002	5.5	2015	59.0
2003	7.0	2016	65.0
2004	9.0	2017	72.0
2005	11.0	2018	79.0
2006	14.0	2019	86.0
2007	17.0	2020	93.0
2008	21.0	2021	100.0

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

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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

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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; Director, Finance Department; Comptroller; Deputy Comptroller; Assistant Director, Finance Department; 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-FIFTH SERIES, DUE 2021**

No. C(55)-

Maturity Date: April 1, 2021 Interest Rate:% Per Annum Dated: April 1, 1986 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, 2021, 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 October 1, 1986, and thereafter on each succeeding April 1 and October 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 November 14, 1985, 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, 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.

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This bond may be redeemed at October 1 of any year prior to maturity beginning with 1996 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, 1996, and thereafter and at or prior to October 1, 2020.

This bond may at the option of the Authority be redeemed for any other purpose at any interest payment date at or subsequent to April 1, 1996, as follows:

At one hundred three per centum (103%) of its face value, plus accrued interest to the date fixed for redemption, at April 1, 1996, and thereafter and at or prior to April 1, 1998; at one hundred two per centum (102%) of its face value, plus accrued interest to the date fixed for redemption, thereafter and at or prior to April 1, 2001; 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 April 1, 2004; 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, 2020.

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 City of New York, State of New York, and also in a daily newspaper of general circulation in one or more of the following cities: the City of Boston, Commonwealth of Massachusetts; the City of Philadelphia, Commonwealth of Pennsylvania; the City of Chicago, State of Illinois; and the City of San Francisco, State of California. 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 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

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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 April, 1986.

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)

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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

[Empty rectangular box for identifying number]

(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.

(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 the bonds shall have been actually issued, the bonds may nevertheless be issued as though the person who signed such bonds of this Series 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, 1986, 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 the first 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 of the bonds of this Series; (iv) prior to the issuance of the first 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 to retire the entire Series at or prior to maturity or to rescind in its entirety the establishment of the mandatory sinking fund redemption schedule and provisions as to the bonds of this Series; (v) prior to the issuance of the first installment of the bonds of this Series, to reduce the percentages of face value relating to the optional call provisions for the bonds of this Series; (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 in book-entry form without certificates and to be separately registrable as to principal and interest to any one or more holders; (vii) prior to the issuance of any installment of the bonds of this Series, consistent with the foregoing,

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to change or adjust the provisions of the bonds of such installment thereof to permit the issuance of such bonds or installments with a fixed or variable interest rate or rates or a combination thereof; and (viii) 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 any 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.

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Consolidated Bonds, Fifty-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 14th day of November, 1985, the Authority adopted a resolution establishing a series of said Consolidated Bonds to be known as the "Fifty-fifth Series, Due 2021" (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 Consolidated Bonds of the Authority of the Fifty-fifth Series, Due 2021, 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 Fifty-fifth Series.

SECTION 3. The bonds of this Series shall be numbered upward from C(55)-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; Director, Finance Department; Comptroller; Deputy Comptroller; Assistant Director, Finance Department; 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 1954, as amended, and the regulations promulgated thereunder, 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, at or before maturity, all or any part of any issue of 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

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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.

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Consolidated Bonds, Fifty-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, constituting the Fifty-fifth Series, Due 2021 (hereinafter called the "bonds of this Series"), at a price which will result in a net interest cost to the Authority not in excess of fifteen per centum (15%) 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, 1986, and to apply the proceeds of such sale or sales as provided in the resolution authorizing the issuance of said bonds of this Series.

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, 1986, 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; to fix the time or times and determine the terms and conditions of delivery of said 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 said bonds of this Series; 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 purchaser or purchasers 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 103 of the Internal Revenue Code of 1954, as amended, and the regulations promulgated thereunder.

SECTION 6. The Committee or any member thereof; the Chairman of the Authority; Vice Chairman of the Authority; Executive Director; Assistant Executive Director; Chief Financial Officer; Director, Finance Department; Comptroller; Deputy Comptroller; Assistant Director, Finance Department; Treasurer or Assistant 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 the Internal Revenue Code of 1954, as amended, and the regulations promulgated thereunder, 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; Director, Finance Department; Comptroller; Deputy Comptroller; Assistant Director, Finance Department;

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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.

Consolidated Bonds, Fifty-sixth 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 the "Fifty-sixth Series, Due 2021," 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 the Fifty-sixth Series, Due 2021, 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 as the Authority may hereafter determine.

The bonds of this Series shall be dated as of October 1, 1986, shall mature on October 1, 2021, and shall bear a stated rate or rates of interest including fixed or variable rates or a combination thereof, from the semi-annual interest payment date next preceding their date of issue, or if such date of issue shall be an interest payment date, from such date of issue, not exceeding fifteen per centum (15%) 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 including fixed or variable rates or a combination thereof, if any, 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, 1987, 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 and interest on the coupon bonds of this Series, if any, shall be payable 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.

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 1954, as amended (hereinafter called the "Code"), or the regulations promulgated thereunder, which does not provide that, for the

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interest on the bonds of this Series to be considered exempt from Federal income taxes under Section 103 of the Code, 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 shall and it is hereby authorized to adopt an appropriate form of coupon bond issuable only in the denomination of \$5,000.

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, 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 regulations promulgated thereunder which provides that for the interest on the bonds of this Series to be considered exempt from Federal income taxes under Section 103 of the Code 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, 1996, and prior to maturity, as follows:

At one hundred three per centum (103%) of their face value, plus accrued interest to the date fixed for redemption, at October 1, 1996, and thereafter and at or prior to October 1, 1998; at one hundred two per centum (102%) of their face value, plus accrued interest to the date fixed for redemption, thereafter and at or prior to October 1, 2001; 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, 2004; 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, 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).

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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 City of New York, State of New York, and also in a daily newspaper of general circulation in one or more of the following cities: the City of Boston, Commonwealth of Massachusetts; the City of Philadelphia, Commonwealth of Pennsylvania; the City of Chicago, State of Illinois; and the City of San Francisco, State of California. 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.

Before the date fixed for redemption specified in such notice, 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, 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 bonds 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 bonds 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-sixth Series, Due 2021, 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 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, 1996, 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, 1996, and thereafter and at or prior to October 1, 2020.

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

<u>Year</u>	<u>Cumulative Percentage of Total Principal Amount</u>	<u>Year</u>	<u>Cumulative Percentage of Total Principal Amount</u>
1996	0.5	2009	25.0
1997	1.0	2010	30.0
1998	1.5	2011	35.0
1999	2.0	2012	41.0
2000	3.0	2013	47.0
2001	4.0	2014	53.0
2002	5.5	2015	59.0
2003	7.0	2016	65.0
2004	9.0	2017	72.0
2005	11.0	2018	79.0
2006	14.0	2019	86.0
2007	17.0	2020	93.0
2008	21.0	2021	100.0

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

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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; Director, Finance Department; Comptroller; Deputy Comptroller; Assistant Director, Finance Department; 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.

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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-SIXTH SERIES, DUE 2021

No. C(56)-

Maturity Date: October 1, 2021 Interest Rate:% Per Annum Dated: October 1, 1986 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, 2021, 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, 1987, 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 November 14, 1985, 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, 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 April 1 of any year prior to maturity beginning with 1997 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 April 1, 1997, and thereafter and at or prior to April 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, 1996, as follows:

At one hundred three per centum (103%) of its face value, plus accrued interest to the date fixed for redemption, at October 1, 1996, and thereafter and at or prior to October 1, 1998; at one hundred two per centum (102%) of its face value, plus accrued interest to the date fixed for redemption, thereafter and at or prior to October 1, 2001; 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, 2004; 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, 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 City of New York, State of New York, and also in a daily newspaper of general circulation in one or more of the following cities: the City of Boston, Commonwealth of Massachusetts; the City of Philadelphia, Commonwealth of Pennsylvania; the City of Chicago, State of Illinois; and the City of San Francisco, State of California. 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 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

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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, 1986.

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)

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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

[Empty box for identifying number]

(Please Print or Type Name and Address of Assignee)

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

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

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.

(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 the bonds shall have been actually issued, the bonds may nevertheless be issued as though the person who signed such bonds of this Series 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, 1986, 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 the first 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 of the bonds of this Series; (iv) prior to the issuance of the first 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 to retire the entire Series at or prior to maturity or to rescind in its entirety the establishment of the mandatory sinking fund redemption schedule and provisions as to the bonds of this Series; (v) prior to the issuance of the first installment of the bonds of this Series, to reduce the percentages of face value relating to the optional call provisions for the bonds of this Series; (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 in book-entry form without certificates and to be separately registrable as to principal and interest to any one or more holders; (vii) prior to the issuance of any installment of the bonds of this Series, consistent with the foregoing.

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to change or adjust the provisions of the bonds of such installment thereof to permit the issuance of such bonds or installments with a fixed or variable interest rate or rates or a combination thereof; and (viii) 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 any 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.

(Board - 11/14/85)

Consolidated Bonds, Fifty-sixth 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 14th day of November, 1985, the Authority adopted a resolution establishing a series of said Consolidated Bonds to be known as the "Fifty-sixth Series, Due 2021" (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 Consolidated Bonds of the Authority of the Fifty-sixth Series, Due 2021, 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 Fifty-sixth Series.

SECTION 3. The bonds of this Series shall be numbered upward from C(56)-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; Director, Finance Department; Comptroller; Deputy Comptroller; Assistant Director, Finance Department; 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 1954, as amended, and the regulations promulgated thereunder, 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, at or before maturity, all or any part of any issue of 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.

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Consolidated Bonds, Fifty-sixth 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, constituting the Fifty-sixth Series, Due 2021 (hereinafter called the "bonds of this Series"), at a price which will result in a net interest cost to the Authority not in excess of fifteen per centum (15%) 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, 1986, and to apply the proceeds of such sale or sales as provided in the resolution authorizing the issuance of said bonds of this Series.

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, 1986, 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; to fix the time or times and determine the terms and conditions of delivery of said 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 said bonds of this Series; 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 purchaser or purchasers 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 103 of the Internal Revenue Code of 1954, as amended, and the regulations promulgated thereunder.

SECTION 6. The Committee or any member thereof; the Chairman of the Authority; Vice Chairman of the Authority; Executive Director; Assistant Executive Director; Chief Financial Officer; Director, Finance Department; Comptroller; Deputy Comptroller; Assistant Director, Finance Department; Treasurer or Assistant 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 the Internal Revenue Code of 1954, as amended, and the regulations promulgated thereunder, 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; Director, Finance Department; Comptroller; Deputy Comptroller; Assistant Director, Finance Department;

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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.

Appointment of Comptroller

Chairman Kaltenbacher then announced the appointment of Francis A. Gorman as Comptroller.

Whereupon, the meeting was adjourned.

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Thursday, December 12, 1985

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THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

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

PRESENT:

NEW JERSEY

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

NEW YORK

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

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, Acting Director of Tunnels, Bridges and Terminals
 Sidney Frigand, Assistant Executive Director/Director of Public Affairs
 Louis J. Gambaccini, Assistant Executive Director/Trans-Hudson Transportation
 Francis A. Gorman, Comptroller
 Charles L. Hirsch, Executive Assistant to the Executive Director
 Leon Katz, Supervising Information Officer, Public Affairs Department
 Richard R. Kelly, Acting Director of Rail Transportation
 James J. Kirk, Port Director
 Louis J. LaCapra, Assistant Director of Personnel
 Philip LaRocco, Director of Economic Development
 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
 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, Assistant Executive Director/Capital Programs
 Barry Weintrob, Director, Finance Department/Acting Chief Financial Officer
 Marvin Weiss, Director, Office of Minority Business Development
 Marshal L. Wilcox, Jr., Treasurer
 Robert N. Williams, Deputy Director of General Services

The meeting was called to order by the Chairman.

(Board - 12/12/85)

Memorial to Joseph R. Crowley

The Chairman addressed the Board upon the death of Joseph R. Crowley, Esq., Chairman of the Port Authority Employment Relations Panel. The following Minute was unanimously adopted by a rising vote.

The Commissioners of The Port Authority of New York and New Jersey note with sadness the untimely death, on December 3, 1985, of Joseph R. Crowley, Esq., Chairman of the Port Authority Employment Relations Panel. Chairman Crowley had served with great distinction as the New York Member of the Panel since February 11, 1982 and, as the Panel's Chairman since May 12, 1983.

Chairman Crowley was a nationally recognized authority in the field of public sector labor law. At the time of his death, he was Associate Dean and Cameron Professor of Law at the Fordham University School of Law. He was a founding member of the New York State Public Employment Relations Board, which he served from 1967 to 1978, and which was responsible for implementing, interpreting and administering New York's Taylor Law.

In addition, Chairman Crowley's public service included consulting for the United States Department of Labor, Division of Public Employee Relations, from 1972 to 1981, and for the New York City Office of Collective Bargaining in 1980 and 1981. He was a member of the arbitration panels of the American Arbitration Association, New York State Public Employee Relations Board, and New York City Office of Collective Bargaining.

Chairman Crowley's integrity, impartiality and good humor, together with his broad experience and scholarship helped maintain a high degree of respect for the Employment Relations Panel, lent credibility to its decisions, and ensured that the policies adopted by the Board in its Labor Relations Instruction were fairly, vigorously and successfully implemented.

The Commissioners of the Port Authority now, therefore, express their personal and official regret at the passing of Chairman Joseph R. Crowley, Esq., and direct that this tribute shall be spread in full upon the proceedings of the Board and that suitably engrossed copies be sent to his family.

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of November 14, 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 December 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 December 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 December 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 December 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 - 12/12/85)

1986 Budget - January 1 through January 31, 1986

It was reported that in connection with the items constituting the proposed 1986 Budget being considered by the Board, preliminary budget materials have been sent to the Governors' staffs for review. Neither of the States have completed that review, which may result in the 1986 Budget not being ready for adoption before the January 9, 1986 meeting of the Board. In that event, it is 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 through January 31, 1986.

It was reported that the Board confirm that the Executive Director is authorized through January 31, 1986 to make expenditures in an amount not to exceed \$200 million 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.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that it is hereby confirmed that the Executive Director is authorized through January 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 - 12/12/85)

Engineering Department - Retention of Professional Services on an As-Needed Basis for the 1986 Calendar Year - Aviation Department - Retention of Professional Services on an As-Needed Basis for the 1986 and 1987 Calendar Years

It was reported that since 1977 the workload necessary for the Engineering Department to accomplish the capital and expense programs of the Port Authority and PATH has steadily increased and surpassed its available permanent staffing. Work requirements have been met by a combination of the use of professional and advisory service firms, temporary help (job shop) and technical service firms, overtime, vacation deferral and rescheduling of non-critical work when possible. A review of the planned workload for 1986 has indicated an overdemand, estimated at more than \$43.6 million, prior to budgetary adjustment, which cannot be handled by existing permanent staff. In addition to hiring additional permanent staff in order to meet this workload, the retention of professional services on an as-needed basis provides the required flexibility for responding to this overdemand. During the last five years, the approximate total commitments for outside professional services retained by the Engineering Department has been:

Year	Professional and Advisory Services Retained under the Blanket Authorization	Professional and Advisory Services Retained under Separate Authorizations	Temporary Help Services Retained	Technical Services Retained	Total
1981	\$ - 0 -	\$1,259,000	\$ 720,000	\$ 391,000	\$ 2,370,000
1982	920,000	184,000	1,905,000	332,000	3,341,000
1983	3,440,000	1,230,000	2,400,000	425,000	7,495,000
1984	12,842,000(Est.)	10,257,000	3,423,000	1,656,000(Est.)	28,178,000
1985	15,400,000(Est.)	2,094,000	2,900,000	1,257,000	21,651,000

For 1986, staff recommends that the Chief Engineer be authorized to enter into agreements for the performance of architectural and engineering and related services on an as-needed basis, from a group of approximately fifteen of the most qualified professional and advisory service firms in each functional area in which forecasted work cannot be handled by in-house staff. The services these firms will provide include: undertaking studies, performing professional inspections, preparing renderings, providing advice and opinions, teaching technical seminars, managing projects, developing recommendations, preparing contract documents and performing post-award contract work. The agreements will contain provisions for making a good faith effort to attain goals of 10% participation by Minority Business Enterprises and 1% participation by Women Business Enterprises and some projects will also be set aside for Minority Business Enterprises.

As was done since 1983, initial lists of all potential professional service and advisory firms for each required functional area will be developed using broad basic criteria. Approximately fifteen of the most qualified firms in each functional area will then be selected from the initial lists on the basis of evaluation by a Review Board appointed by the Chief Engineer which will consist of at least three Engineering Department staff members. Requests for Proposals (RFPs) using these lists will commence after January 1, 1986.

(Board - 12/12/85)

When a project is identified which cannot be handled by in-house staff, the Chief Engineer will determine the method to be utilized for selection of firms to be sent RFPs with the goal that by year end all firms on each functional list will have been given an equal opportunity to submit proposals. Firms to be sent RFPs are generally selected on a rotational basis. A Selection Board will be appointed by the Chief Engineer consisting of at least one Line Department and two Engineering Department staff members who will review and evaluate the proposals received. The proposals will be evaluated on their merit using criteria such as quality of staff to be assigned, project start and completion dates, experience specifically related to the particular project or functional workload, manpower analysis, technical approach and price. The most favorable proposal will then be recommended to the Chief Engineer who will make the final selection. Exceptions to this method occur only if one or more firms have a particular expertise in a functional area whereby only those firm(s) will be sent RFPs or if an emergency situation mandates an immediate commencement of services, in which case the Chief Engineer will enter into an agreement with the firm he deems most qualified and to be in the best interest of the Port Authority or PATH. In addition, for lesser size jobs, firms on each functional list will be sent RFPs and undergo the aforementioned process in order to identify the most appropriate firm(s) to perform these jobs on a "call in" basis. All services performed under this Professional and Advisory Service Firm Program will be monitored and managed by staff for adherence to cost, schedule and quality of work. Payments under any one agreement will not exceed \$500,000.

Because of the dynamic nature of engineering and architectural work, the Chief Engineer will have the flexibility to amend the agreements for specific projects, such amendments not to exceed \$100,000 per agreement and the total amount of each agreement, as amended, will not exceed \$500,000. Based upon previous experience with regard to projects forecasted and actually starting in a given year, it is anticipated that during 1986 the total expenditures for all architectural and engineering and related services initiated under this program will be approximately \$18.5 million.

The second portion of this request for authority deals with the retention of various technical service firms to furnish professional and technical personnel to supplement permanent staff on an as-needed basis during 1986 and to provide various inspection, testing and survey services at an aggregate cost presently estimated at \$1.5 million. During 1985, the Materials and Construction Divisions of the Engineering Department were the only users of technical service firms for outside inspection, testing and surveying work. As has been done for the last few years, the Chief Engineer will order work from technical service firms which are known to have the required qualifications and capabilities. Payments to any one technical service firm, per project, will not exceed \$250,000 for providing professional and technical personnel and for providing various inspection, testing and survey services. This represents an increase in authorization over the \$250,000 limit per firm in last year's authorization, which is required because of the large planned workload for 1986. The selection of technical service firms will again be on the basis of capability, price and availability.

(Board - 12/12/85)

The third portion of this request for authority deals with the retention of temporary help firms to provide professional and technical personnel for the Engineering Department and various other departments which experience workloads in excess of their available permanent staffing. During 1985, the Board authorized \$6.8 million to satisfy these temporary help needs for which it is forecasted that \$5.83 million will be utilized as follows: Engineering Department (\$2.89 million); Aviation Department (\$1.0 million); Economic Development Department (\$300,000); General Services Department (\$200,000); Port Department (\$200,000); Rail Transportation Department (\$650,000); Tunnels, Bridges and Terminals Department (\$140,000); and the World Trade Department (\$450,000). In general, the types of personnel that would be made available from these temporary help firms are: architects, engineers, designers and draftsmen. In the majority of cases these firms furnish people who work in-house and are directly supervised by permanent staff. For 1986, the aforementioned departments along with the Public Safety Department have indicated that they will experience workloads in excess of their available permanent staffing. It is requested that \$9.79 million be provided in the 1986 authorization to hire temporary help to satisfy these needs as follows: Engineering Department (\$4.1 million); Aviation Department (\$1.5 million); Economic Development Department (\$500,000); General Services Department (\$300,000); Port Department (\$340,000); Public Safety Department (\$200,000); Rail Transportation Department (\$1.1 million); Tunnels, Bridges and Terminals Department (\$750,000); the World Trade Department (\$600,000); and, an additional \$400,000 to be used as a contingency against an overrun or for other departments.

As occurred last year, the temporary help personnel used by departments other than the Engineering Department will be predominantly for planning and construction inspection work and will not include personnel for design work. It is again anticipated that a larger variety of professional and technical temporary help will be hired in the upcoming year.

It was further reported that at its meeting on August 9, 1984, the Board authorized the Director of Aviation to retain various professional firms to undertake planning and research studies at a maximum expenditure of \$250,000 for each study and at an aggregate expenditure estimated at \$2.5 million for the remainder of 1984 and all of 1985. Through 1985 approximately \$600,000 will have been expended under this authorization. The reasons for the underrun are that certain studies that were originally planned to be performed by consultants, were performed instead by Port Authority staff, other studies were postponed or cancelled and some studies, originally planned to be funded by the Port Authority, were funded by outside sources.

The Aviation Department is developing major initiatives for its 1986-1990 capital plan. There is also a need to perform studies which do not relate directly to the capital plan but are needed to attain maximum utilization and to assure a high level of service to the public, tenants and other users of the airports.

The staffing required to accomplish these planning and research activities greatly exceeds the currently authorized staff of the Aviation Department. The relatively short-term duration of these intense planning and research efforts makes it more practical to retain professional services on an as-needed basis rather than hiring a significant number of permanent staff to handle this peak workload.

(Board - 12/12/85)

As provided in the previous Board authorization, the Director of Aviation would develop a representative list of qualified firms and solicit proposals from an appropriate number of them for each assignment. Qualified Minority/Women-owned firms will be included in the solicitations and the successful firm will be required to make a good-faith effort to use Minority/Women-owned firms for subconsultant work and other services, where appropriate. A review board, including representatives from the Aviation Department and other departments, as appropriate, would evaluate all proposals based on predefined criteria and recommend award.

The Director of Aviation would make the final determination and enter into an agreement with the selected firm, at a maximum compensation not to exceed \$250,000 for any one study. In the event the expenditure for a particular study is expected to exceed \$250,000, separate authorization will be requested.

It was therefore recommended that the Board authorize:

1. the Chief Engineer to:

- a. retain various professional and advisory service firms on an as-needed basis for architectural and engineering and related work for various Port Authority and PATH projects initiated during 1986 at an aggregate amount presently estimated at \$18.5 million;
- b. retain various technical service firms to furnish professional and technical personnel for the Engineering Department on an as-needed basis for the 1986 calendar year, at an aggregate amount presently estimated at \$1.5 million; and
- c. retain various temporary help firms to furnish professional and technical personnel on an as-needed basis for the 1986 calendar year at an aggregate amount presently estimated at \$9.79 million;

2. an extension of the existing program which authorizes the Director of Aviation to retain various professional firms to undertake studies to assist staff in preparing conceptual and functional drawings and outline specifications for airport projects included in the planned five-year capital program and to perform other necessary planning and research studies, at a maximum expenditure of \$250,000 for each study and at an aggregate expenditure not to exceed \$3.0 million during 1986 and 1987.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Chief Engineer to: (a) retain various professional and advisory service firms on an as-needed basis for architectural and engineering and related work for various Port Authority and PATH projects initiated during 1986 at an aggregate amount presently estimated at \$18.5 million; (b) retain various technical service firms to furnish professional and technical personnel for the Engineering Department on an as-needed basis for the 1986 calendar year, at an aggregate amount presently estimated at \$1.5 million and (c) retain various temporary help firms to furnish professional and technical personnel on an as-needed basis for the 1986 calendar year at an aggregate amount presently estimated at \$9.79 million; and it is further

RESOLVED, that the Board authorizes an extension of the existing program which authorizes the Director of Aviation to retain various professional firms to undertake studies to assist staff in preparing conceptual and functional drawings and outline specifications for airport projects included in the planned five-year capital program and to perform other necessary planning and research studies, at a maximum expenditure of \$250,000 for each study and at an aggregate expenditure not to exceed \$3.0 million during 1986 and 1987; and it is further

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

(Board - 12/12/85)

Downtown Manhattan Heliport (Wall Street) - Increase in Project Authorization - Authorization to Increase Extra Work Allowance for Contract DMH-110.004 - Downtown Manhattan Heliport Pier Reconstruction - Authorization to Enter Into Supplemental Agreement No. 1 to Contract DMH-110.004 for Structural Steel - Authorization to Award Contract DMH-110.006 - Downtown Manhattan Heliport Terminal Building - Authorization to Purchase and Install Barges for Helicopter Parking

It was reported that the Board, at its meeting on October 13, 1983, authorized the Executive Director to enter into an agreement of lease with The City of New York covering the letting of a site (the "Downtown Manhattan Heliport") consisting of approximately 7.5 acres, the term of the lease to commence upon the surrender by the Port Authority of its existing lease covering the Downtown Manhattan Heliport. The Board further authorized the implementation of a project covering the rehabilitation of existing Pier 6, new piling, fencing, paving, lighting, a new terminal building, office areas and related facilities, all at a budget estimate of \$5.9 million for construction.

Subsequently, the Committee on Construction, at its meeting on August 9, 1984, authorized the award of Contract DMH-110.003 for the demolition of the then existing Pier 6; and the Board, at its meeting on March 14, 1985, authorized the Executive Director to award Contract DMH-110.004 for the reconstruction of the pier. Demolition was completed, and work is currently in progress under Contract DMH-110.004.

The license with the Battery Park City Authority for The World Trade Center/Battery Park City Heliport expires on April 1, 1986. The Battery Park City Authority has indicated that continued operation of the Heliport at that location could be granted on a month-to-month basis after that date. In order to complete work on the new Downtown Manhattan Heliport before the Port Authority is required to vacate the Battery Park City Heliport facility, it is necessary to expedite the construction of foundations for the new terminal building under Contract DMH-110.004 by performing work under "winter conditions" and it is deemed advisable to advance the erection of the structural steel for the new terminal building by awarding the work as a Supplemental Agreement to J.E. Brennerman and Company, DMH-110.004 contractor. In the event a proposal for the supplemental work in a reasonable amount is not received from J.E. Brennerman and Company, the work will be included in Contract DMH-110.006.

The proposed increase in the extra work allowance under Contract DMH-110.004 provides for revisions to the terminal building foundations and utilities, and for premium costs for performing work under "winter conditions", which was not anticipated in the original contract. Should the new terminal building not be completed before the Battery Park City location must be vacated, operations can be commenced at the Downtown Manhattan Heliport using trailers as a temporary terminal facility.

Authorization is also requested for the Executive Director to award Contract DMH-110.006, which provides for the construction of a new terminal building for the Downtown Manhattan Heliport. The building will contain space for helicopter passenger ticketing, a passenger lounge and waiting area, space for air courier operations, the Port Authority helicopter operations center and additional tenant rentable space. Contract DMH-110.006 was publicly advertised on November 25, 1985 and bids are scheduled to be received on December 17, 1985. In order to meet the targeted completion date of September 1, 1986, it will be necessary to award Contract DMH-110.006 by the first week in January 1986.

(Board - 12/12/85)

Authorization is also requested for the Executive Director to negotiate and enter into contract or contracts for the purchase and installation of one or more barges, to be moored on the north side of the pier, to provide approximately sixteen helicopter parking positions. This delegation of authority is sought in order to enable the Port Authority to take advantage of potentially significant savings, since used barges, in particular, seldom remain available for purchase for any length of time. As a result they are difficult to obtain through a public solicitation of bids. The total expenditure for both the purchase and installation of the barge(s) is presently estimated at \$2 million.

Total project costs for the reconstruction of the Downtown Manhattan Heliport are presently estimated to be \$9.1 million. The proposed increase in the project authorization is due to the proposed additional extra work allowance under Contract DMH-110.004, an upgrading of the design of the terminal building, a large number of helicopter parking positions to meet the growing helicopter activity in downtown Manhattan and the inclusion of administrative, general and financing expenses.

Federal funds amounting to \$5,495,000 and including a \$1.75 million allowance for barges have been provided for this project under the Airport Improvement Program. In addition, the Downtown Manhattan Heliport site was chosen by the FAA as one of four heliport sites throughout the country to demonstrate the state-of-the-art for all-weather helicopter operations in metropolitan areas.

It was therefore recommended that the Board authorize:

1. an increase in the project authorization for the construction of the Downtown Manhattan Heliport from \$5.9 million to an expenditure presently estimated at \$9.1 million, including payments to contractors, an allowance for extra work and administrative, general and financing expenses;

2. an increase in the extra work allowance for Contract DMH-110.004, Downtown Manhattan Heliport-Pier Reconstruction from \$300,000 to \$650,000;

3. the Executive Director, in his discretion, to enter into Supplemental Agreement No. 1 to Contract DMH-110.004, providing for the furnishing and erection of structural steel for the Heliport Terminal Building, with J. E. Brennerman and Company upon receipt of a proposal in a reasonable amount from the contractor;

4. the Executive Director, in his discretion, to award Contract DMH-110.006, Downtown Manhattan Heliport Terminal Building, to the bidder submitting the lowest bid, 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, and to order extra work up to the amount of 10% of the amount of the bid accepted, or to reject all bids; and

5. the Executive Director, in his discretion, to enter into a contract or contracts for the purchase and for the installation of one or more barges to provide for helicopter parking at the Downtown Manhattan Heliport, in the total estimated amount of \$2 million.

(Board - 12/12/85)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the project authorization for the construction of the Downtown Manhattan Heliport is increased from \$5.9 million to an expenditure presently being estimated at \$9.1 million, including payments to contractors, an allowance for extra work and administrative, general and financing expenses; and it is further

RESOLVED, that the extra work allowance for Contract DMH-110.004, Downtown Manhattan Heliport, Pier Reconstruction, is increased from \$300,000 to \$650,000; and it is further

RESOLVED, that the Executive Director is authorized, in his discretion, to enter into Supplemental Agreement No. 1 to Contract DMH-110.004, providing for the furnishing and erection of structural steel for the Heliport Terminal Building, with J.E. Brennerman and Company upon receipt of a proposal in a reasonable amount from the contractor, said Supplemental Agreement No. 1 to be subject to approval as to form by General Counsel or his designated representative; and it is further

RESOLVED, that the Executive Director is authorized, in his discretion, to award Contract DMH-110.006, Downtown Manhattan Heliport Terminal Building, to the bidder submitting the lowest bid, 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, and to order extra work up to the amount of 10% of the amount of the bid accepted, or to reject all bids; and it is further

RESOLVED, that the Executive Director is authorized, in his discretion, to enter into a contract or contracts for the purchase and installation of one or more barges to provide for helicopter parking at the Downtown Manhattan Heliport, in the total estimated amount of \$2 million; said contract or contracts to be subject to approval as to form by General Counsel or his designated representative.

(Board - 12/12/85)

New Jersey Fisheries Development Commission - Planning Studies for Belford Fishing Port

It was reported that the Board, at its meeting on May 10, 1984, authorized \$200,000 for an Executive Panel to be created by the Governor's Office of the State of New Jersey to plan appropriate programs or projects as part of the Port Authority-funded fisheries or marine development commitment in New Jersey. On June 28, 1984, Governor Kean signed the Executive Order which established the New Jersey Fisheries Development Commission and outlined their mandate: to conduct a board range of commercial fishing development activities including the planning of fisheries projects to be funded by the Port Authority commitment. The commitment was expressed in December 1983 at the time the Board authorized the Bi-State Fisheries Development Program which also included the Fishport at Erie Basin in Brooklyn at an estimated project cost of \$27 million. Representatives of the Fisheries Commission have recently met with the owners of an 85-acre waterfront tract in Belford, New Jersey, which was the site of the former Seacoast fishmeal plant, and is for sale.

Individual fishermen and the Belford Fisherman's Cooperative have been leasing a small parcel of the Seacoast property for over 50 years to conduct their fishing activity. As part of the Bi-State Fisheries Development Program, the Port Authority recently completed a \$100,000 study of the Belford fishing industry and concluded that in order for commercial fishermen to upgrade and expand their shoreside facilities and remain economically viable, issues relating to the ownership of the Seacoast property must be resolved.

An additional \$200,000 has been requested by the Fisheries Commission to be used for further studies. The Fisheries Commission request for \$200,000 would be in addition to the funds previously authorized by the Port Authority for the Commission's start-up and administrative expenses, and would come from the Port Authority-funded Fisheries or Marine Development commitment.

It was therefore recommended that the Board authorize \$200,000 for the purposes hereinabove described.

Whereupon, the following resolution was unanimously adopted, Commissioner Sagner abstaining:

RESOLVED, that the Board hereby authorizes \$200,000 requested by the New Jersey Fisheries Development Commission to undertake further studies which can include continued studies of Belford properties and a possible project there, in accordance with the foregoing.

(Board - 12/12/85)

Kennedy International Airport - American Airlines, Inc. - Settlement of Outstanding Debt - Aircraft Maintenance Fee

It was reported that from time to time the Port Authority has issued aircraft maintenance permits granting airlines possessing appropriate facilities at Kennedy International Airport the privilege to perform routine and non-routine maintenance on aircraft of others. These permits provide a fee of 5% of gross receipts from such services to be paid to the Port Authority by the permittee airline. To date, permits have been executed by Flying Tiger Lines, British Airways and United Airlines. Previous disputes concerning fees with Flying Tigers and Pan Am were presented to the Board and settled. Negotiations are on going with several airlines, including Pan Am, primarily aimed at obtaining execution of current permits.

Port Authority audits of American Airlines with respect to its aircraft maintenance operations covered the period May 1, 1975 to June 30, 1983. They indicated that American owed the Port Authority \$216,629 in unreported and unpaid fees for that period. The unreported amounts were primarily due to American not reporting receipts for work that had to be done by aircraft mechanics under the unique contract American had with its mechanics union during the audited period. That contract required mechanics to perform duties in connection with routine maintenance work performed as part of aircraft "turnaround" services not normally associated with that trade classification such as aircraft towing, baggage handling, etc. American contends that only a portion of the amounts that appeared on its books as routine maintenance was true aircraft maintenance work performed on aircraft.

After substantial negotiations that clarified American's bookkeeping methods, an agreement has been reached with American whereby it will pay the 5% fee to the Port Authority on 51% of the routine maintenance portion of all gross receipts shown on its books as routine maintenance work for the period May 1, 1975 to June 30, 1983. Staff believes this agreement reflects the true value of maintenance work performed. American Airlines agreed to adjust its operations, effective July 1, 1983, to preclude the possibility of any similar misunderstandings in the future.

It is therefore recommended that the Port Authority accept from American Airlines, Inc. \$114,798 as settlement of outstanding aircraft maintenance fees for the period May 1, 1975 to June 30, 1983.

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

Whereupon, the following resolution was unanimously adopted;

RESOLVED, that the Board authorize the Executive Director to enter into an agreement with American Airlines, Inc., under which American Airlines would pay to the Port Authority the sum of \$114,798 representing agreed upon fees due the Port Authority for the period May 1, 1975 to June 30, 1983 for actual aircraft maintenance performed by American Airlines for others and in settlement of previously audited amounts totaling \$216,629; the form of the agreement to be subject to the approval of General Counsel or his designated representative.

(Board - 12/12/85)

Kennedy International Airport - Lease of Space in a Cargo Building Either to a Corporation Formed by Air Couriers or to Air Courier Companies Individually

It was reported that on September 5, 1985 the U.S. Customs Service issued a Directive which requires the relocation of the processing of all in-bound, air courier baggage operations from passenger terminals to cargo areas at major international airports throughout the United States designated as "congested". Kennedy International Airport has been designated as an airport in this category.

The air courier industry consists of companies which specialize in expediting the movement of small packages and documents directly from an originating customer to a final destination. Speed of delivery and personalized customer service, trademarks of the industry, are accomplished by handling the documents and small packages as passenger-escorted baggage. World wide, the air courier industry has grown rapidly over the last ten years, with Kennedy International Airport established as its primary base of international operations in the United States. Several similar bases have been established in Europe over the past three years, at such locations as Heathrow Airport in Great Britain and Frankfurt Airport in West Germany. To the Port Authority's knowledge, the lease(s) herein authorized will give Kennedy International Airport the first consolidated courier clearance center in the United States.

The U.S. Customs Service Directive is intended to solve two current problems at congested airports. First, the rapid increase in volume of courier baggage has added to the existing congestion in passenger processing areas of airport terminals. Second, Customs' clearance of these shipments in secured passenger areas requires additional courier and customhouse broker employees in these areas, increasing the potential for security breaches. An additional benefit to Kennedy International Airport which is expected upon implementation of the Directive is the elimination of courier vehicles from terminal curb frontage and the airport roadway system.

Aviation Department staff have been working closely with U.S. Customs and representatives of the air courier industry to coordinate the Port Authority's response to the Directive. Although U.S. Customs set an implementation date of December 31, 1985, it informed the air courier group at a recent meeting that the couriers could use space on a temporary basis in the U.S. Customs' Building 80 at Kennedy International Airport, provided there was clear evidence that steps were being taken to establish a permanent in-bound clearance center on or close to that date. The air couriers intend to take advantage of this offer while finalizing an operating plan and completing alterations to a permanent facility.

A group of approximately fifteen air courier companies has indicated that it may form a corporation to enter into a lease with the Port Authority on behalf of all couriers. As an alternative, each courier may enter into a separate lease with the Port Authority. It is anticipated that either the Port Authority or the lessee(s) would perform alteration work required by U.S. Customs, including provision of rest room facilities, air conditioning and an improved heating system, all at a preliminary estimated cost of about \$70,000. In the event the Port Authority performs this work, the rent will be adjusted to recover the Port Authority's cost. The lessee or lessees may also select ramp handling services from the authorized list of Ramp Service Contractors to transfer incoming air courier shipments from the International Arrivals Building and the British Airways, Pan Am, TWA and American Airlines Unit Terminals to the new consolidated clearance center. The Port Authority would receive a fee equal to 5% of the gross receipts of the Ramp Services Contractor. If a corporation is formed, it would charge a non-discriminatory fee to every air courier company utilizing the service. The fee would be designed to enable the corporation to recover all of its costs.

(Board - 12/12/85)

Negotiations have been substantially completed with representatives of the air courier group for space in several potential locations that include related outside areas and an area for a helicopter landing pad. The lease would be for a term of three years commencing on or about February 1, 1986 in an agreed-upon location at rental rates of \$5.50 per square foot for space inside a cargo building and \$.55 per square foot for related outside space.

The above rates assume the air couriers will perform the estimated \$70,000 worth of alteration work themselves. However, in the event that the Port Authority performs the required alteration work, the lease would provide for additional rent for three years equal to .0348 per month for each dollar paid by the Port Authority for the alteration work. Should a location in the cargo area be decided upon other than Cargo Building 82, the corresponding rental rates would be no less than the above. Under the proposed lease, the lessee or lessees would assume responsibility for maintenance and operating costs associated with the premises and the Port Authority would be responsible for property insurance, structural repairs and maintenance of the roof. The Port Authority would provide electricity and water to the premises on a metered basis, to be paid for by the companies.

It was therefore recommended that the Board authorize the Executive Director for and on behalf of the Port Authority to enter into either a lease with a corporation to be formed by a group of air couriers or into leases with individual air couriers for space in Cargo Building 82 or in a similar facility in the cargo area at Kennedy International Airport, all in accordance with the foregoing.

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 enter into either a lease with a corporation to be formed by a group of air couriers or into leases with individual air couriers for space in Cargo Building 82 or in a similar facility in the cargo area at Kennedy International Airport; the form of the lease or leases to be subject to the approval of General Counsel or his designated representative.

Expansion of Foreign-Trade Zone No. 49 to Include a Subzone at General Biscuit Brands, Inc. Plant in Elizabeth, New Jersey

It was reported that subzones are special-purpose ancillary sites authorized by the Foreign-Trade Zones Board to permit the conduct of operations by firms that cannot be accommodated within an existing general-purpose zone when it can be demonstrated that the activity, usually manufacturing, will result in a public benefit. Foreign-Trade Zone regulations require that applications for subzones be submitted by a general purpose Foreign-Trade Zone grantee, which has ultimate responsibility for a subzone. As grantee of Foreign-Trade Zone No. 49 at the Port Newark/Elizabeth-Port Authority Marine Terminal, the Port Authority has been asked by General Biscuit Brands, Inc. to apply for subzone status for its manufacturing plant in Elizabeth, New Jersey.

General Biscuit Brands, Inc., formerly Burry-Lu, is a supplier of cookie and cracker products to retail stores, Girl Scouts of the U.S.A., and the food service and dairy industries. The Burry-Lu operation, originally started in Canada, expanded to Elizabeth, New Jersey in 1938, where almost 1,000 people are employed today.

Over the past several years, General Biscuit has been attempting to develop a strategy to enable it to compete more successfully in domestic and international markets. Because General Biscuit cannot compete in main stream U.S. retailing due to major competitors' substantial advertising spending, it has developed certain niches where it can compete on creativity and service, such as in food services, dairy, Girl Scouts fund raising, export and contract manufacturing. Growth here has been relatively modest, however, because General Biscuit manufactures food products with certain imported ingredients which puts it at a disadvantage with foreign competition.

Subzone status will enable General Biscuit to purchase foreign sugar at the world price and process it into finished products not subject to quota, and allow it to export more aggressively to world markets. Since many large internationally known food companies use contract manufacturers, General Biscuit will also be able to compete more successfully with these international suppliers. Both of these market opportunities would have the effect of preserving and perhaps expanding job opportunities at the Elizabeth location. Nearly 66% of General Biscuit's 700 production workers are minority employees in unskilled and semi-skilled positions.

The Port Authority is the sponsor of the Ford Motor Co. subzone in Edison, New Jersey and a General Motors subzone in Linden, New Jersey. An application is on file with the Foreign-Trade Zones Board for the Hooton Chocolate Company plant in Newark, New Jersey.

It was therefore recommended that the Board authorize the Executive Director to take action to file an application for creation of a subzone and to execute an appropriate agreement with General Biscuit in accordance with the foregoing.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board hereby authorize the Executive Director for and on behalf of the Port Authority to file an application with the Foreign Trade Zones Board of the U.S. Department of Commerce for the establishment of a subzone at the General Biscuit Brands, Inc., plant in Elizabeth, New Jersey and to execute an appropriate agreement with General Biscuit Brands, Inc.; the form of the agreement to be subject to the approval of General Counsel or his designated representative.

(Board - 12/12/85)

Newark International Airport - Central Terminal Area Roads - Interim Improvements - Project Authorization and Authorization to Award Contract

It was reported that since 1982, the first full year of People Express operations, traffic at Newark International Airport has grown substantially. Annual air passenger volume has increased dramatically from 12.1 million in 1982 to a projected 29-30 million in 1985, with continued growth forecasted for the future.

At present, vehicular traffic at Newark International Airport is split between the Central Terminal Area (CTA) and the north side of the airport, where People Express has most of its domestic operations in the North Terminal. This situation will change in mid-1987 when People Express is expected to complete and occupy its new facility in Terminal C, adding its present North Terminal domestic operations to its existing operations at this facility, thereby bringing all scheduled air carrier operations passengers into the CTA. With this change, CTA traffic volumes will exceed the design capacity of the present roadway system.

In an effort to provide initial alleviation of these roadway capacity constraints expected in 1987, Louis Berger International, Inc., was retained to evaluate the existing CTA situation and recommend means of accommodating the increased traffic through implementation of transportation system management (TSM) strategies and/or low-cost interim capital improvements which could be implemented in the short term. Louis Berger International, Inc., has recommended low-cost interim improvements which include the creation of a third lane on the Express Roadway, at-grade intersection changes and traffic signalization. These proposals together with certain additional roadway modifications recommended by Port Authority staff are the subject of this authorization and are considered necessary to help meet the anticipated 1987 traffic demand.

In order to accommodate the continued growth in traffic projected beyond 1987, additional modifications and a comprehensive roadway and frontage expansion project are planned. It is expected that a professional service firm will be retained next year to undertake an extensive evaluation and to recommend modifications to meet the forecasted long-term demand of 50 million annual air passengers.

Contract NIA-110.030, which is the only contract to be awarded in connection with the subject interim roadway project, provides for the construction of pavement, drainage, signage, traffic signals, structural modifications and other related work required for the implementation of the aforementioned interim improvements to the CTA Roads. Board authorization of Contract NIA-110.030 is required at this time in order to meet the project schedule and to facilitate timely completion of the work to help meet the anticipated traffic demands. The contract will be publicly advertised.

It was therefore recommended that the Board authorize:

1. a project for the construction of interim roadway improvements within the Central Terminal areas at Newark International Airport, at a total project cost currently estimated at approximately \$3.6 million, including payments to contractors, an allowance for extra work, and engineering, administrative and financing expenses; and

(Board - 12/12/85)

2. the Executive Director, in his discretion, either to award Contract NIA-110.030 to the lowest qualified 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 and to order extra work up to the amount of 10% of the amount of the bid accepted on the contract, or to reject all bids, said action to be subject to the approval of the Committee on Construction.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that a project for the construction of interim roadway improvements within the Central Terminal Area at Newark International Airport, at a total project cost currently estimated at approximately \$3.6 million, including payments to contractors, an allowance for extra work, and engineering, administrative and financing expenses is authorized; and it is further

RESOLVED, that the Executive Director is authorized, in his discretion, either to award Contract NIA-110.030 to the lowest qualified 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 and to order extra work up to the amount of 10% of the amount of the bid accepted on the contract, or to reject all bids; said action to be subject to the approval of the Committee on Construction.

(Board - 12/12/85)

Kennedy International Airport - International Arrivals Building and Buildings 80, 106, 141, 155, 252 and 269 - General Cleaning Contract PSE-438 - Award to Hispanic Maintenance Services, Inc.

It was reported that the current General Cleaning Contract, PSE-395, is scheduled to expire on January 31, 1986. To permit continuity of cleaning services in the International Arrivals Building and Buildings 80, 106, 141, 155, 252 and 269, Contract PSE-438, the successor to Contract PSE-395, was publicly advertised. The following bids were received on November 6, 1985:

Company	Two-Year Bid Price
*Hispanic Maintenance Services, Inc. White Plains, New York	\$5,257,978
*Unified Services, Inc. Washington, D.C.	5,571,642
Prompt Maintenance Service, Inc. New City, New York	5,631,683
Triangle Building Maintenance Corp. Valley Stream, New York	5,729,130
*Porterhouse Maintenance, Inc. Edison, New Jersey	5,884,285
Allied Building and Airport Services, Inc. New York, New York	6,294,688
Cleaning Emporium Co. Woodbury Heights, New Jersey	6,317,037
Central Services, Inc. Secaucus, New Jersey	6,320,932
Triple A Maintenance Corp. Brooklyn, New York	6,630,251
*Maintenance Pace Setters, Inc. Alexandria, Virginia	6,829,247
Servair, Inc. McLean, Virginia	7,275,396

*Minority Firm

(Board - 12/12/85)

Company	Two-Year Bid Price
Temco Service Industries, Inc. New York, New York	\$7,494,236
Urban Cleaning Contractors, Inc. Bronx, New York	8,264,877
*Ebon Services International, Inc. Newark, New Jersey	8,458,165

***Minority Firm**

Contract PSE-438 would be for a two-year period commencing February 1, 1986 and subject to termination by the Port Authority without cause on 30 days' notice. The term of the contract is subject to extension for two additional two-year periods, with the compensation due the contractor in each of the extension periods being subject to adjustment based on mutually agreed-upon cost increases or decreases related to the cost of labor. The price adjustment will be established as of the beginning of each extension period and will be computed based on the difference between the actual cost for wages, applicable taxes, insurance required by law, and supplemental benefits for employees incurred by the contractor for employees in the second year of the contract or the second year of the first extension period, as applicable. If the parties fail to agree on the adjusted compensation for any renewal period, or if for any other reason either of the parties refuses to execute an extension agreement, then the contract will expire at the end of the original term, or the first extension period, as the case may be.

The Port Authority would have the right to order extra work during the initial two-year term of the contract and during each extension period, in an amount not to exceed 15% of the lump sum price agreed to for the said term. The contract also provides that the contractor must pay at least the wages and benefits specified therein.

Staff has determined that Hispanic Maintenance Services, Inc., a minority contractor, is qualified to perform the requirements of the contract.

It was therefore recommended that the Executive Director be authorized for and on behalf of the Port Authority to award Contract PSE-438 for general cleaning in the International Arrivals Building and Buildings 80, 106, 141, 155, 252 and 269 at Kennedy International Airport to Hispanic Maintenance Services, Inc., at the bid price of \$5,257,978, all in accordance with the foregoing.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director: (1) to award Contract PSE-438, General Cleaning Contract, to Hispanic Maintenance Services, Inc., for a two-year term effective on or about February 1, 1986, at its bid price of \$5,257,978 for the two-year term; (2) at his discretion, to order extra work up to 15% of the entire contract price; and (3) at his discretion, to extend the contract for two additional two-year terms as provided in the contract, and to authorize the expenditure for extra work up to 15% of the estimated contract price for each extension period; and it is further

(Board - 12/12/85)

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

(Board - 12/12/85)

The World Trade Department - The Teleport - Contract TP-110.034 - Automatic Network Protection System - Award

It was reported that various phases of the construction of the electrical distribution system at The Teleport are currently underway. To date, Contracts TP-110.033 for the purchase of up to 28 network transformers and TP-110.019 for the purchase of a high voltage switching station have been awarded. Staff is now ready to proceed with Contract TP-110.034 for network protection units for the electrical system.

Contract TP-110.034 requires the contractor to design and furnish the equipment necessary for up to seven Network Protection Systems to be installed by others at various locations at The Teleport. Each network protection system contains four units for a total capacity of up to 28 protector units when fully operational.

The network protector units consist of equipment which is manufactured by several companies having expertise in highly sensitive electrical components. The equipment required for the network protection units, consisting of network breaker units, enclosures, and associated bus sections, will be utilized to control and protect the distribution of electrical power to Teleport tenants. To provide the highest level of reliability and to protect the source and recipient of electrical power, the design requires that all elements of the system be comprised of standard components assembled in a configuration that offers maximum protection against electrical faults and maintains the reliability required for distribution throughout The Teleport site.

Because of the five-month lead time required for design and fabrication of the Network Protection Systems, and the need to award the contract as soon as possible so that delivery may coincide with the installation of the transformers and switches (Contracts TP-110.033 and TP-110.019), staff recommends that the Board authorize the Executive Director to either award Contract TP-110.034 to the contractor who submits the lowest qualified proposal, and who, in the opinion of the Executive Director, is qualified by reason of responsibility, experience and capacity to perform the contract and whose proposal price the Executive Director deems reasonable, and to order extra work up to an amount of 10% of the proposal accepted, or to reject all proposals.

Proposals will be solicited from five qualified contractors on or about December 4, 1985 and are scheduled to be received on or about January 7, 1986.

It was therefore recommended that the Board authorize the Executive Director, in his discretion, to award a contract for the design and furnishing of up to seven automatic network protection systems over a five-year period to the contractor who submits the lowest qualified proposal, and who, in the opinion of the Executive Director, is qualified by reason of responsibility, experience and capacity to perform the contract and whose proposal price the Executive Director deems reasonable and to order extra work up to an amount of 10% of the proposal accepted, or to reject all proposals.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized in his discretion, to award a contract for the design and furnishing of up to seven automatic network protection systems over a five-year period, to the contractor who submits the lowest qualified proposal, and who, in the opinion of the Executive Director is qualified by reason of responsibility, experience and capacity to perform the contract and whose proposal price the Executive Director deems reasonable and to order extra work up to an amount of 10% of the proposal accepted, or to reject all proposals.

(Board - 12/12/85)

The World Trade Center - Contract WTC-399.01 - North and South Tower Buildings and Below Grade Areas - Maintenance Agreement - Elevators and Escalators - Increase In Extra Work Authorization

It was reported that the Board at its meeting on November 18, 1966, authorized the award of Contract WTC-399.01 as a five-year maintenance agreement at an amount of \$665,000 per year. Subsequent Board, Committee and Executive Director authorizations extended the term of the agreement to fifteen years, effective May 1978, and provided for extra work authorizations to their current level of \$150,000 per year.

When Contract WTC-399.01 was prepared it was determined that extra work would not be needed since the elevators were relatively new, demand was not extensive and vandalism was minimal. However, as the occupancy of The World Trade Center increased, a comparable increase in use occurred for both freight and passenger elevators. This increased use, combined with the advancing age of the elevators and equipment, extensive vandalism and misuse, requirements for standby mechanics, smoke detection system testing, structural integrity studies and escalation have resulted in frequent requests for additional extra work authorizations. Therefore, staff has determined that, in order to maintain the level of elevator service desired in a first-class office building, meet the ever-increasing demands on the elevator system and provide for escalation in a manner similar to other maintenance contracts, the extra work authorization under Contract WTC-399.01 be increased to 10% of the base contract cost for 1985 and the remaining years of the agreement thru May 1993. The anticipated base contract costs for 1985 are currently estimated at \$2.6 million.

It was therefore recommended that the Board authorize an increase in the extra work authorization under Contract WTC-399.01 with Otis Elevator Company, a subsidiary of United Technologies, from \$150,000 per year to an amount equal to 10% of the yearly base contract costs effective January 1, 1985.

(Board - 12/12/85)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that an increase in the extra work authorization under Contract WTC-399.01 with Otis Elevator Company, a subsidiary of United Technologies, from \$150,000 per year to an amount equal to 10% of the yearly base contract costs, effective January 1, 1985, is authorized.

Whereupon, the meeting was adjourned.

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Thursday, January 9, 1986

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MINUTES of meeting of The Port Authority of New York and New Jersey held Thursday, January 9, 1986, at the Port Authority offices, One World Trade Center, City, County and State of New York. (1)

PRESENT:

NEW JERSEY

Philip D. Kaltenbacher, Chairman
Alan Sagner
William K. Hutchison
Henry F. Henderson, Jr.

NEW YORK

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

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, Acting Director of Tunnels, Bridges and Terminals
Henry DeGeneste, Superintendent of Police, Public Safety
Sidney Frigand, Assistant Executive Director/Director of 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 Department
Richard R. Kelly, Acting Director of Rail Transportation
James J. Kirk, Port Director
Donald R. Lee, Director of Audit
Lillian C. Liburdi, Director of Management and Budget
Mark Marchese, Assistant Director, Information Services, Public Affairs
Julie Matz, Assistant to Assistant Executive Director/Administration
Rino M. Monti, Director of Engineering/Chief Engineer
James H. Mullen, Administrative Assistant
Edward J. O'Malley, Director of Personnel
Theresa A. Potente, Assistant Secretary
Martin E. Robins, Director of Planning and Development
Victor T. Strom, Director of Public Safety
Guy F. Tozzoli, Director of World Trade
Barry Weintrob, Director, Finance Department/Acting Chief Financial Officer
Marvin Weiss, Director, Office of Minority Business Development
Marshal L. Wilcox, Jr., Treasurer
Alexander Sam Ruimy
Claude Ruimy
Valerie Ruimy, Howard S. Cullman Fellow

The meeting was called to order by the Chairman.

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of December 12, 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 January 9, 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 January 9, 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 January 9, 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 January 9, 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 - 1/9/86)

1986 Budget - January 1 through February 28, 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). This action was taken when it became apparent that, in connection with the items constituting the proposed 1986 Budget being considered by the Board, the Governors' 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.

As contemplated in the proposed 1986 Budget, in light of recent staff studies, and similar studies conducted by private and public agencies, of salary, wage, and consumer price index trends, and consistent with the Port Authority Labor Relations Instruction, effective December 29, 1985, salary ranges for staff not represented for collective negotiations would be increased by 5.5%. All compensation programs for affected individuals would continue to be administered on the basis of merit.

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, and to authorize the Executive Director to implement the annual salary range adjustment, 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 February 28, 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 February 28, 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, and the Executive Director is hereby authorized to implement the annual salary range adjustment, 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 - 1/9/86)

1986 Vehicular Equipment Purchase Program

It was reported that the Port Authority fleet of trucks, cars, snow removal equipment, emergency vehicles and other miscellaneous mobile equipment is reviewed annually to determine which equipment should be replaced, as well as how many additional units will be required to meet day to day organizational needs. In 1986, the vehicle purchase program agenda will total 455 units at a cost not to exceed \$14,138,000.

An economic and physical assessment of individual vehicles conducted by the Central Automotive Division determined that 287 existing vehicles should be replaced. This includes \$4.5 million for the replacement of twelve crash/fire/rescue vehicles operated at the three airports. The Management Engineering and Analysis Division will evaluate the actual need for the 168 additional vehicles requested by the Departments. Complex operations and maintenance equipment comprise the major portion of the dollar value of the additional requests for 1986. Only five additional requests are for passenger cars that will not be used for police or field operations and maintenance functions.

The decision to solicit new bids or to exercise existing options for vehicular equipment is determined by an economic assessment at the time of vehicle procurement. Purchase order contracts are awarded on the basis of competitive bids. Bidding for passenger-type vehicles is limited to equivalent models of selected vehicle manufacturers.

Vehicular equipment purchase order contracts are for terms not exceeding three years, and the duration of each contract is determined by operational and purchasing requirements. Contracts for passenger vehicles, however, are generally for a single purchase of a fixed number of vehicles. Since many of the heavy duty emergency and specialty equipment to be purchased require long lead times for delivery, actual expenditures for the 1986 vehicular equipment purchase program will be approximately \$3 million in 1986, \$10 million in 1987 and \$1 million in 1988.

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

1. receive bids on a series of contracts, each not to exceed a term of three years, for the purchase of vehicular equipment for all Port Authority departments and, in his discretion, in the case of each such contract either to enter into said contract with the lowest qualified bidder thereon or to reject all bids, the bids on passenger vehicles, however, to be limited to equivalent models of selected vehicle manufacturers; and

2. exercise options, in his discretion, for the purchase of such equipment under existing contracts authorized by the Board in connection with previous vehicular equipment purchase programs; the total authorized expenditures under (1) and (2) combined not to exceed \$14,138,000.

(Board - 1/9/86)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorizes the Executive Director to: (1) receive bids on a series of contracts, each not to exceed a term of three years, for the purchase of vehicular equipment for all Port Authority departments and, in his discretion, in the case of each such contract either to enter into said contract with the lowest qualified bidder thereon or to reject all bids, the bids on passenger vehicles, however, to be limited to equivalent models of selected vehicle manufacturers and (2) exercise options, in his discretion, for the purchase of such equipment under existing contracts authorized by the Board in connection with previous equipment purchase programs; the total authorized expenditures under (1) and (2) combined not to exceed \$14,138,000.

(Board - 1/9/86)

Development of New Jersey Park-Ride Lots - Approval of Port Authority Participation

It was reported that the June 1985 report of the Trans-Hudson Task Force documented the increasing congestion at Port Authority tunnels and bridges. The report emphasized the importance of the network of transportation facilities that feeds into the Port Authority Trans-Hudson system. It also recognized that increasing the network's mass transit capacity was an important goal in order to accommodate forecasted growth.

In this connection, the Port Authority and New Jersey Transit (NJT) have recognized that inadequate parking capacity is a critical constraint in the use of mass transit by trans-Hudson commuters. Ridership increases on NJT have outpaced increased in the supply of parking spaces. NJT has identified park-ride projects at 21 stations that could be constructed or reconfigured to provide additional spaces. Recently, the Board of Directors of NJT authorized implementation of all 21 projects, subject to the identification of funding sources. Of these, eight are at stations in the Port District that primarily feed commuters into the PATH system. These eight projects would provide for the paving of 120 spaces and the creation of 625 new spaces.

The estimated total cost of the eight projects is \$1.9 million, which the State has requested be taken from the New Jersey share of the funds made available from the 1984 toll increase.

NJT will be responsible for the design, engineering, environmental analysis, and construction of the projects; for the operation and maintenance of the lots; and for negotiations with affected municipalities as required. NJT will also be responsible for insuring that any agreement it enters into with any municipality is consistent and compatible with the agreement developed between the Port Authority and NJT regarding the eight park-ride lots.

Funds for the park-ride lots will be obtained from funds made available for New Jersey projects by the 1984 toll increase. New Jersey's share of the funds is \$137.5 million. The Board authorized the expenditure of \$27.0 million for the Route - 169 Bayonne Bridge connection in September 1985. With up to \$1.9 million authorized for the eight park-ride lots, \$108.6 million would be available for other New Jersey projects.

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

1. enter into an agreement with New Jersey Transit (NJT) at a total cost not to exceed \$1.9 million providing for the design, engineering, environmental analysis, and construction required to upgrade, expand, or create park-ride facilities at eight NJT stations (Essex Street, Little Falls, Lyndhurst, Orange, Passaic, Radburn, River Edge, and Wood-Ridge);
2. pay to NJT up to \$1.7 million of the total cost of \$1.9 million for the design, engineering, environmental analysis and construction of the park-ride facilities from the funds made available for New Jersey projects by the 1984 tolls increase; and

(Board - 1/9/86)

3. provide an additional amount not to exceed \$200,000 of the total cost of \$1.9 million for the acquisition by NJT of property for a park-ride lot at the NJT station at River Edge from the funds made available for New Jersey projects by the 1984 toll increase.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to enter into an agreement with New Jersey Transit (NJT) at a total cost not to exceed \$1.9 million providing for the design, engineering, environmental analysis, and construction required to upgrade, expand, or create park-ride facilities at eight NJT stations (Essex Street, Little Falls, Lyndhurst, Orange, Passaic, Radburn, River Edge, and Wood-Ridge); and it was further

RESOLVED, that the Executive Director is authorized to provide to NJT up to \$1.7 million of the total cost of \$1.9 million for the design, engineering, environmental analysis, and construction of the park-ride facilities from the funds made available for New Jersey projects by the 1984 toll increase; and it is further

RESOLVED, that the Executive Director is authorized to provide an additional amount not to exceed \$200,000 of the total cost of \$1.9 million for the acquisition by NJT of property for a park-ride lot at the NJT station at River Edge, from the funds made available for New Jersey projects by the 1984 toll increase; and it is further

RESOLVED, that the form of the such agreement with New Jersey Transit be subject to the approval of General Counsel or his designated representative.

(Board - 1/9/86)

Revised Settlement with Fugazy Express, Inc. and Affiliates - Aviation Ground Transportation Permit Fee Obligations

It was recalled that the Board, at its meeting on July 11, 1985, authorized the Executive Director or the Director of Aviation to, among other things, enter into a Payment Agreement with each of the Fugazy Parties (which term collectively refers to Fugazy Continental Corporation of New Jersey, Inc., Fugazy New Yorker Limousine Co., Inc., Fugazy International Corp., Fugazy Continental Corp., Fugazy Continental, Inc., Fugazy Express, Inc., Fugazy Express of Connecticut, Inc. and Fugazy Express of New Jersey, Inc.). The Payment Agreement as authorized would have provided for the payment to the Port Authority of a principal amount of \$1.3 million, together with ongoing interest from October 31, 1984, arising from ground transportation operations to, at and from the airports of one or more of the Fugazy Parties, and provided for the mutual release of the claims of the Fugazy Parties and the Port Authority, each against the other. Payment was to consist of \$100,000 to be made upon execution of the Payment Agreement with the remainder to be paid in 60 equal monthly installments of principal and ongoing interest at the annual rate of 11%. The Port Authority was to receive a letter of credit or other acceptable security for twelve such monthly installments to be effective during the five-year term of the Payment Agreement.

Further discussions among representatives of Metromedia, Inc., which corporation has purchased a controlling ownership interest in certain of the Fugazy Parties, Counsel to the foregoing and Port Authority staff has resulted in certain changes to the terms of the Payment Agreement. A proposed Revised Payment Agreement has been executed by the Fugazy Parties and Fugazy Express of Greenwich, Inc. and delivered to the Port Authority with an irrevocable offer by them to be liable under such Agreement, if such irrevocable offer is accepted by the Port Authority on or before February 20, 1986.

The Revised Payment Agreement as so executed provides for the payment of a principal amount of \$1.3 million as of April 1, 1985, together with ongoing interest, over a six-year term commencing as of October 1, 1985, with such interest computed at an annual rate of 11% until December 31, 1985. Interest thereafter is computed at the prime rate as fixed on the first business day of each calendar year during the term of the Agreement. The amount of \$100,000 is to be payable to the Port Authority upon execution of the Agreement by it, with a payment of \$300,000 to be made on September 30, 1991 and the balance to be paid in 72 monthly installments of principal and ongoing interest. The Agreement provides for the mutual release of the claims of the Fugazy Parties and the Port Authority, each against the other, as of October 31, 1984. The Revised Payment Agreement is to be guaranteed by Metromedia, Inc. pursuant to the terms of a Contract of Guaranty, to the extent of approximately \$246,000, the guarantee to be effective during the term of the Agreement. The initial payment of \$100,000 together with the monthly payments due on October 30, 1985 and November 30, 1985 are now held by Counsel to Metromedia and Fugazy. The Contract of Guaranty has been executed by Metromedia and delivered to the Port Authority with an irrevocable offer by it to the Port Authority to be liable under such Contract if such irrevocable offer is accepted by the Port Authority on or before February 20, 1986.

(Board -1/9/86)

Ground transportation permits for the period November 1, 1984 through November 30, 1986, for the privilege of operating service to, at and from Kennedy International, Newark International and LaGuardia Airports, each to be revocable by either party on 30 days' notice to the other, would be issued to one or more of the Fugazy Parties. Separate permits would be issued, one covering service to airlines and the other covering both line haul service to the public and chauffeured limousine service. A portion of the fee for line haul service to the public and chauffeured limousine service would be payable on the basis of a flat monthly vehicular charge in lieu of the usual fee of 10% of the permittee's gross receipts from airport ground transportation departures. Such measurement on the basis of a flat monthly vehicular charge has been used in the past as a method for determining fees payable to the Port Authority and the Port Authority may, when it deems it appropriate, continue to issue ground transportation permits containing such arrangements.

It was therefore recommended that the Executive Director be authorized, for and on behalf of the Port Authority, to enter into a Revised Payment Agreement, all in accordance with the foregoing.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director, for and on behalf of the Port Authority, be authorized to accept the irrevocable offer of and to enter into a Revised Payment Agreement with each of the Fugazy Parties (which term collectively refers to Fugazy Continental Corporation of New Jersey, Inc., Fugazy New Yorker Limousine Co., Inc., Fugazy International Corp., Fugazy Continental Corp., Fugazy Continental, Inc., Fugazy Express, Inc., Fugazy Express of Connecticut, Inc. and Fugazy Express of New Jersey, Inc.) and Fugazy Express of Greenwich, Inc. covering claims arising out of ground transportation operations by one or more Fugazy Parties to, at and from the airports; and it is further

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

(Board - 1/9/86)

Kennedy International Airport - Lease with Halmar Construction Corp. and Halmar Contracting, Inc. for a Multi-Tenant Air Cargo Service Building

It was reported that the Board, at its meeting on March 8, 1984, authorized the Executive Director to enter into an Agreement of Lease for a site of approximately either six or nine acres of land at Kennedy International Airport (the nine-acre site now having been decided upon) with Halmar Construction Corp. and Halmar Contracting, Inc. for a term of approximately 27 years commencing on or about May 1, 1984 or as soon thereafter as practicable for the construction and operation, including sub-letting, of a multi-tenant air cargo service building. Specified ground rentals and a percentage rental of 10% of the lessee's gross receipts, to be defined in the lease, were provided for. The authorization included an obligation for the Port Authority to make available to the lessee payments up to a maximum of \$12 million exclusive of accruals during construction, for the design and construction of the facility for a period of up to four years after the commencement of the lease term. Negotiations have proceeded and are now substantially complete.

Halmar has requested and staff recommends an increase in the payments the Port Authority would make in connection with this project from \$12 million to \$13.2 million based upon the effects of inflation. It is expected that this increase will provide the complete cost of this project. The conditions under which these payments will be made and the determination of facility rental based thereon would remain the same except that the facility rental would commence on the earlier to occur of three years after the commencement of the letting or on completion of construction; and the repayment of the accruals during the construction period would commence two years after commencement of the facility rental. In addition, Port Authority payments would be available to the lessee up to the earlier to occur of two years after completion of construction or four years after the commencement of the term of the letting. The lease would now also permit the lessee and its affiliates to act as general contractor or construction manager and to perform all or part of the construction work and would set forth the manner in which Port Authority payments, including overhead and profit, would be calculated and made based on such work.

The lease would now provide for a maximum term of 28 years, commencing on or about February 1, 1986, including a period of up to three years for construction. The lease would also allow partial occupancy of the facility by subtenants prior to the earlier to occur of completion of construction or three years after the commencement of the lease term and ground rentals during any partial occupancy period would be prorated and annual exemption amounts applicable to the payment of percentage rental during such period appropriately reduced.

It was therefore recommended that the Executive Director be authorized for and on behalf of the Port Authority to enter into an agreement of lease with Halmar Construction Corp. and Halmar Contracting, Inc. at Kennedy International Airport, all in accordance with the foregoing.

(Board - 1/9/86)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Resolution adopted by the Board, at its meeting on March 8, 1984, authorizing the Executive Director to enter into an agreement for and on behalf of the Port Authority with Halmar Construction Corp. and Halmar Contracting, Inc. for the construction and operation of a multi-tenant air cargo service building at Kennedy International Airport, be and the same is hereby amended in accordance with the foregoing, including an increase in the payments the Port Authority would make available under the agreement from \$12 million to \$13.2 million; the form of the agreement to be subject to the approval of General Counsel or his designated representative.

(Board - 1/9/86)

All Airports - Refurbishment of Aeronautical In-Pavement Lighting - Contract with Crouse-Hinds Company

It was reported that the aeronautical lighting systems at Kennedy International, Newark International and LaGuardia Airports consist of a combination of elevated and in-pavement light fixtures. Runway and taxiway edge lighting and sign lighting fixtures are elevated while runway touchdown zone, runway centerline and taxiway centerline fixtures are recessed in the pavement. Over 3,700 of the elevated fixtures and 8,750 of the recessed variety are maintained at the three airports.

A recent study of aeronautical lighting system maintenance at the three airports, conducted by the Management Engineering and Analysis Division identified opportunities for savings and improvements through standardization of maintenance. Accordingly, consideration was given to a number of alternative fixture refurbishment programs. These included:

- the establishment of a central Port Authority fixture refurbishment shop,
- upgrading the existing facility shops,
- a third-party refurbishment contract, and
- fixture refurbishment by the original manufacturer (Crouse-Hinds Company).

The Port Authority central shop option was rejected on the basis of the high startup cost of properly equipping the facility plus the continuing cost to staff and supervise the shop. The third-party contract option was rejected due to a lack of firms with this expertise and the necessity of purchasing all parts from the manufacturer. The remaining two options, upgrading the present shops or contracting with the manufacturer, were analyzed further and their estimated costs were compared to the current program. The estimated annual cost for the additional Port Authority labor required for refurbishing was approximately the same as the estimated cost for the Crouse-Hinds program. This indicated that when cost of upgraded facilities and additional testing equipment were added, the Port Authority program would be substantially more costly than contracting with the manufacturer.

Crouse-Hinds Company is at present the only manufacturer approved by both the Port Authority and the FAA to supply in-pavement aeronautical fixtures. The advantages of having fixtures refurbished to by the manufacturer include: (1) units will be refurbished to an as-new state; (2) an estimated 25% reduction in field relamping will result due to increased lamp life; (3) replacement fixture purchases will be eliminated (except for structurally damaged units) and (4) most spare parts and lamp inventories for in-pavement lighting will be eliminated.

The term of the proposed contract with Crouse-Hinds is three years. The contract will also contain two options to be exercised by the Port Authority to extend the term of the contract by one year each. If the Port Authority decides to exercise its option(s), appropriate authorization(s) will be obtained at that time. The estimated expenditure for contract's three years is based on negotiated unit prices for each type of fixture. In addition, the unit prices will be adjusted based on the increase or decrease in the "All Cities Price Index" in years two and three of the contract.

(Board - 1/9/86)

It was therefore recommended that the Board authorize the Executive Director to enter into a three-year contract commencing on or about February 1, 1986 with Crouse-Hinds Company for the refurbishment of all aeronautical recessed lighting fixtures at Kennedy International, Newark International and LaGuardia Airports, on an as-needed basis, including all required FAA testing, at an expenditure currently estimated at \$2 million.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to enter into a three-year contract commencing on or about February 1, 1986 with Crouse-Hinds Company for the refurbishment of all aeronautical recessed lighting fixtures at Kennedy International, Newark International and LaGuardia Airports, on an as-needed basis, including all required FAA testing, at an expenditure currently estimated at \$2 million; and it is further

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

(Board - 1/9/86)

Kennedy International Airport - International Arrivals Building - Interline Baggage Conveyor System - Project Authorization and Contract Award

It was reported that presently, over 25% of the arriving international travellers who are processed through the International Arrivals Building transfer to other airlines at Kennedy International Airport to continue their trip. A major portion of the congestion currently experienced in the Customs Hall during peak travel season can be attributed to the manual baggage processing operation associated with these interlining passengers. As a means of improving the overall level of service to travellers during the period prior to a planned major redevelopment at Kennedy International Airport, it is proposed to relocate the interline baggage activity to an area outside the present Customs Hall and to install a baggage conveyor system to move interline baggage to a remote location for transfer to other airlines. These measures will eliminate the present queuing of interlining travellers in the Customs Hall and the severe congestion caused by the movement of baggage carts across and against the normal exiting flow of the travellers.

It is necessary to assure that the proposed improvements are in place and operational in time for the 1986 peak summer travel season. Accordingly, Contract JFK-410.137, International Arrivals Building, Interline Baggage Conveyor System, has been prepared for the design, fabrication, installation and maintenance for a five-year period of the required baggage conveyor system and necessary building modifications to accommodate the system and it is proposed to solicit bids from a list of known, qualified conveyor manufacturers who have the ability to deliver the system on time as approved by the Chief Engineer. Since the extent of the required building modifications are not known, this portion of the work will be performed on a cost plus percentage fee basis.

Additionally, Contract JFK-110.060, International Arrivals Building, Interline Baggage Conveyor System, Miscellaneous Building Alterations, was prepared, which provides for, on a call-in basis, the performance of alterations to office and various operation space required in connection with the installation of the interline baggage conveyor system. Because of the nature of the work, bids on this contract will be solicited from a list of contractors approved by the Chief Engineer who are experienced and capable of performing the work; are known to have previously performed satisfactory work for the Port Authority; and can respond with sufficient labor, equipment and materials to perform the work on a timely basis.

The successful bidder on Contract JFK-110.060 will be compensated at an amount equal to the net cost of the labor, materials, field office expenses, equipment rental and insurance plus a fee based on the amount of the net cost of the work. Bids will be compared using the percentage addition to the net cost inserted by the bidders.

Bids on both contracts are presently scheduled to be received in early February 1986.

A portion of the work under these contracts will be performed outside normal working hours in order to minimize disruption to operations at the International Arrivals Building.

The construction of the interline baggage conveyor system at the International Arrivals Building represents a project cost not to exceed \$7 million, including payments to contractors, an allowance for extra work and engineering, administrative and financing expenses.

(Board - 1/9/86)

The Wing Building Lessees have requested that they be allowed to reimburse the Port Authority directly in a lump sum for the purchase price of the interline baggage conveyor system and associated equipment. Such request is under consideration and will be the subject of negotiations with the lessees. The installation of the system, required building modifications and all other costs of the project would be recovered under the cost formulae of the existing Wing Building Leases. In the event agreement cannot be reached with the lessees on a lump sum or other appropriate reimbursement for the purchase price of the interline baggage conveyor system and associated equipment, the cost would also be recovered under the existing Wing Building Leases cost formulae.

This project has been discussed with the U.S. Customs Service and it has received their support as well as that of the Wing Building Lessees.

It was therefore recommended that the Board authorize:

1. a project at Kennedy International Airport for the installation of an interline baggage conveyor system at the International Arrivals Building, at an expenditure not to exceed \$7 million, including payments to contractors, an allowance for extra work and engineering, administrative and financing expenses;

2. the Executive Director either to award Contract JFK-410.137, International Arrivals Building, Interline Baggage Conveyor System, to the contractor who submits the lowest bid, 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 for (a) the design, fabrication and installation of an interline baggage conveyor system at the International Arrivals Building and necessary building modifications to accommodate the system, and to order extra work up to 10% of the bid purchase and installation price, and for (b) the maintenance of the interline baggage system for a five-year period, to order extra work up to 10% of the five-year estimated maintenance bid amount and to provide for escalation, or to reject all bids;

3. the Executive Director, either to award Contract JFK-110.060, International Arrivals Building, Interline Baggage Conveyor System, Miscellaneous Building Alterations, to the contractor who submits the lowest bid, 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, or to reject all bids, the total of all payments under the contract not to exceed \$3 million without further authorization; and

4. the Executive Director, in his discretion, to enter into an agreement with the Wing Building Lessees amending the Wing Building Leases to provide for the lump sum or other appropriate reimbursement to the Port Authority of the purchase price of the interline baggage conveyor system and associated equipment.

(Board - 1/9/86)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize: (1) a project at Kennedy International Airport for the installation of an interline baggage conveyor system at the International Arrivals Building, at an expenditure not to exceed \$7 million, including payments to contractors, an allowance for extra work and engineering, administrative and financing expenses; (2) the Executive Director either to award Contract JFK-410.137, International Arrivals Building, Interline Baggage Conveyor System, to the contractor who submits the lowest bid, 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 for (a) the design, fabrication and installation of an interline baggage conveyor system at the International Arrivals Building and necessary building modifications to accommodate the system, and to order extra work up to 10% of the bid purchase and installation price, and for (b) the maintenance of the interline baggage system for a five-year period, to order extra work up to 10% of the five-year estimated maintenance bid amount and to provide for escalation, or to reject all bids; (3) the Executive Director, either to award Contract JFK-110.060, International Arrivals Building, Interline Baggage Conveyor System, Miscellaneous Building Alterations, to the contractor who submits the lowest bid, 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, or to reject all bids, the total of all payments under the contract not to exceed \$3 million without further authorization and (4) the Executive Director, in his discretion, to enter into an agreement with the Wing Building Lessees amending the Wing Building Leases to provide for the lump sum or other appropriate reimbursement to the Port Authority of the purchase price of the interline baggage conveyor system and associated equipment; the form of the agreement to be subject to the approval of General Counsel or his authorized representative.

(Board - 1/9/86)

Newark International Airport - Cargo Building 154 - Establishment of Rental Rates - Authority to Enter Into Lease Agreements

It was reported that the Board, at its meeting on May 13, 1982, authorized the construction of Cargo Building 154 at Newark International Airport. The building will provide approximately 49,500 square feet of cargo space for leasing to all carriers, cargo operators and other appropriate tenants. Staff recommends that the rental for premises leased should be based upon a rate of approximately \$13 for each square foot of building space. This rate consists of two factors, one a constant factor at a fixed rate equivalent to \$11 for each square foot of building space, which is a composite rate calculated to cover exclusive and non-exclusive leased areas in the building and a related number of square feet of outside areas; the other, a variable factor (Airport Services Factor) at the rate of approximately \$2 for each square foot of building space, said rate being based on the 1984 final Airport Services Factor and subject to annual adjustment in accordance with the same formula as is set forth in the Airline Master Lease. It is presently anticipated that the aforesaid constant factor would be firm for approximately two years of the lease term and, beyond two years, it is anticipated that said factor would be escalated by approximately 10% for each two-year extension period.

Under the terms of the proposed agreements with the firms finally selected, each lessee will be responsible for the operation, maintenance and repair of its portion of the building and related outside areas and collectively for certain common areas, as well as payment for all utilities. The Port Authority will be responsible for maintenance and repair of the roof, for structural integrity, and for property insurance.

The building has been developed as a multi-occupancy facility. It occupies a site of some four acres in the northwest corner of the airport adjacent to the existing Air Cargo Center. During the period of the building's construction, cargo activity has doubled at Newark International Airport. As a result, various inquiries have been received regarding the availability of space in the new building, and it is the intention to set the rates at a level which would provide a better than break-even return over the term of the building's write-off.

Aviation staff has been developing standards to be utilized in selecting tenants, with the final written Selection Standards to be approved by the Director of Aviation. Among the pertinent factors being considered in making the selection of tenants for the building are the firm's level of cargo volumes, the amount of space currently occupied at the airport, if any, the financial health of the prospective tenant, and the growth patterns of its operation both past and anticipated.

It is the intent of staff to approach prospective tenants in the general order in which they are ranked until the four cargo modules within the building are fully rented.

It was therefore recommended that the Board establish a rental rate of approximately \$13 per square foot of building space in Cargo Building 154 at Newark International Airport, and authorize the Executive Director for and on behalf of the Port Authority to enter into lease agreements with appropriate tenants chosen through an approved selection process on the terms set forth above.

(Board - 1/9/86)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that a rental rate is hereby established of approximately \$13 per square foot of building space in Cargo Building 154 at Newark International Airport, and the Executive Director is authorized for and on behalf of the Port Authority to enter into lease agreements with appropriate tenants chosen through an approved selection process; the form of the agreements to be subject to the approval of General Counsel or his designated representative.

(Board - 1/9/86)

Newark International Airport - Runway 11 - Authorization to Enter Into an Agreement with the Federal Aviation Administration for the Preparation of an Environmental Impact Statement for the Installation of a Microwave Landing System

It was reported that a study of the airside capacity at Newark International Airport, which was jointly sponsored by the Federal Aviation Administration (FAA), the Port Authority and the airlines serving the airport, determined that unless specific steps are taken either to reduce projected demands or to increase the airport's ability to accept additional aircraft, excessive aircraft delays could be expected as early as 1987.

As a first step to improve airside capacity at Newark International Airport, the intersection of Runways 4R-22L and 11-29 was recently eliminated, increasing the use of Runway 11-29 by allowing simultaneous landings on Runways 4R and 11 during visual flight conditions.

As a further step to meet the increasing airside capacity needs at Newark International Airport, the FAA proposes to install a Microwave Landing System on Runway 11. The installation of the landing system would permit the use of Runway 11 under some Instrument Flight Rule conditions. Port Authority staff have reached an agreement with the FAA to support this project by sharing equally the cost for the preparation of an Environmental Impact Statement (EIS) to satisfy the requirements of the National Environmental Policy Act (NEPA) of the Council on Environmental Quality and the FAA.

The FAA will issue a Request for Qualifications (RFQ) and a Request for Proposal (RFP), and will contract for and administer the work of the selected firm. The Port Authority will assist the FAA in reviewing the qualifications of the firms, developing the RFP, reviewing the proposals, selecting the firm and reviewing the EIS. In addition, the Port Authority will participate in conducting any public hearings which may be required in the EIS process.

It was therefore recommended that the Board authorize the Executive Director to enter into an agreement with the Federal Aviation Administration (FAA) whereby the Port Authority and the FAA will share equally the cost for the preparation of an Environmental Impact Statement (EIS) for the proposed installation of a Microwave Landing System on Runway 11 at Newark International Airport, with the Port Authority's share currently estimated at \$50,000, such EIS to satisfy the requirements of the National Environmental Policy Act (NEPA) of the Council on Environmental Quality and of the FAA.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorizes the Executive Director to enter into an agreement with the Federal Aviation Administration (FAA) whereby the Port Authority and the FAA will share equally the cost for the preparation of an Environmental Impact Statement (EIS) for the proposed installation of a Microwave Landing System on Runway 11 at Newark International Airport, with the Port Authority's share currently being estimated at \$50,000, such EIS to satisfy the requirements of the National Environmental Policy Act (NEPA) of the Council on Environmental Quality and of the FAA.

(Board - 1/9/86)

La Guardia Airport - United Air Lines, Inc. and New York Airlines, Inc. - Supplements to Leases Covering Improvements to West Wing Central Terminal Premises; Buyout of United's Unamortized Capital Investment

It was reported that United Air Lines, Inc. and New York Airlines, Inc., occupy premises in the West Wing Building of the Central Terminal Building at LaGuardia Airport, as do other Basic Lessee Airlines, under month-to-month leases. Host Services of New York, Inc. occupies premises in the West Wing Building pursuant to a fixed-term lease authorized by the Board on May 10, 1973. As a necessary service improvement, it is now proposed that United relocate, upgrade and refurbish certain of its existing facilities and construct new ones, as well as perform certain other construction work on behalf of the Port Authority. The proposed rehabilitation and expansion in the West Wing Building is consistent with the anticipated expansion of the Central Terminal Building.

With respect to the work proposed to be performed on United's premises, said work will require an estimated investment on the part of United of approximately \$10.6 million. In connection therewith United may request that the Port Authority pay for the improvements to its premises. If such payments are made, commencing upon completion of such construction, United would pay to the Port Authority an additional monthly rental equivalent to the amount paid by the Port Authority to United plus \$.145956 for each dollar so paid to United, including accruals during the construction period, such rental to be paid over a fifteen-year period. In the event, by mutual agreement with the Port Authority, United should surrender its lease, or the lease is terminated by the Port Authority for cause, United would continue to be responsible for said additional rental unless another airline would lease the vacated premises and would assume the obligation for the monthly payments which would be required of it in its lease of said premises. The Port Authority would make a reasonable effort to so lease the premises to another airline.

In the event United does not request the Port Authority to make such payments, the Supplement to United's month-to-month lease would allow United to amortize its construction cost over a fifteen-year period on a straight-line basis, without interest. In the event the Port Authority does not continue United's lease in effect other than for reason of termination for cause, the Port Authority would pay United for the then unamortized amount of its construction cost.

In conjunction with the aforesaid work, United will also construct additional improvements to expand certain Port Authority areas in the West Wing Building, as well as certain space covered by New York Airlines' month-to-month lease and Host's fixed-term lease, which improvements will include the relocation of a snow melting pit, piles and foundations, structural steel and exterior walls, as well as new Port Authority restroom space, construction of an egress stairway, the enclosing of a new Host liquor/snack bar area, and a portion of the relocation of United's Red Carpet Room to third floor space in order to provide second floor terminal area space for New York Airlines in the lobby area being vacated by the Red Carpet Room. The Port Authority will pay United for its costs incurred in the construction of the aforesaid improvements in Port Authority areas and in the Host and New York Airlines premises, the amounts paid by the Port Authority to United not to exceed \$2.9 million, \$575,000 and \$650,000, respectively. In turn, supplemental agreements to the leases with Host and New York Airlines will provide for payment to the Port Authority by said respective lessees of such additional rentals as are applicable to their respective premises. The foregoing construction and payment arrangements with United would be subject to the execution of appropriate supplements to the Host and New York Airlines leases. That portion of the work now to be performed by United on premises leased to Host was authorized by the Board at its meeting of February 14, 1985.

(Board - 1/9/86)

A substantial portion of the payments to United for construction performed on behalf of the Port Authority will be recovered through cost recovery formulas in the Airport Lease Agreements with the basic lessees. Funds for the United payments, net of recoveries and compensation from others, are provided for in the 1986 Capital Budget. Of the \$2.9 million for Port Authority work to be paid to United by the Port Authority, approximately \$850,000 will be for new and refurbished public restrooms which will be recovered from the West Wing Airline Lessees in the formula for the recovery of costs of all public restrooms. The \$300,000 for the necessary relocation of the Port Authority's snow melting pit will be recovered through the flight fee formula. The \$950,000 cost of modifying and extending the West Wing CHRP distribution systems will be recovered through the CHRP Lease Formula.

There remains approximately \$800,000 of Port Authority work necessitated by the West Wing modernization project which would be a cost to the Port Authority as the airport operator. Included in this amount are such items as egress stairs required by Code and the relocation of electrical and mechanical service distribution systems and centers serving the various tenants in the West Wing. However, space being vacated as a result of the relocation work will be rentable to West Wing Airline Lessees for operational needs.

It was therefore recommended that the Board authorize the Executive Director for and on behalf of the Port Authority to enter into separate supplemental agreements to the leases with United Air Lines, Inc. and New York Airlines, Inc., respectively, at LaGuardia Airport, and to provide in the supplemental agreement to United's lease for a buyout, in certain circumstances, of United's unamortized capital investment; all of the foregoing on the terms set forth above.

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 enter into separate supplemental agreements to the leases with United Air Lines, Inc. and New York Airlines, Inc., respectively, covering improvements to their respective West Wing Terminal premises and to certain Port Authority areas, and covering payments for work by United at premises of Host Services of New York, Inc., all at LaGuardia Airport, and to provide in the supplemental agreement to United's lease for a buyout, in certain circumstances, of United's unamortized capital investment; the form of the supplemental agreements to be subject to the approval of General Counsel or his designated representative.

(Board - 1/9/86)

Personnel Department - Retention of Professional and Contract Services on an As-Needed Basis

It was reported that on April 11, 1985 the Board authorized the Director of Personnel to augment staff efforts during calendar year 1985 in recruiting to meet increased human resource needs resulting from an expanded Port Authority capital program, new program initiatives and a renewed commitment to service improvements, at a total cost not to exceed \$330,000 for all of 1985. While much of the work for 1985 has been completed, a significant amount is still in progress and will continue into 1986. Many of the positions to be filled, including key positions in the Electrical and Mechanical Engineering disciplines, as well as a number of positions in the highly competitive fields of systems programming and other computer-related specialties, will require a more targeted recruitment effort to identify and attract qualified candidates.

Because of the immediacy of this intense and ongoing effort, it will be necessary to continue the use of executive search firms and employment agencies to augment staff efforts into 1986. To date, a total of approximately \$90,000 of the \$330,000 authorized by the Board in April of 1985, has already been expended for executive searches, employment agencies and minority search activities.

It was therefore recommended that the Board extend the authority granted to the Director of Personnel in April of 1985, to retain various professional firms and employment agencies on an as-needed basis to assist the Personnel Department in its recruitment efforts, at a total expenditure for such professional and contract services not to exceed \$330,000, the amount originally authorized by the Board.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board extend the authority granted to the Director of Personnel in April of 1985, to retain various professional firms and employment agencies on an as-needed basis to assist the Personnel Department in its recruitment efforts, at a total expenditure for such professional and contract services not to exceed \$330,000, the amount originally authorized by the Board; the form of the agreements to be subject to the approval of General Counsel or his authorized representative.

(Board - 1/9/86)

Port Newark - C.S. Greene and Co., Inc. - Lease LNS-658 - Mutual Surrender

It was reported that C.S. Greene and Co., Inc., a Chicago-based company, has been a tenant at Port Newark since 1967. At its meeting on February 2, 1967, the Committee on Operations approved a 20-year term lease of Building 301, which expires August 31, 1987. The tenant used the building for its export packing operations.

With the development of containerization, the export packing business has steadily declined. C.S. Greene is interested in surrendering Building 301 on the condition it is released from its obligation to repair tenant related damage to the building estimated at \$68,000. In consideration for this release and the surrender of the lease, the tenant will pay the Port Authority \$84,665, which equates to nine months rent.

- Demand for distribution space at Port Newark has been strong. With the rehabilitation of the building, this space can be leased at current market rates, which are more than triple the rate C.S. Greene is presently paying.

It was therefore recommended that the Board authorize the Executive Director, on behalf of the Port Authority, to enter into an agreement of surrender of lease with C.S. Greene and Co., 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, to enter into a mutual surrender of a lease with C.S. Greene and Co., Inc. covering Building 301, consisting of 145,000 square feet, at Port Newark, effective April 30, 1986, in consideration for C.S. Greene's payment of \$84,665; the form of the agreement to be subject to the approval of General Counsel or his designated representative.

(Board - 1/9/86)

1985 Howard S. Cullman Fellowship

It was reported that the Howard S. Cullman Fellowship was established by the Board in April 1962 as a tribute to the Honorary Chairman for his contributions to the Port Authority. The purpose of this Fellowship is to afford a staff member or members the opportunity to undertake a unique project which benefits the Port Authority and contributes to the organization's public service responsibilities to the people of the Port District.

This year the Cullman Fellowship Review Committee was comprised of the 20 members of The Advisory Group, representing a cross-section of Port Authority staff members at the junior and middle management levels. After careful consideration of all submitted proposals, The Advisory Group recommends that the 1985 Fellowship be awarded to Valerie Ruimy to analyze alternate work arrangements such as flexi-place, flex-time, job sharing, and their applicability to Port Authority job families.

The objective of the Fellowship is to take a focused, in-depth and comprehensive look at alternate work arrangements available and in place in other organizations to allow for a thorough assessment of programs suitable to the Port Authority. Such programs have been shown to assist organizations in recruiting and retaining superior personnel. In view of the current shortage of qualified staff in this region, and the ambitious agenda of the Port Authority, it is key for the organization to be competitive in the regional job market.

Ms. Ruimy proposes to identify and consult with business support groups such as New York City's Center for Public Advocacy, The Work in America Institute and the Conference Board so as to identify alternate work arrangements and organizations which have instituted alternate work arrangements. Additionally, Ms. Ruimy proposes to review the pertinent literature which addresses the issues surrounding alternate work arrangements, investigate organizations which have alternate work arrangements in place and specific programs instituted and analyze Port Authority job families. Finally, Ms. Ruimy will develop six-month, one-year and long-term follow-up assessment methodologies, in order to analyze the benefits attributed to instituting alternate work arrangements and the desirability of continuing such programs in the Port Authority.

Ms. Ruimy's project will be for a duration of up to one year. In addition to her salary during this period, it is anticipated that an additional \$12,000 will be incurred for incidental expenses including travel, phone, clerical support, report preparation and duplicating expenses.

(Board - 1/9/86)

Recommendation was made that the Board authorize the award of the Howard S. Cullman Fellowship to Valerie Ruimy.

Approved.

Whereupon, the meeting was adjourned.

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

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MINUTES of meeting of The Port Authority of New York and New Jersey held Thursday, February 13, 1986, at the Port Authority offices, One World Trade Center, City, County and State of New York.

PRESENT:

NEW JERSEY

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

NEW YORK

James G. Hellmuth
 John G. McGoldrick
 H. Carl McCall

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, Acting Director of Tunnels, Bridges and Terminals
 Bruce D. Bohlen, Assistant Treasurer
 John J. Collura, Assistant Director, Finance Department
 Henry DeGeneste, Superintendent of Police, Public Safety
 Sidney Frigand, Assistant Executive Director/Director of 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
 Charles L. Hirsch, Executive Assistant to the Executive Director
 Lawrence S. Hofrichter, Deputy Chief, Finance Division, Law
 Richard R. Kelly, Acting Director of Rail Transportation
 James J. Kirk, Port Director
 Philip LaRocco, Director, Economic Development
 Donald R. Lee, Director of Audit
 Lillian C. Liburdi, Director of Management and Budget
 Katharine B. MacKay, Assistant Executive Director/Administration
 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
 Hugh O'Neill, Assistant Executive Director/Policy Planning and Business Development
 Theresa A. Potente, Assistant Secretary
 Martin E. Robins, Director of Planning and Development
 Guy F. Tozzoli, Director of World Trade
 Joseph L. Vanacore, Assistant Executive Director/Capital Programs
 Barry Weintrob, Director, Finance Department/Acting Chief Financial Officer
 Marvin Weiss, Director, Office of Minority Business Development
 Marshal L. Wilcox, Jr., Treasurer
 Gerard Fernandez, Jr., Bond Counsel, Hawkins, Delafield & Wood
 Christopher A. Stack, Bond Counsel, Hawkins, Delafield & Wood

The meeting was called to order by the Chairman.

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of January 9, 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 February 13, 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 February 13, 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 February 13, 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 February 13, 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 - 2/13/86)

All Risk Property Damage and Loss of Revenue Insurance - Increase in Premium

It was reported that the Board, at its meeting on May 10, 1984, authorized the purchase of \$200 million excess of a \$100,000 self-insured retention, per occurrence, of All Risk Property Damage and Loss of Revenue insurance covering all properties of the Port Authority and Port Authority Trans-Hudson Corporation (PATH), other than bridges and tunnels, effective June 1, 1984, through Hamond & Regine, Inc., and C. E. Heath & Co., Ltd., as follows:

1. \$10 million excess of a \$100,000 self-insured retention, per occurrence, for a period of three years (June 1, 1984 to June 1, 1987) at a prepaid premium of \$1.1 million and for an additional period of three years (June 1, 1987 to June 1, 1990) at a prepaid premium equal to the premium for the first three years, adjusted in proportion to the changes in insurable values occurring during the first three-year period; and

2. \$190 million excess of \$10 million excess of a \$100,000 self-insured retention, per occurrence, for a period of three years (June 1, 1984 to June 1, 1987) at a prepaid premium of \$675,000, and for an additional period of two years (June 1, 1987 to June 1, 1989) at a prepaid premium equal to two-thirds the premium for the first three years, adjusted in proportion to the change in insurable values occurring during the first three-year period.

As a direct result of restrictive worldwide market conditions, which have had adverse effects on all major insurance placements, the Board, at its meeting on June 14, 1985, authorized an increase of \$501,180 in premium from the previously authorized amount of \$1,775,000 to \$2,276,180.

Soon thereafter, in accordance with the policy provisions providing for cancellation of the policy on 120 days' prior written notice, Birmingham Fire Insurance Company an insurer of \$4 million of the \$10 million per occurrence primary insurance coverage layer issued a cancellation notice effective December 7, 1985. When efforts to replace the coverage at existing premium rates were unsuccessful, the Port Authority assumed the role of co-insurer in the primary coverage area. As reported to the Board by the Executive Director, the Port Authority as co-insurer is responsible for 40% of each and every loss which occurs after December 7, 1985 and which falls within the \$10 million primary insurance coverage layer.

Broker, Hamond & Regine, Inc., recently advised that, in exchange for an increase in premium and a revision in the policy cancellation notice provision from 120 days to 60 days at any time, certain insurers currently participating in the \$10 million primary coverage layer are amenable to restructuring their participation such that it would provide for 100% insurance recovery of the first \$5 million of each and every loss occurrence in excess of the \$100,000 self-insured retention. This, in turn, would also afford more insurance recovery on any loss below \$10 million than the current arrangement whereby the Port Authority co-insures 40% of any loss.

(Board - 2/13/86)

Staff has reviewed this proposal and is of the opinion that the favorable reduction in risk of loss to the Port Authority is worth the increase in premium and the concession in the policy cancellation provision. It should be noted that while under the proposed arrangement insurers may cancel on 60-days notice, staff nonetheless believes that entering into the new arrangement at this time will be to the Port Authority's advantage by (1) placing the Port Authority in a better negotiating position vis-a-vis the underwriters of the \$190 million excess insurance layer at policy anniversary; (2) avoiding or, at least, postponing an even greater premium increase on policy anniversary for the \$10 million primary layer, which in turn would effect the pricing of the entire \$200 million insurance program; and (3) by providing the greatest possibility that the Port Authority's manuscript policy form with its superior terms and conditions will remain in effect, rather than changing to policy forms dictated by individual insurers. As soon as negotiations are completed for the \$190 million excess portion of the program, staff will request appropriate authorization.

The increase in the premium which would be in effect as of March 1, 1986, results in a revised premium of \$2,529,978 for the three-year period beginning on June 1, 1984 and translates to a rate of \$.019 per \$100 of insurable values.

Recommendation was made that the Board authorize an increase of \$253,798 in premiums for the \$10 million layer excess of a \$100,000 self-insured retention of the All Risk Property Damage and Loss of Revenue Insurance covering all properties of the Port Authority and Port Authority Trans-Hudson Corporation (PATH), other than bridges and tunnels, purchased from various domestic and London insurers through Hamond & Regine, Inc. and C.E. Heath & Co., Ltd., for a three-year period commencing June 1, 1984. This increase, when added to the previously authorized amount of \$2,276,180, brings the new total authorized premium amount to \$2,529,978.

Approved.

(Board - 2/13/86)

Professional Services Agreement for a Comprehensive Review of Insurance Carrier Administrative and Claims Processing Services Provided Under the Port Authority and PATH Group Health and Dental Benefits Programs

It was reported that as part of the Port Authority's effort to assure that Port Authority and PATH are receiving the best and most cost-efficient health and dental claims processing and administrative services from the incumbent insurance carriers, staff deems it desirable to retain a professional specialist to perform a comprehensive review of those services.

Since the late 1930's, the Port Authority has sponsored group health insurance programs to reduce the impact of medical care costs on active and retired employees. The Prudential Insurance Company of America has provided group health coverage since July 1, 1966, and group dental coverage since its inception in 1975. Empire Blue Cross (formerly Blue Cross and Blue Shield of Greater New York) has provided group hospitalization coverage since the inception of the program. Blue Cross has also provided group dental coverage for certain PATH union groups since 1977.

The review of insurance carrier services will focus on the following components:

- an evaluation of the quantity and accuracy of the overall carrier claims administration;
- an evaluation of administration charges;
- an assessment of the timeliness of claim payments and its effect upon accuracy;
- a determination of the effectiveness of existing carrier claim cost controls;
- a review of carrier controls to guard against claim abuses and fraudulent claims;
- an assessment of the present method of carrier determination of claimant eligibility.

Requests for proposals (RFP's) were sent to twelve leading firms in this specialized field. Proposals were subsequently received from the following firms:

Alexander & Alexander of New York, Inc., New York, New York
 Coopers and Lybrand, New York, New York
 EBASCO Risk Management Consultants, Inc., New York, New York
 Hay/Huggins Company, Inc., New York, New York
 Hewitt Associates, New York, New York
 Johnson and Higgins, New York, New York
 Lucas, Tucker & Co., New York, New York
 William M. Mercer-Meidinger, Incorporated, New York, New York
 Towers, Perrin, Forster & Crosby, New York, New York
 The Wyatt Company, New York, New York

(Board - 2/13/86)

Proposals were thoroughly evaluated by Risk Management, Personnel and Audit staff according to specific criteria, which included technical merit of the proposal, cost, adherence to proposal requirements, and knowledge and experience of the offerer and staff. As a result of the evaluation, staff selected the proposal offered by William M. Mercer-Meidinger, Incorporated.

William M. Mercer-Meidinger, Incorporated, with offices in more than 80 cities worldwide, is the largest professional services firm in the employee benefits, compensation and human resource field. Its impressive list of clients includes many of the nation's largest corporations as well as numerous public sector agencies, including New York City and the State of New York. Project staff to be assigned to the Port Authority review are located in Mercer's New York City and Morristown, New Jersey offices.

It was therefore recommended that the Board authorize the Executive Director to retain William M. Mercer-Meidinger, Incorporated to perform a comprehensive financial and systems review of the administrative and claims processing services provided for the Port Authority and PATH group health and dental benefit plans by The Prudential Insurance Company of America and Empire Blue Cross at a cost not to exceed \$77,000.

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

RESOLVED, that the Executive Director be and he hereby is authorized to retain William M. Mercer-Meidinger, Incorporated to perform a comprehensive financial and systems review of the administrative and claims processing services provided for the Port Authority and PATH group health and dental benefit plans by The Prudential Insurance Company of America and Empire Blue Cross at a cost not to exceed \$77,000; and it is further

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

(Board - 2/13/86)

Air Cargo Fast Flow - Project Authorization and Authorization to Award Contracts

It was reported that at the 1985 annual meeting of the American Association of Port Authorities, the U.S. Commissioner of Customs stated that Port Authorities "which are investing in their future by aggressively pursuing an automated service center concept" for the facilitation of foreign trade "will be the Ports of the future." The local air cargo community, working in cooperation with U.S. Customs and the Port Authority, has been in the vanguard in recognizing the importance of automation in the processing of international air cargo, with the Port Authority maintaining the catalytic role in this endeavor.

As a result of this initiative, the Committee on Operations, at its meeting on March 8, 1984, authorized the Executive Director to enter into an agreement with a professional service firm to prepare Air Cargo Fast Flow System (ACFF) specifications and the Request For Proposal (RFP) for a contractor to perform the turnkey implementation of the ACFF system. Subsequently, DLA Associates, of Springfield, New Jersey (DLA) was retained to perform these services.

The Committee on Operations, at its meeting on August 9, 1984, and the Board, at its meeting on September 13, 1984, expanded the scope of the agreement with DLA to include the implementation of the Automated Cargo Clearance Enforcement Processing Technique (ACCEPT), the U.S. Customs clearance and release component of ACFF. ACCEPT is now on-line and successfully processing both air and marine cargo. Although ACCEPT will eventually be in the U.S. Customs Service computer in Franconia, Virginia, linked to ACFF under the banner of "Selectivity", ACCEPT will serve as the prototype for national application.

ACFF will be a computerized cargo inventory control and clearance/release system which, through an extensive telecommunications network, will tie together a national and international user community comprised of air carriers, customhouse brokers, container station operators and the U.S. Customs Service in the processing of import cargo. In addition, the selected contractor will develop functional specifications, an RFP and cost estimates for the future implementation of the Automated Cargo Expediting System (ACES), the ACFF counterpart for Marine Cargo, as well as size the equipment for the potential of ACES implementation and future ACFF system enhancements such as exports and the electronic transfer of funds.

The RFP produced by DLA was distributed to 35 firms on April 25, 1985, and proposals were received from two firms on June 27, 1985. In August 1985, the U.S. Customs Service issued a policy statement which substantially changed the conceptual design of ACFF, necessitating revisions to the RFP. On October 24, 1985, the revised RFP was distributed to 47 firms, and responsive proposals were received from the following firms on December 2, 1985:

Arthur Andersen and Co.
New York, New York

Arthur Young
New York, New York

Electronic Data Systems Corp.
Morristown, New Jersey

(Board - 2/13/86)

Peat, Marwick and Mitchell and Co.
New York, New York

Price Waterhouse
Washington, D.C.

SASC Technologies, Inc.
Lanham, Maryland

A proposal was also received from Tandem Computers, Inc., of New York, New York, which was deemed non-responsive.

The proposals were reviewed by an evaluation team comprised of representatives from the Aviation, Port, Management Information Services and General Services Departments of the Port Authority, Pan American World Airways, Inc. and the U.S. Customs Service.

The evaluation team recommends that a contract be negotiated with Arthur Andersen and Co., based on the quality of its technical proposal, its corporate experience and air cargo knowledge, and the proposed price. This contract would include detailed system design, modeling of alternate system architecture, development and implementation of the recommended ACFE system, and system operations and maintenance and support, as required, for the first two years of system operation. Arthur Andersen and Co., will be subcontracting a portion of the work effort to Research and Data Systems Corp. of Lanham, Maryland, a Port Authority certified MBE.

The final hardware configuration and associated costs will be determined following completion of the modeling task to be performed by Arthur Andersen and Co., under Phase I of the contract. The Port Authority will either purchase the equipment, as required, through Arthur Andersen or directly from the suppliers if necessary in order to take advantage of agency discounts.

The recommended hardware will be installed in the Management Information Services Department's World Trade Center computer facility. This will result in savings since a separate computer facility need not be constructed to house the system. The total project cost provides for MISD support services.

Capital costs, which include Aviation ACCEPT development costs, as well as on-going ACFE operating and maintenance costs, will be recovered from the user community through the levying of user charges.

It was therefore recommended that the Board authorize:

1. a project for the implementation of the Air Cargo Fast Flow System, which includes system design, development and implementation, purchase and installation of data processing equipment and communications equipment and services, and construction of appropriate space to house the system, at a project cost estimated at \$16.5 million; and operation and maintenance of the system for a two year period at an estimated cost of \$6 million;

(Board - 2/13/86)

2. the Executive Director to enter into an agreement with Arthur Andersen and Co. for a contract for the implementation of the Air Cargo Fast Flow System, including detailed system design, development, and system operation and maintenance for the first two years of system operations, as required, with provision for extra work not to exceed 10% of the contract price;

3. the Executive Director to enter into agreement(s) with vendor(s) for the purchase and installation of data processing and communications equipment and services to support the Air Cargo Fast Flow System, as required.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize: (1) a project for the implementation of the Air Cargo Fast Flow System, which includes system design, development and implementation, purchase and installation of data processing equipment and communications equipment and services and construction of appropriate space to house the system, at a project cost estimated at \$16.5 million; and operation and maintenance of the system for a two year period at an estimated cost of \$6 million; (2) the Executive Director to enter into an agreement with Arthur Andersen and Co. for a contract for the implementation of the Air Cargo Fast Flow System, including detailed system design, development, and system operation and maintenance for the first two years of system operations, as required, with provision for extra work not to exceed 10% of the contract price; (3) the Executive Director to enter into agreement(s) with vendor(s) for the purchase and installation of data processing and communications equipment and services to support the Air Cargo Fast Flow System, as required; and

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

(Board - 2/13/86)

Newark International Airport - Consolidated Ground Transportation Site - Project Authorization

It was reported that the continuing growth of air passenger activity at Newark International Airport and the increasing number of those patrons using other than private automobiles to travel to the airport has lead to greater demands on space at the terminal frontages and courtyards as well as on the terminal highway system. To accommodate the resulting need for high occupancy vehicles and to reduce congestion through better use of frontage and areas adjacent to the terminals, alternate facilities for functions currently accommodated in the vicinity of the terminals must be created.

It is proposed that an area south of the existing rental car facilities near the airport's main entrance be developed as a consolidated ground transportation site to accommodate a central taxi stack, a limousine hold area, and a special bus hold lot, as well as ancillary facilities. Staff has determined that the four-acre site under consideration will satisfy current usage and is expected to satisfy future demand.

In addition, the elimination of the individual terminal building taxi stacks and the relocation of limousine hold areas currently accommodated adjacent to Terminals A, B and C would make that space available for the relocation of functions presently located on the frontages. Additionally, development of new transportation facilities, such as bus loading areas, which could be adjacent to the terminal buildings for the most effective response to future passenger transportation demands, are now being considered.

It was therefore recommended that the Board authorize:

1. a project for the construction at Newark International Airport of a Consolidated Ground Transportation Facility at an estimated project cost of \$1.5 million including construction, administrative, engineering and financing expenses; and
2. the Executive Director either to award related publicly advertised 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 bid accepted, or to reject all bids, said action to be subject to the approval of the Chairman of the Committee on Construction.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that a project for the construction at Newark International Airport of a Consolidated Ground Transportation Facility at an estimated project cost of \$1.5 million, including construction, administrative, engineering and financing expenses is authorized; and it is further

(Board - 2/13/86)

RESOLVED, that the Executive Director is authorized either to award publicly advertised 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 bid accepted, or to reject all bids, said actions to be subject to the approval of the Chairman of the Committee on Construction; and it is further

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

(Board - 2/13/86)

Kennedy International Airport - Taxiway Stubs AA, BA & DA - Contract JFK-220.058 - Award

It was reported that Kennedy International Airport aircraft traffic on Taxiways I and O, which parallel the runways, usually travel in opposite directions. Direct access from the airport unit terminals to both Taxiways I and O is necessary to provide efficient aircraft ground movements. At present, all of the unit terminals have taxiways that provide direct access to both Taxiways I and O, except the British Airways and TWA unit terminals. The three existing taxiways that serve the British Airways and the TWA unit terminals (Taxiways AA, BA & DA) provide direct access to Taxiway I only. Contract JFK-220.058 provides for the construction of the extension of these three taxiways to provide direct access to Taxiway O.

Currently, the lack of direct access to Taxiway O from British Airways and TWA terminals is a source of extreme congestion not only in the area of these unit terminals but also on adjacent taxiways, causing frequent delays. Aircraft movements in the area of these unit terminals have increased during the past few years particularly since TWA designated Kennedy International Airport as its hub base. TWA's movements have doubled since 1980.

The taxiway extensions will help alleviate aircraft congestion and increase capacity of the taxiway system in the area of the British Airways and TWA unit terminals and result in more efficient airport operation.

Contract JFK-220.058 includes paving of the taxiway extensions and the construction of taxiway lighting, drainage and guidance signs. Paving of the extensions in the area of Taxiway I will be performed during a seven consecutive day shutdown of a portion of Taxiway I. In addition, during a seven consecutive day shutdown of a portion of Taxiway O, the extensions will be paved in the area of Taxiway O. The shutdowns will be at the discretion of the engineer and Taxiways I and O will not be shut down simultaneously.

The contract includes a provision that the bidder 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 contract also provides for the excavation of unsuitable materials and subsequent backfilling with suitable material and for providing additional fill all on a net cost basis, estimated at roughly \$250,000. A major portion of the contract is eligible for Federal funds under the Airport Improvement Program (AIP).

The contract was publicly advertised and the following bids were received on January 21, 1986:

	Lump Sum Amount
Anthony Grace & Sons, Inc., and Edenwald Contracting Co., Inc., a joint venture Whitestone, New York	\$2,978,000
Naclerio Industry Corp. Bronx, New York	3,461,381

(Board - 2/13/86)

	Lump Sum Amount
Willets Point Contracting Corp. Flushing, New York	\$3,720,000
ENGINEER'S ESTIMATE	\$3,000,000

Anthony Grace & Sons, Inc. and 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 construction of Taxiway Stubs AA, BA and DA between Taxiways I and O, at an expenditure presently estimated at \$4.1 million, including payments to contractors, allowances for extra work, engineering, administrative and financing expenses; and

2. the Executive Director to award Contract JFK-220.058, Taxiway Stubs AA, BA & DA, Kennedy International Airport, to Anthony Grace & Sons, Inc. and Edenwald Contracting Co., Inc., a joint venture, the low bidder, at its bid price in the amount of \$2,978,000, plus an authorization of \$298,000 for extra work and a provision for net cost work.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that a project at Kennedy International Airport for construction of Taxiway Stubs AA, BA & DA between Taxiways I and O, the expenditure therefore presently being estimated at \$4.1 million, including payments to contractors, allowances for extra work and net cost work, and engineering, administrative and financing expenses is authorized; and it is further

RESOLVED, that the Executive Director is authorized to award Contract JFK-220.058, Taxiway Stubs AA, BA & DA, Kennedy International Airport, to Anthony Grace & Sons, Inc. and Edenwald Contracting Co., Inc., a joint venture, the low bidder at its bid price in the amount of \$2,987,000 plus an authorization of \$298,000 for extra work and a provision for net cost work.

(Board - 2/13/86)

All Airports - Noise Abatement Projects at Five Selected Schools - 1986 Program

It was reported that the Board, at its meetings on April 12, 1984, July 12, 1984 and March 14, 1985, authorized agreements which allowed for the soundproofing of thirteen schools in the vicinity of Port Authority airports in the total estimated amount of \$7,735,280 Federal and \$1,814,720 Port Authority funds. Construction will be completed at four schools in early spring 1986.

The cost of each annual program for 1983, 1984 and 1985 is currently estimated to exceed the amounts approved by the Board, although actual costs will not be known until the work under all of the contracts is completed. Increased project authorization, if indicated, will be requested from the Board before the last school contract under each year of the program is awarded. The principal reason for the increase is that Board authorization was based on preliminary building data and cost estimates. Definitive estimates became available after the Board authorized retaining of experts to perform preliminary and definitive design. In most cases, the scope of work is greater than staff anticipated.

In a collaborative effort with school officials and elected governmental officials, the Port Authority deems it prudent to proceed with the soundproofing of four new schools and to complete the soundproofing of the Lawrence High School, portions of which have been included in two previous programs. This is a continuation of the Port Authority's policy of benefiting the communities surrounding the airports and to make use of the available Federal funds in the current fiscal year. Accordingly, it is requested that the Board authorize agreements with the respective governing bodies of the following schools:

Ann Street School, New Building, Newark, New Jersey
Lawrence High School-Phase III, Cedarhurst, New York
P.S. 219, Flushing, New York
P.S. 38, Rosedale, New York
St. Patrick High School, Elizabeth, New Jersey

The proposed soundproofing work for these schools would be similar to that planned for the previous thirteen schools. The estimated cost of such improvements, including engineering and administration, will not exceed \$6 million, based upon preliminary Aviation Department estimates. Definitive estimates will be prepared before the design phase of the projects. As was done for the previous schools, it will be proposed to the respective school governing bodies that they select and retain an architect to perform the preliminary design and contract document preparation and that they award the construction contracts. If any of the respective school governing bodies are unable to administer the soundproofing work with their own staff in a timely manner, the Port Authority, in collaboration with the school governing body, will engage the services of a professional architectural and engineering firm to develop recommendations and prepare contract documents for the soundproofing work and employ the services of a construction contractor to perform the work under the supervision of the school governing body, subject to Port Authority review.

(Board - 2/13/86)

Under the Airport and Airway Improvement Act of 1982, Federal funds are available at an 80% funding rate for soundproofing of schools. The Port Authority will pay the 20% sponsor share with no cost to be paid by the schools. Accordingly, applications will be made for funding the above work, and grants must be received before the end of the current Federal fiscal year, which expires September 30, 1986. The soundproofing project work will be sponsored by the Port Authority subject to the availability of Federal funds.

It was therefore recommended that the Board authorize the Executive Director to enter into agreements with the governing bodies of five selected schools in proximity to Port Authority-operated airports to permit joint Port Authority-Federal Airport Improvement Program funding in a total amount not to exceed \$6 million for projects to reduce the impact of aircraft noise levels within these schools.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director to enter into agreements with the governing bodies of five selected schools in proximity to Port Authority-operated airports to permit joint Port Authority-Federal Airport Improvement Program funding in a total amount not to exceed \$6 million for projects to reduce the impact of aircraft noise levels within these schools; the form of the agreements to be subject to the approval of General Counsel or his authorized representative.

(Board - 2/13/86)

Newark International Airport - Parking Lot "F" - Project Authorization

It was reported that air passenger growth at Newark International Airport continues to increase at a phenomenal rate. In 1985, Newark International Airport handled in excess of 28 million air passengers, and growth to over 40 million annual passengers is projected by the early 1990's. In order to accommodate the resulting increases in parking demand, it is imperative that additional automobile parking space be developed on the airport, since parking lot saturation is currently being experienced during peak periods throughout the year.

It is proposed to develop necessary additional at-grade long term parking at the south end of the airport in an area south of Runways 4L and 4R. This site is approximately two miles from the Central Terminal Area and lies within the clear zones under the approaches to both runways and, as such, cannot be used for any non-aeronautical airport purpose other than at-grade parking. Further, due to the scarcity of airport land and the probable alternative uses of currently undeveloped land, this is the most suitable remaining space on-airport for an at-grade parking facility. This 3,000 space facility is capable of being expanded to approximately double that size. Although staff is developing intermediate and long term plans for additional automobile parking or alternatives thereto, including possible structural parking facilities, this is the minimum amount of parking that must be built based on all reasonable future demand scenarios.

Approval to develop automobile parking facilities at this location has been requested from the Federal Aviation Administration (FAA). Based on recent discussions with regional FAA staff, it is anticipated that this will be acceptable, and the Port Authority is awaiting formal approval. Due to the need to meet the Port Authority's schedule to provide additional parking space consistent with increasing demand, it is imperative that the Port Authority progress the project and proceed with detailed design. However, contracts for construction of the facility will not be awarded until FAA approval is received.

This project will include publicly advertised contracts for the construction of parking spaces, associated tolls facilities, and paving and utilities to and within the site.

It was therefore recommended that the Board authorize:

1. a project at Newark International Airport for the construction of Parking Lot "F", containing approximately 3,000 automobile parking spaces, at a project cost presently estimated at \$8 million, including payments to contractors, an allowance for extra work and engineering, administrative and financing expenses; and

2. the Executive Director either to award publicly advertised contracts for the construction of Parking Lot "F" at Newark International Airport 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 bid accepted, or to reject all bids, said actions to be subject to the approval of the Chairman of the Committee on Construction.

(Board - 2/13/86)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that a project at Newark International Airport for the construction of Parking Lot "F", containing approximately 3,000 automobile parking spaces, at a project cost being estimated at \$8 million, including payments to contractors, an allowance for extra work and engineering, administrative and financing expenses is authorized; and it is further

RESOLVED, that the Executive Director is authorized either to award publicly advertised contracts for the construction of Parking Lot "F" at Newark International Airport 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 bid accepted, or to reject all bids, said actions to be subject to the approval of the Chairman of the Committee on Construction; and it is further

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

(Board - 2/13/86)

Port Newark - Rehabilitation of the Doremus Avenue Bridge - Approval of Port Authority Participation

It was reported that the New Jersey Governor's Office has requested that the Port Authority provide up to \$2.5 million in connection with the rehabilitation of the Doremus Avenue Bridge. The bridge, which is just north of Port Newark and the Elizabeth-Port Authority Marine Terminal, passes over ConRail's Oak Island Rail Yard, an important rail facility providing service to the Port District, and is one of the three access routes to Port Newark and the Elizabeth-Port Authority Marine Terminal. In addition to vehicular traffic, the bridge also supports a city water line and a sewer effluent line that services Port Newark and the adjacent Newark Industrial Center. The bridge, which was built in 1917 and is constructed of structural elements that range from 70 to 100 years old, has deteriorated in recent years at an accelerated rate. Since December 1984, the vehicle loads have been limited to three tons, thereby eliminating truck traffic. On December 12, 1985, the City of Newark, on the recommendation of the New Jersey Department of Transportation (NJDOT), closed the bridge to all traffic, eliminating one of the three access routes to the port facilities. Because the closing of any one of the three access routes to our port facilities will tax the capacity of the remaining routes and has the potential for disrupting ingress and egress to the port, the Port Authority will benefit from the bridge rehabilitation.

Although the extent of the rehabilitation is not fully known, professionals retained by NJDOT estimate that total costs will approximate \$2,725,000. Under the proposed agreement the Port Authority will provide from funds made available for New Jersey projects by the 1984 tolls increase an amount not to exceed \$2.5 million for construction contract costs and construction engineering costs. NJDOT will be responsible for the design and execution of the rehabilitation and will also be responsible for obtaining any additional funds which may be required to complete the project. NJDOT has advised staff that it will soon complete design work and expects to award construction contracts in June of this year and to complete the rehabilitation in January of 1987. The planned rehabilitation is expected to extend the life of the bridge by about ten years, at which time NJDOT expects that the bridge will be replaced. The Port Authority will not become obligated to maintain or operate the bridge.

New Jersey's share of the funds made available by the 1984 toll increase is \$137.5 million. Of this, the Board authorized \$27 million in September 1985 for the Route 169-Bayonne Bridge connection and \$1.9 million for the New Jersey Transit Park Ride Lots in January 1986. With up to \$2.5 million authorized for rehabilitation of the Doremus Avenue Bridge, \$106.1 million remains available for other New Jersey projects.

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

1. enter into an agreement with the New Jersey Department of Transportation (NJDOT) to provide for the execution by NJDOT of the rehabilitation of the Doremus Avenue Bridge, which spans ConRail's Oak Island Rail Yard, an important rail facility providing service to the Port District, and provides an access to Port Newark and the Elizabeth-Port Authority Marine Terminal; and
2. pay to NJDOT from funds made available for New Jersey projects by the 1984 toll increase an amount not to exceed \$2.5 million for construction contract costs and construction supervision costs of the Doremus Avenue Bridge rehabilitation.

(Board - 2/13/86)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to enter into an agreement with the New Jersey Department of Transportation (NJDOT) to provide for the execution by NJDOT of the rehabilitation of the Doremus Avenue Bridge, which spans ConRail's Oak Island Rail Yard, an important rail facility providing service to the Port District, and provides an access to Port Newark and the Elizabeth-Port Authority Marine Terminal; and it is further

RESOLVED, that the Executive Director is authorized to pay to NJDOT from funds made available for New Jersey projects by the 1984 toll increase an amount not to exceed \$2.5 million for construction contract costs and construction supervision costs of the Doremus Avenue Bridge rehabilitation; and it is further

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

The World Trade Department - The Teleport - Contract TP-110.012 - Main Entrance Security Building - Award

It was reported that Contract TP-110.012 requires the contractor to provide all labor and materials necessary to construct the main entrance facility at The Teleport site which will include a security building and two adjacent auxiliary guard booths that will house personnel performing vehicular and pedestrian security checks. From its inception, such a facility entrance has been an integral element in The Teleport master plan. The building will include space for communications controls, as well as equipment used to monitor perimeter security and building security and fire alarm systems. The security building will be approximately 600 square feet and will provide shelter and locker room facilities, and a single toilet room for security guards on duty.

The contract includes a provision that the contractor 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.

Staff has determined that since the contract will necessitate a six-month construction period, it is necessary to award a contract as soon as possible in that the current schedule indicates that an increase in tenancy is expected later this year. The existing construction employees and the expected increase in traffic loads from tenants make it necessary to have a main access point for the screening and controlling of vehicular and pedestrian traffic flow in an orderly fashion on and off the facility. In addition, the opening of the main entrance facility will enhance the appearance of the site for the benefits of prospective tenants, thereby aiding The Teleport's marketing effort.

Proposals were solicited from approximately 30 qualified contractors on January 17, 1986 and proposals are expected to be received on or about February 17, 1986.

In order to provide for the award of Contract TP-110.012 at the earliest possible date, it is requested that the Board authorize the Committee on Construction either to award a contract for the construction of the main entrance security building at The Teleport to the contractor who submits the lowest proposal, and who, in the opinion of the Committee on Construction is qualified by reason of responsibility, experience and capacity to perform the contract and whose proposal price the Committee on Construction deems reasonable, and to order extra work up to the amount of 10% of the proposal accepted, or to reject all proposals.

It was therefore recommended that the Board authorize the Committee on Construction to either award Contract TP-110.012 to the contractor who submits the lowest proposal, and who, in the opinion of the Committee on Construction is qualified by reason of responsibility, experience and capacity to perform the contract and whose proposal price the Committee on Construction deems reasonable, and to order extra work up to the amount of 10% of the proposal accepted, or to reject all proposals.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorizes the Committee on Construction either to award Contract TP-110.012 to the contractor who submits the lowest proposal, and who, in the opinion of the Committee on Construction is qualified by reason of responsibility, experience and capacity to perform the contract and whose proposal price the Committee on Construction deems reasonable, and to order extra work up to the amount of 10% of the proposal accepted, or to reject all proposals.

(Board - 2/13/86)

The World Trade Department - Newark Legal and Communications Center - Sale of Space Agreement - Crummy, Del Deo, Dolan, Griffinger & Vecchione

It was recalled that the Board, at its meeting on September 12, 1985, authorized the Executive Director to enter into installment contracts of sale with purchasers of space in The Newark Legal and Communications Center (NL&CC) at a consideration equal to the project cost divided by the number of usable square feet to be sold (or leased). With current project costs, inclusive of engineering, administrative and Port Authority financial costs, estimated at approximately \$38 million, staff anticipated that usable space, of which there is approximately 300,000 square feet available for sale or lease, could be sold in the NL&CC building at a per-usable-square-foot rate of approximately \$126, exclusive of any tenant fit-up allowance. It was reported too that in order to progress marketing efforts and obtain commitments from prospective purchasers of space, it was necessary, in staff's judgment, to agree that the sales price would in no event exceed \$132.65 per usable square foot, and would be paid over a term of 25 years, at an annual factor not to exceed .13194 for each dollar of Port Authority expenditure.

At its meeting on September 12, 1985, the Board also authorized the Executive Director to enter into agreements to provide finishes: the initial \$14.79 of which to be under the same terms as those of the purchase price; and the remainder to be provided at an annual factor not to exceed .13418 for each dollar of additional expenditure. The total cost for initial finishes was estimated at \$4.2 million. While the 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 would be personally liable for the cost of the additional finishes.

Staff has engaged in negotiations with the law firm of Crummy, Del Deo, Dolan, Griffinger & Vecchione for over a year, and has reached agreement in principle for the purchase by Crummy, Del Deo, Dolan, Griffinger & Vecchione, or such other partnership as the members of the firm may create and designate for this transaction, of up to four floors in the NL&CC. The agreement provides for the sale to Crummy, Del Deo, Dolan, Griffinger & Vecchione of the two uppermost floors in the NL&CC, totalling approximately 34,220 usable square feet. Options for the purchase of the two floors immediately under the above-cited two floors total approximately 36,970 usable square feet. One option must be exercised by October 1, 1986, and the other at such time as the Port Authority will have received an offer for that last remaining floor in the building. Staff has every confidence that, in light of the growing space requirements of Crummy, Del Deo, Dolan, Griffinger & Vecchione, the firm will have purchased, at occupancy, the entire four floors, comprising approximately 71,190 usable square feet.

The purchase price, exclusive of any fit-up allowance, shall be arrived at by dividing the total project cost of approximately \$38 million by the estimated number of usable square feet available for sale or lease. Current projection yields a cost of approximately \$126 per usable square foot. In order to assuage the concerns of purchasers regarding the possibility of the final cost far exceeding the estimates, the Port Authority has agreed that in no event shall the cost exceed \$132.65 per usable square foot, or 105% of the estimated figure. The purchase price shall be paid in 300 equal monthly installments, which shall be non-recourse both to the purchasing partnership and to the individual partners.

(Board - 2/13/86)

In addition, the agreement requires that the Port Authority provide funds for finishes as well as all moving costs incurred in purchaser's move from Gateway I in Newark to the NL&CC. The initial \$14.79 of finishes are to be provided under the same terms and conditions as those of the purchase price. The balance of finishes, and the moving costs are to be provided at an annual factor not to exceed .13418 for each dollar of such expenditure.

The proposed agreement requires that, if, at some specified time prior to the renewal date in the present lease of Crummy, Del Deo, Dolan, Griffinger & Vecchione, it becomes clear that the space purchased by them in the NL&CC will not be ready for occupancy by July 14, 1987 or thereabout, the Port Authority will negotiate with the leaseholder of the space now occupied by Crummy, Del Deo, Dolan, Griffinger & Vecchione - i.e., The Prudential Insurance Company of America - for an appropriate extension of that lease, including to up to 10,000 more square feet than is presently included in the lease. The proposed agreement stipulates also that, if an appropriate extension cannot be negotiated with Prudential, Crummy, Del Deo, Dolan, Griffinger & Vecchione shall be able, at its sole option, to renew for the entire five years specified in its current lease, including the addition of up to 10,000 square feet.

In either eventuality, the Port Authority would reimburse Crummy, Del Deo, Dolan, Griffinger & Vecchione for the difference, if any, between the amount to be paid under the new lease and that which Crummy, Del Deo, Dolan, Griffinger & Vecchione would have been paying to the Port Authority for an equal number of square feet in the NL&CC until such time as the space purchased is ready for occupancy. Then, if the new lease at Gateway I is still in effect upon Crummy, Del Deo, Dolan, Griffinger & Vecchione's occupancy at the NL&CC, the Port Authority shall be responsible for the balance of the lease.

Crummy, Del Deo, Dolan, Griffinger & Vecchione currently occupies approximately 33,000 rentable square feet at Gateway I in Newark. The base agreement between Crummy, Del Deo, Dolan, Griffinger & Vecchione and Prudential specifies a renewal option to begin on August 1, 1987 at a rental rate averaging \$33.06 per rentable square foot. (There are in fact five different leases, at different rates, but all to end simultaneously).

The difference that may have to be made up by the Port Authority totals approximately \$21,700 per month until Crummy, Del Deo, Dolan, Griffinger & Vecchione takes occupancy at the NL&CC.

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

1. enter into an installment contract of sale with the firm of Crummy, Del Deo, Dolan, Griffinger & Vecchione, or such other partnership as the firm may designate, for the purchase of approximately 34,000 usable square feet in The Newark Legal and Communications Center (NL&CC), together with options for the purchase of up to approximately 37,000 usable square feet, at a consideration equal to the project cost divided by the number of usable square feet available for sale or lease, which consideration shall not however exceed \$132.65 per usable square foot, and which shall be paid over a term of 25 years at an annual factor not to exceed .13194 for each dollar of Port Authority expenditure;

(Board - 2/13/86)

2. enter into an agreement with the above-mentioned party to provide tenant finishes and moving costs: the initial \$14.79 of which finishes to be provided under the same terms and conditions as the purchase price; and the balance of said tenant finishes and the moving costs to be provided over a term of 25 years, at an annual factor not to exceed .13418 for each dollar of additional expenditure.

3. negotiate with the leaseholder of the space currently occupied by Crummy, Del Deo, Dolan, Griffinger & Vecchione for a lease extension, possibly up to five years, on its present space plus an addition of up to 10,000 square feet, and to pay the difference, if any, between the amount to be paid under the lease extension and that which Crummy, Del Deo, Dolan, Griffinger & Vecchione would have been paying for an equal number of square feet in the NL&CC until such time as the NL&CC is ready for occupancy; and thereupon to take responsibility for the lease for the balance of said extension.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director be and he is hereby authorized to: (1) enter into an installment contract of sale with the firm of Crummy, Del Deo, Dolan, Griffinger & Vecchione, or such other partnership as the firm may designate, for the purchase of approximately 34,000 usable square feet in The Newark Legal and Communications Center (NL&CC), together with options for the purchase of up to approximately 37,000 usable square feet, at a consideration equal to the project cost divided by the number of usable square feet available for sale or lease, which consideration shall not however exceed \$132.65 per usable square foot, and which shall be paid over a term of 25 years at an annual factor not to exceed .13194 for each dollar of Port Authority expenditure; (2) enter into an agreement with the above-mentioned party to provide finishes and moving costs: the initial \$14.79 of which finishes to be provided under the same terms and conditions as the purchase price; and the balance of said finishes and the moving costs to be provided over a term of 25 years at an annual factor not to exceed .13418 for each dollar of additional expenditure, and (3) negotiate with the leaseholder of the space currently occupied by Crummy, Del Deo, Dolan, Griffinger & Vecchione for a lease extension, possibly up to five years, on its present space plus an additon of up to 10,000 square feet, and to pay the difference, if any, between the amount to be paid under the lease extension and that which Crummy, Del Deo, Dolan, Griffinger & Vecchione would have been paying for an equal number of square feet in the NLCC until such time as the NLCC is ready for occupancy; and thereupon to take responsibility for the lease for the balance of said extension; and it is further

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

(Board - 2/13/86)

New York City Passenger Ship Terminal - Port Newark and Elizabeth and Brooklyn-Port Authority Marine Terminals - Maintenance Dredging - Contract MFP-163 - Award

It was reported that Contract MFP-163 provides for the removal and disposal of approximately 625,000 cubic yards of accumulated material from various berths at the New York City Passenger Ship Terminal, Port Newark and Elizabeth and Brooklyn-Port Authority Marine Terminals as part of the normal dredging required to maintain sufficient depths for shipping operations.

The contract was publicly advertised and the following bids were received on January 28, 1986:

	Estimated Total Amount
Weeks Dredging and Contracting Inc. Cranford, New Jersey	\$2,680,015
Great Lakes Dredge & Dock Company Staten Island, New York	2,761,000
American Dredging Company Camden, New Jersey	3,227,500
ENGINEER'S ESTIMATE	\$2,830,000

The low bidder, Weeks Dredging and Contracting Inc., has previously performed satisfactory work for the Port Authority and is qualified to carry out the requirements of this contract.

It was therefore recommended that the Board authorize the Executive Director to award Contract MFP-163, Maintenance Dredging, New York City Passenger Ship Terminal, Port Newark and Elizabeth and Brooklyn-Port Authority Marine Terminals, to Weeks Dredging and Contracting, Inc., the low bidder, at its bid price in the estimated total amount of \$2,680,015, plus an authorization of \$268,000 for extra work.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to award Contract MFP-163, Maintenance Dredging, New York City Passenger Ship Terminal, Port Newark and Elizabeth and Brooklyn-Port Authority Marine Terminals to Weeks Dredging and Contracting, Inc., the low bidder, at its bid price in the estimated total amount of \$2,680,015, plus an authorization of \$268,000 for extra work.

(Board - 2/13/86)

1986 Budget - January 1 through March 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. 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 Governors' 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 was 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 March 31, 1986.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that it is hereby confirmed that the Executive Director is authorized through March 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.

Engineering Department - A&E and Construction Contractors Forums - Retention of Joan D. Finch

It was reported that as a result of the feedback received during the Engineering Department's A&E Forum of November 20, 1985, many of the A&Es have requested that the Engineering Department follow up and take action on several of their recommendations. In order to assist staff in resolving some of the more difficult issues, staff has begun the formation of a standing Board of A&E Professionals. The Board of A&E Professionals will consist of the A&Es and Port Authority staff members who served as panelists at the A&E Forum and it will convene when necessary. Also, since Ms. Joan D. Finch played a key role in the A&E Forum's success, staff deems it prudent to continue to retain her in order to assure that the documentation of results, the writing of final reports and the follow-up actions, are also successful.

The second part of this recommendation concerns a proposed Construction Contractors Forum to be held in the spring of 1986. In view of the large planned capital program and based upon recommendations made at the A&E Forum and by Executive Staff, staff feels that a Construction Contractors Forum should be held. The Construction Contractors Forum will advise the contracting community of changes which have been instituted to improve the process and to solve specific problems that remain. Staff also deems it prudent to retain Ms. Finch to act as a facilitator for this forum. Her unique knowledge and experience in planning, organizing and implementing numerous building and construction related conventions, forums and seminars, which is not possessed by Port Authority staff, makes her an ideal choice.

Under the agreement for the A&E Forum, Ms. Finch was paid a per diem rate of \$300 plus out-of-pocket expenses. Ms. Finch has requested that this rate be increased to \$400 per day plus out-of-pocket expenses which staff deems fair and equitable. This new rate will apply to the increase in the scope of services under the existing agreement for the A&E Forum and the new agreement for the Construction Contractors Forum.

It was therefore recommended that the Board authorize:

1. an increase in the scope of services and an increase in the compensation rate and total amount payable under an agreement with Ms. Joan D. Finch for professional services in connection with the Engineering Department's Architectural and Engineering Forum with total compensation not to exceed \$20,000; and
2. the retention of Ms. Joan D. Finch for expert professional services in connection with the planning, organization and implementation of a Construction Contractors Forum, at a total compensation not to exceed \$20,000.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize: (1) an increase in the scope of services and an increase in the compensation rate and total amount payable under an agreement with Ms. Joan D. Finch for professional services in connection with the Engineering Department's Architectural and Engineering Forum, with total compensation not to exceed \$20,000; and (2) the retention of Ms. Joan D. Finch for expert professional services in connection with the planning, organization and implementation of a Construction Contractors Forum, at a total compensation not to exceed \$20,000; the form of the agreement to be subject to the approval of General Counsel or his authorized representative.

(Board - 2/13/86)

Agreement with the City of New York and the State of New Jersey for Joint Study of Maritime Support Industry

It was reported that the rapidly changing use of waterfront property is causing dislocation of traditional water-dependent maritime support services in the port. The continuing acquisition of waterfront property for mixed development is forcing companies which provide tugs, scows, barge services and vessel repair to compete with housing and office development for available waterfront property. The City of New York, Departments of City Planning, Ports and Terminals, and the Public Development Corporation, together with the New Jersey Department of Environmental Protection's Coastal Resources Division and the Port Authority, propose to jointly sponsor a study to quantify the needs of this industry and to identify possible future sites for this vital segment of the maritime industry.

The proposed agreement provides for the retention of an expert by the New York City Department of City Planning to perform the study, the creation of an inter-agency review committee to evaluate the expert's work and for the funding of the study by the respective agencies.

The scope of the expert's work will be to identify the marine support services in the harbor; quantify their future space requirements; inventory possible site locations; and perform economic and physical feasibility studies of site locations.

The cost of the study is not to exceed \$150,000 and will be shared proportionally as follows:

	Maximum Amount
City of New York Department of City Planning	\$25,000
City of New York Department of Ports and Terminals	25,000
City of New York Public Development Corporation	25,000
New Jersey Department of Environmental Protection	25,000
The Port Authority of New York and New Jersey	50,000

The proposed agreement calls for both the Port Authority and the New Jersey Department of Environmental Protection each to pay the City of New York 20% of their total shares on or before the date that the Board of Estimate approves the agreement for expert services with the remaining 80% to be paid within 120 days of the effective date of this expert services agreement.

It was therefore recommended that the Board authorize the Executive Director to enter into an agreement with the City of New York (Departments of City Planning, Ports and Terminals, and the Public Development Corporation) and the State of New Jersey, (Department of Environmental Protection), for participation in a Marine Support Services location study, at an expenditure by the the Port Authority not to exceed \$50,000.

(Board - 2/13/86)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorizes the Executive Director to enter into an agreement with the City of New York (Departments of City Planning, Ports and Terminals, and the Public Development Corporation) and the State of New Jersey (Department of Environmental Protection), for participation in a Marine Support Services location study at an expenditure by the Port Authority not to exceed \$50,000, the form of the agreement to be subject to the approval of General Counsel or his authorized representative.

(Board - 2/13/86)

Personnel Department - Retention of Professional Services and Instructors for Human Resource Development for the 1986 Year

It was reported that in 1983 staff discussed plans for a Comprehensive Human Resource Program with the Commissioners. In 1984 the Board authorized the Personnel Director to retain professional services to assist in the implementation of two Assessment Centers, the initial component of the Executive Development Program. In 1985 the Board authorized the Personnel Director to retain professional and instructor services to assist in the design and delivery of a variety of executive training programs.

Additional components of the Comprehensive Human Resource Program were initiated in 1985. The Supervisory Academy, modeled after the Executive Development Program, was implemented to assure effective succession and development of field supervisors. A Secretarial Development Program was initiated to address the developmental needs of the clerical and administrative workforce. An Affirmative Action Awareness and Sensitivity Program was continued and expanded to include field supervisors. Implementation continued on a Performance Appraisal Program to assess employees' performance and identify specific developmental needs.

For 1986, the major part of the anticipated expenditures will be targeted in the areas of executive development, affirmative action and performance appraisal training. Professional and instructor services are needed to continue Executive Development Program activities, which will include distinguished speakers, workshops, seminars and residency programs in areas such as leadership and team building, problem solving and decision making, media relations, business presentations, information processing, public finance and project management.

An Equal Opportunity/Affirmative Action Program started in 1985 for our Field Supervisors will be continued in 1986. Professional services will continue to provide these staff members with a better understanding of the critical issues involved in managing a diverse workforce. It is anticipated that approximately 330 Field Supervisors will participate in this program this year.

In 1985 the Port Authority introduced a formal performance appraisal process for management staff in each department. Approximately 2,000 staff members were trained by members of the Personnel Department in the utilization of this process. The final phase of this process includes feedback to employees regarding their work performance and development needs. Professional services will be utilized to train executive staff in effective feedback and counseling skills.

In addition to the above, it is anticipated that professional and instructor services will be needed in areas of succession planning, executive assessment and to develop and implement a variety of programs for junior and middle management staff.

Minority business enterprise firms have been identified for several key programs and will represent a significant portion of the funds expended for professional and instructor services.

(Board - 2/13/86)

The total expenditure for these services will not exceed \$375,000, exclusive of reimbursement for out-of-pocket expenditures. Monies for these services have been included in the Personnel Department's budget for 1986.

It was therefore recommended that the Board authorize the Personnel Director to retain various professional and instructor services on an as-needed basis to assist the Personnel Department in the performance of development activities associated with key comprehensive human resource programs at an individual amount not to exceed \$50,000 and at an aggregate amount not to exceed \$375,000 for 1986, exclusive of reimbursement for out-of-pocket expenditures.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Personnel Director to retain various professional and instructor services on an an-needed basis to assist the Personnel Department in the performance of development activities associated with key comprehensive human resource programs at an individual amount not to exceed \$50,000 and at an aggregate amount not to exceed \$375,000 for 1986, exclusive of reimbursement for out-of-pocket expenditures, the form of the agreements to be subject to the approval of General Counsel or his authorized representative.

(Board - 2/13/86)

Meritorious Service Award of Police Commendation Medal to Police Officer Edward C. Devine

It was recommended that the Police Commendation Medal be awarded to Police Officer Edward C. Devine.

The Police Commendation Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed outstanding service or has shown exceptionally meritorious performance in the duty assigned to him.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Police Commendation Medal is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Police Officer Edward C. Devine it is recommended that the Police Commendation Medal award be given on the following grounds:

At approximately 3:00 p.m. on Wednesday, November 21, 1984, Port Authority Police Officer Edward C. Devine was off-duty, in civilian clothes, waiting for his wife at Desmond's Restaurant on West 57th Street in Manhattan. As he waited inside the restaurant, Officer Devine noticed two men in their fifties begin to argue. As the argument grew louder and more heated, Officer Devine monitored it closely, sensing that it might escalate into a violent situation.

As he had suspected, Officer Devine observed one of the men reach into a green nylon bag, pull out a .38 caliber revolver and point it at the other man. Without police backup, Officer Devine acted swiftly and approached the armed man, instructing the patrons in the restaurant to take cover. He identified himself as a police officer to the armed man as he displayed his shield, drawing his own off-duty revolver. Officer Devine then ordered the armed man to drop his weapon. Ignoring Officer Devine's order, the suspect fired a shot at the man with whom he was arguing.

Though within proper police procedures to fire at the assailant, Officer Devine recognized the threat of serious injury to both the intended victim and the patrons if he fired his gun in a crowded restaurant. Instead, Officer Devine lunged at the armed suspect, struggled with him, and pinned him to the floor. Because he was off-duty and without the usual handcuffs and other police equipment, Officer Devine held onto the aggressor until backup units from the New York City Police Department arrived to assist in the arrest.

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In the confusion, the injured victim, with observable gun powder burns on the right side of his torso, left the restaurant without being identified. Eyewitnesses verified Officer Devine's observation that the victim may have been struck by a bullet.

Officer Devine's actions were in the finest tradition of Port Authority police service. Acting above and beyond the requirements of duty and without regard for his own safety, Officer Devine successfully captured an armed individual and protected innocent restaurant patrons.

For his exceptional good judgment and his valiant restraint in the use of deadly force, it is recommended that the Police Commendation Medal be awarded to Police Officer Edward C. Devine.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Police Commendation Medal to Police Officer Edward C. Devine.

(Board - 2/13/86)

Meritorious Service Award of Police Commendation Medal to Police Officer Richard Percoco

It was recommended that the Police Commendation Medal be awarded to Police Officer Richard Percoco.

The Police Commendation Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed outstanding service or has shown exceptionally meritorious performance in the duty assigned to him.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Police Commendation Medal is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Police Officer Richard Percoco it is recommended that the Police Commendation Medal award be given on the following grounds:

At 7:30 a.m. on Friday, June 7, 1985, the commuter rush hour crowds were beginning to fill The World Trade Center Concourse. Police Officer Richard Percoco was on duty in front of the East River Savings Bank near the PATH escalators. Suddenly, he heard a loud commotion and saw one man, Wesley Lister, yelling loudly and chasing another man, Ronald Williams, from the direction of One World Trade Center toward the escalators. When they reached the escalators, Williams, who was being chased, stopped, reached into his jacket, grabbed a 7-inch meat cleaver, and turned around and began chasing Lister back toward One World Trade Center.

Officer Percoco immediately began to chase after Williams and radioed for police backup. Wildly waving the meat cleaver overhead, Williams was terrifying the crowds of commuters as he rushed after Lister. Lister ran into the Duane Reade drugstore to seek shelter. The problem between the two men had begun when Williams tried to steal Lister's lunch cooler. Lister grabbed the cooler back and the altercation escalated from a loud verbal exchange into the mad chase toward the PATH escalators.

Officer Percoco reached the Duane Reade drugstore as crowds of panicked customers, commuters and Duane Reade employees ran yelling and screaming out of the store into the Concourse. The armed man had run to the back of the narrow store. When he realized he could isolate the suspect, Officer Percoco calmly evacuated all of the remaining people in the store before he approached the suspect. Officer Percoco put his life in jeopardy as he moved closer to the armed suspect. He did not fire his weapon, though he had the legal right to use deadly force against the suspect. Instead, he demonstrated the utmost professional restraint by ordering Williams to drop his weapon and surrender.

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During those tense moments, Officer Percoco ordered the suspect to drop his weapon and step back. The man did not obey. Twice more Officer Percoco ordered him to drop the weapon, and finally, Williams complied. Officer Percoco arrested him after a short struggle. The suspect was indicted by the Grand Jury for 1st Degree robbery, attempted assault and possession of a weapon. Subsequently, Officer Percoco received the Cop-of-the-Month Award from the Nassau County Police Shields for his actions.

For safely evacuating innocent customers from the range of an armed man and for successfully capturing that dangerous suspect without the use of deadly force, it is recommended that the Police Commendation Medal be awarded to Police Officer Richard Percoco.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Police Commendation Medal to Police Officer Richard Percoco.

(Board - 2/13/86)

Meritorious Service Award of Commendation Medal to Leon Anderson

It was recommended that the Commendation Medal be awarded to Leon Anderson.

The Commendation Medal under the Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed outstanding service or has shown exceptionally meritorious performance in the duty assigned to him.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Commendation Medal is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Leon Anderson it is recommended that the Commendation Medal award be given on the following grounds:

On April 11, 1985 at approximately 2:00 p.m., at PATH's Newark Station, Passenger Information Agent Leon Anderson and Police Officer Nicholas Kormash witnessed a very muscular, athletic looking man jumping the turnstile. At this point, Mr. Anderson yelled at the man to stop. When he did not stop and proceeded to the train, Police Officer Kormash quickly followed the man into the Newark train alone. Fortunately, Mr. Anderson, was positioned about ten feet away near the turnstile and was able to cautiously observe the actions of the patron suspect throughout the incident. Police Officer Kormash, who was the only officer on duty at the Newark Station, was also fortunate that the Newark Station is all on one level so Mr. Anderson was able to watch the encounter between Police Officer Kormash and the suspect when Kormash stepped on the train.

The man began screaming and swinging his arms around which terrified the other passengers. The individual repeatedly screamed, "I paid my fees. Go ahead, shoot, kill me!" Police Officer Kormash, at this point, had a choice of giving the man a summons or arresting him. Giving a summons for jumping the turnstile is the usual course of action when the patron has identification and is cooperative. The man, however, continued his incessant chant.

The other passengers in the car, either fled or watched in fear as the suspect continued to act in an extremely unusual manner. Police Officer Kormash finally grabbed hold of him and succeeded in pulling him off the train and onto the platform, to the relief of the other passengers.

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Mr. Anderson walked closer when he observed a struggle begin between Police Officer Kormash and the turnstile jumper. In the course of the struggle Kormash had managed to get one handcuff on the man but could not get the other handcuff on to complete the arrest. With Anderson's assistance, Police Office Kormash got the suspect under control by handcuffing his wrists behind his back. While Anderson, a 5'8 man with a medium frame, physically restrained the muscular man, Police Officer Kormash gained full control of the situation.

Mr. Anderson took action boldly, beyond his duties as a Passenger Information Agent, to intervene in the incident. If he had not intervened, it could have taken more than ten crucial minutes for a police unit from Journal Square Transportation Center to respond to a call for help. In the opinion of Police Officer Kormash, as well as Captain Francis Brennan his Commanding Officer, it was Mr. Anderson's prompt intervention that was directly responsible for resolving this incident without any permanent injury to Officer Kormash, the prisoner, or nearby patrons.

For his extraordinary, quick selfless actions beyond the scope of his duty and for coming to the aid of a Port Authority Police Officer in jeopardy, and protecting PATH patrons from a situation which may have escalated further, without any regard for his own well being, it is recommended that the Commendation Medal be awarded to Passenger Information Agent Leon Anderson.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Commendation Medal to Leon Anderson.

(Board - 2/13/86)

Meritorious Service Award of Commendation Medal to William Harmon, Sr.

It was recommended that the Commendation Medal be awarded to William Harmon, Sr.

The Commendation Medal under the Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed outstanding service or has shown exceptionally meritorious performance in the duty assigned to him.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Commendation Medal is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of William Harmon, Sr. it is recommended that the Commendation Medal award be given on the following grounds:

On June 16, 1985, Facility Operations Agent William Harmon Sr., while on duty at his assigned post at the George Washington Bridge Emergency Garage, received a call from the communications desk at approximately 6:30 a.m., that an accident involving passenger vehicles had occurred on the Westbound side of the bridge's Lower Level.

Mr. Harmon left the garage promptly and was the first to arrive at the scene of the accident. One accident victim who was bleeding from several facial wounds and rapidly slipping into shock had climbed out onto the very narrow eighteen-inch mesh grating catwalk in an unwise attempt to get away from the three moving lanes of traffic. Dangerous under any circumstances, the catwalk, which has no outer rail and is only used by maintenance men wearing the proper safety cables, became an even more hazardous location for the patron since the accident took place on a rainy morning.

Mr. Harmon, without regard for his own safety, climbed over the guardrail and down one foot to the open catwalk to aid the injured and disoriented patron. The patron, reacting from fear, then knocked Mr. Harmon down, almost causing him to slip off the open catwalk to his own death. Mr. Harmon then managed to climb back onto the catwalk and to wrap his arms around the patron, acting as a physical barrier to protect the patron from falling into the river. Mr. Harmon remained in that position until he was calm enough and had gained enough strength to help the injured victim back over the guardrail. At that point, a Fort Lee ambulance unit was able to take the patron to the hospital where he was admitted.

(Board - 2/13/86)

For his swift and decisive action, without regard for his own personal safety, it is recommended that the Commendation Medal be awarded to Facility Operations Agent William Harmon, Sr.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Commendation Medal to William Harmon, Sr.

(Board - 2/13/86)

Meritorious Service Award of Commendation Medal to Ann Tighe and Scott Shih

It was recommended that the Commendation Medal be awarded to Ann Tighe and Scott Shih.

The Commendation Medal under the Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed outstanding service or has shown exceptionally meritorious performance in the duty assigned to him.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Commendation Medal is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Ann Tighe and Scott Shih it is recommended that the Commendation Medal award be given on the following ground:

On August 22, 1985, around 5 p.m., Scott Shih was jogging across the George Washington Bridge on the south walk when he observed a man, later identified as Samuel N. Patterson of Manhattan, standing outside the safety railing of the bridge, poised and ready to jump. Within seconds, another jogger, Ann Tighe, came by. When she realized what was happening, she turned around and went over to where Scott Shih and Mr. Patterson were standing. Mr. Patterson held on with nothing but a toe- and hand-hold on the walkway's outer railing and three inch ledge. If his hands had slipped he would have plummeted 250 feet to his death in the river.

Standing inside the pedestrian walkway, both Ann Tighe and Scott Shih attempted to engage Patterson in conversation. They learned that Patterson was despondent over the recent death of his mother and that he had recently lost his job. They gained Patterson's confidence when Ann Tighe told him that she had psychic powers, and that she could communicate with his mother through her powers. Elaborating on her psychic powers, Tighe drew out the conversation to delay Patterson's attempt to jump. Tighe told Patterson that his mother would not be pleased with his actions.

While Tighe and Shih were talking, they were able to grab hold of Patterson. A biker was riding by and they asked him to notify the police. Patterson pleaded with his rescuers, saying, "Please let me go. I have nothing to live for." Continuing to hold Patterson, they kept him engaged in conversation until the police arrived and Patterson was pulled over the railing to safety. Patterson was then admitted to Bergen Pines County Hospital.

(Board - 2/13/86)

The rapid, life-saving responses of Ann Tighe and Scott Shih were unlike those of the typical civilian, who either completely ignores a dangerous situation, or waits until he can notify the police when he reaches the end of the bridge.

For their quick thinking and care for a fellow human being, and for their courage and decisive action in saving the life of Samuel Patterson, it is recommended that the Commendation Medal be awarded to Ann Tighe and Scott Shih.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Commendation Medal to Ann Tighe and Scott Shih.

(Board - 2/13/86)

Meritorious Service Award of Commendation Medal to Ruth Walker

It was recommended that the Commendation Medal be awarded to Ruth Walker.

The Commendation Medal under the Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed outstanding service or has shown exceptionally meritorious performance in the duty assigned to him.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Commendation Medal is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Ruth Walker it is recommended that the Commendation Medal award be given on the following grounds:

At 8:00 p.m. on Saturday, August 17, 1985, Mrs. Ruth Walker, a Staten Island resident, was bicycling across the Bayonne Bridge walkway with her two young teenagers, Caroline and Andrew. As they rode on the Bayonne side of the center span, they observed a young man standing on the walkway and gazing over the rail into the water. He glanced back furtively as the Walkers rode past him. Mrs. Walker and her children bicycled through Bayonne for an hour and began their trip back over the Bayonne Bridge at 9:00 p.m. She noticed the same young man who was now standing on the outside of the railing, holding on with only one arm. It was apparent he was preparing to commit suicide by jumping into the waters below. If his arm slipped off the railing, he would lose his toehold on the narrow ledge and fall 150 feet to his death.

Mrs. Walker was in shock. She put down her bike and slowly approached the man, who was later identified as 23-year-old Thomas Contaldi. Mrs. Walker began to talk to him, but she would not go too near him in case she might upset him further. So as not to panic the would-be jumper, Mrs. Walker told her son in French to ride the mile to the Staten Island side of the Bridge and call the police.

Meanwhile, Mrs. Walker continued talking to Contaldi, telling him repeatedly, "Don't do it!" She drew on her strong religious faith and kept assuring Contaldi that Jesus Christ could help him out of his troubles. Gradually, Contaldi spilled out his problems — he was a drug addict, his parents had thrown him out of the house and he had slept on the street the night before.

(Board - 2/13/86)

Meanwhile, Mrs. Walker's son rode his bike from the middle of the Bridge to the toll booths. He explained the emergency to a toll collector, who immediately notified the supervisor. The supervisor called the communication desk and, in turn, the desk staff radioed the police. At this point at least fifteen minutes had gone by, and Mrs. Walker and her daughter were still trying to keep Contaldi talking.

Two police cars approached the scene from opposite ends of the Bridge and stopped a distance away. Police Officers Bernard Grossman and Himan Jones ran the quarter of a mile to Mrs. Walker and the poised jumper. She noticed the approach of the police from each side and successfully distracted Contaldi. The two officers joined Mrs. Walker in talking to Contaldi. Gradually, they inched closer and eventually the officers were able to grab Contaldi from each side and haul him over the railing to safety. Without jeopardizing the precarious position of the would-be jumper, Mrs. Walker acted to calm a despairing man and to send her son for assistance. Because Mrs. Walker stopped to help, a man's life was saved.

For her brave and selfless actions, for her valiant and humane approach, it is recommended that the Commendation Medal be awarded to Ruth Walker.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Commendation Medal to Ruth Walker.

(Board - 2/13/86)

Award of Distinguished Service Medal to Edith E. Bishop

It was recommended that the Distinguished Service Medal be awarded to Edith E. Bishop.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed usually efficient or distinguished service involving exceptionally good conduct, judgment and initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal award was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Edith E. Bishop it is recommended that the Distinguished Service Medal award be given on the following grounds:

Edith E. Bishop began her career with the Port Authority in 1948 as a Clerk Stenographer I in the Engineering Department. During her 37 years of service, she has held a variety of increasingly responsible positions including Departmental Secretary to the Comptroller of the Port Authority, which ultimately led to her current position as Senior Administrative Assistant in the Director's Office of the Finance Department.

Ms. Bishop brought to her current position an intimate knowledge of the Finance Department. She has, over the years, provided continuity in the face of changing leadership, sharing her knowledge and expertise with top staff. Among Ms. Bishop's major contributions were her overseeing and coordinating the administrative functions and personnel transactions required for several major reorganizations of the department. At one time, the Comptrollers Department had over 500 employees. As a result of the transfer of Electronics to the Management Information Services Department, Financial Planning and Analysis to the Management and Budget Department, and Audit becoming a separate department, the staff of the Finance Department now numbers approximately 235. It was Ms. Bishop's job to plan and coordinate the processing of the administrative requirements for this massive undertaking. As a direct result of her contributions to these major reorganizations, and through sustained competence, excellent judgment and determination, all were smoothly coordinated, flawlessly executed, and completed in a timely fashion without incident. As always, Ms. Bishop demonstrated her exceptional ability to handle extremely complex issues involving a large number of staff, and, as we have come to expect, she did it with speed, completeness, and accuracy.

(Board - 2/13/86)

In addition to a myriad of other duties, Ms. Bishop is responsible for implementing new programs in the department. In the past, she has developed and maintained policies and procedures for administering for the Finance Department such new Port Authority programs as the Average Grade Plan, the Bonus Plan, Pay for Performance, the Vacation Exchange Program, and the Port Authority Career Service Plan. Through this latter function, she has quietly and efficiently assisted and advised several generations of directors throughout the Port Authority.

Ms. Bishop has repeatedly demonstrated her knowledge, skills and ability to get the job done and is looked upon for advice and guidance from all levels of staff both within and outside the department. She has a unique ability to maintain her composure throughout any crisis or stressful situation. For instance, during the New York State Audit of the Port Authority's Expense Accounts, Edith coordinated the Auditor's requests and directed them to the proper departments or divisions.

For her superior service to the Port Authority, her high degree of excellence in terms of her superior job knowledge, good judgement, steadfast dedication and unselfish devotion to duty throughout her 37 years with the Port Authority, it is recommended that the Distinguished Service Medal be awarded to Edith E. Bishop.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to Edith E. Bishop for the performance of outstanding service.

(Board - 2/13/86)

Award of Distinguished Service Medal to Robert M. Crawford

It was recommended that the Distinguished Service Medal be awarded to Robert M. Crawford.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed usually efficient or distinguished service involving exceptionally good conduct, judgment and initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal award was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Robert M. Crawford it is recommended that the Distinguished Service Medal award be given on the following grounds:

Robert M. Crawford joined the Port Authority as a Parking Lot Attendant shortly after Newark Airport was leased by the Port Authority from the City of Newark. For the past 38 years, Mr. Crawford has been a dedicated member of the Newark Airport family, successively as a laborer in the maintenance section, an Airport Operations Agent, a Senior Airport Operations Agent and, since 1973, as an Operations Services Supervisor.

Over the past decade, Mr. Crawford has been a key part of the Airport Services Division's efforts to provide superior levels of service to the rapidly increasing millions of passengers traveling through Newark International Airport. For example, he developed a procedure to identify and determine the operational status of all North Terminal access doors which improved building security and alarms, maintenance and repair, and energy conservation in the terminal. As a result, control of secured areas, passenger comfort, and response time for correction and mechanical door problems were significantly improved.

Mr. Crawford also helped develop the operational procedures required when new Federal Inspection Facilities were created in the North Terminal. Working with the Federal agencies, his attention to detail and continued involvement led to implementation of working procedures for VIP passenger handling, baggage cart systems and improved security in the North Terminal when demands on that facility were overwhelming. His persistence in developing these procedures for the reactivated North Terminal passenger building set the groundwork for similar procedures for the new facilities of Terminal C.

(Board - 2/13/86)

The value of Mr. Crawford's contribution at Newark goes far beyond his knowledge of terminal operation and his special ability to establish operating procedures. He has often assisted a troubled or stranded passenger by extending a helping hand or actually reaching into his own pocket to assure a patron a trip home, while not expecting anything in return. Mr. Crawford's concern for the patrons and his unhesitating willingness to give of himself to resolve problems as well as his loyalty and dedication to the Port Authority have set an outstanding example for his peers and for those he supervises.

Mr. Crawford is a versatile supervisor who encourages teamwork by his own unselfish dedication, always seeking the best results without concern for personal recognition. He moves easily from one problem area to another, contributing his best, following up, and seeing that the proper action is taken in each circumstance. He is that special employee, an independent, creative thinker, who can be relied on in any situation.

For his extraordinary professional expertise as an Operations Services Supervisor, and in appreciation for his long, and dedicated service to the Port Authority, it is recommended that the Distinguished Service Medal be awarded to Robert M. Crawford.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to Robert M. Crawford for the performance of outstanding service.

(Board - 2/13/86)

Award of Distinguished Service Medal to Abraham Hertz

It was recommended that the Distinguished Service Medal be awarded to Abraham Hertz.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed usually efficient or distinguished service involving exceptionally good conduct, judgment and initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal award was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Abraham Hertz it is recommended that the Distinguished Service Medal award be given on the following grounds:

Abraham Hertz began his Port Authority career in 1952 as a Draftsmen II. He is currently an Engineer in the Aviation Department, a position he has held since March 1, 1971. For the better part of his 32 years of service, he has immersed himself in the preparation of some 2,500 Aviation Department lease exhibits and a great number of equally precise land-use maps which are vital to the business administration and operations divisions of our airports. These exact lease exhibits are crucially important to successful rentals, while the land use maps are essential for the determination of revenue producing flight fees and the allocation of non-aeronautical lease costs.

As new drafting material and reproduction methods were introduced, Mr. Hertz adapted them to his precision ink-line drafting to improve the speed with which he could describe the numerous legal changes, caveats and financial arrangements in the more than 2,500 leases at aviation facilities. For safe-keeping and quick retrieval of all the information stored in more than 100 file boxes, he has developed a remarkable simple code system based on designations combining the airport and the year of the lease. During the course of lease negotiations, Mr. Hertz also contributes his knowledge and judgment to the members of the negotiating team.

Mr. Hertz also developed quantitative area statistical data and the translation of these data into land-use documents, including accounting area maps, maps of public areas and air terminal highways and speed limits, all of which require updating on regular schedules. In addition, he maps out every public area so that the police know their areas of jurisdiction. Abe Hertz is also the only person who calculates the area of lease space for every airport tenant so Business Management staff can determine appropriate rents.

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On his own initiative, Mr. Hertz has assumed the responsibility of consulting, not only within the Aviation Department but also with other concerned departments such as Law, Engineering and Finance, during the course of devising ways to delineate fully and explicitly the very complex legal information that goes into the lease exhibits. He takes the legal information from the Law Department and drafts the highly technical exhibits of how the airport land must appear. He then interprets, in laymen's terms, the complex information to business managers and tenants so business transactions and operational changes can occur. The airport business administration people depend on Mr. Hertz for these functions, considering him to be irreplaceable. Often exhibits and information are needed in a hurry and he has been known to work nights, weekends and even vacations to get the job done. Abe Hertz has been fulfilling these vital needs for over 32 years with enthusiasm, keen judgment and professional competence. And he is also passing on his skills to another generation of staff. With the anticipated arrival of computerized drafting and design technology, he is looking forward both to an improved information retrieval system and increased productivity.

For his untiring dedicated professionalism and for his many years of dedicated service to the Aviation Department and the Port Authority, it is recommended that the Distinguished Service Medal be awarded to Abraham Hertz.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to Abraham Hertz for the performance of outstanding service.

(Board - 2/13/86)

Award of Distinguished Service Medal to Adele Kasmer

It was recommended that the Distinguished Service Medal be awarded to Adele Kasmer.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed usually efficient or distinguished service involving exceptionally good conduct, judgment and initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal award was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Adele Kasmer it is recommended that the Distinguished Service Medal award be given on the following grounds:

Adele Kasmer began her service with the Treasury Department of the Port Authority in 1949 as a Clerk/Stenographer and has since become the primary Port Authority employee responsible for the preparation and control of the documentation for the Port Authority's investment portfolio, with accounts valued at over \$1 billion.

This is a monumental job, a conclusion supported by many employees within Treasury and by several professionals from outside the Port Authority, who have knowledge of the process by their daily contact with Port Authority investments. Ms. Kasmer has administered every purchase or sale of securities of Port Authority bonds made by every Port Authority Treasurer, Assistant Treasurer or Portfolio Manager between 1949 and 1985. This includes, most importantly, the accurate recording of the accrued earnings, purchase price, yield to maturity, and other related information for every trade. In 1984 alone, monetary transactions in and out of the Port Authority Portfolio totaled about \$6.2 billion.

Ms. Kasmer's superiors and co-workers admire her diligence, energy and accuracy. Most conclude that it would be virtually impossible to replace her in kind; she has become more than the "Keeper" of the Port Authority Portfolio. She is a seasoned troubleshooter who can spot problems quickly, solve them and prevent them from occurring again.

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Representatives from Citibank, the organization that controls the Port Authority Portfolio, have come to appreciate Ms. Kasmer's keen eye for detail and her ability to spot and solve problems. They admit that she has helped them to facilitate their handling the Port Authority Portfolio. One Citibank employee who has regular contacts with her says that it is not uncommon for him and Ms. Kasmer to spend forty-five minutes on the phone while she instructs him in detail how to solve a problem that occurred on the Citibank end of the transaction.

Underscoring Ms. Kasmer's effectiveness is her love for the Port Authority. She is an intensely loyal employee, and is not afraid to express her loyalty with young employees, setting them an example that several concede has inspired them. But Ms. Kasmer is also a person of the 80's and is never tied to an approach that no longer works or that is counterproductive. With her mind set in traditions and her actions displaying innovation, she always performs at her best, and handles the Port Authority Portfolio as if it were her own, striving vigorously to prevent errors that could lose the organization money or bring it public embarrassment.

For her outstanding administration of security portfolio trades, constant superior performance, and almost perfect attendance, it is recommended that the Distinguished Service Medal be awarded to Adele Kasmer.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to Adele Kasmer for the performance of outstanding service.

(Board - 2/13/86)

Award of Distinguished Service Medal to Franklin H. Klopping

It was recommended that the Distinguished Service Medal be awarded to Franklin H. Klopping.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed usually efficient or distinguished service involving exceptionally good conduct, judgment and initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal award was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Franklin H. Klopping it is recommended that the Distinguished Service Medal award be given on the following grounds:

Franklin H. Klopping entered the Port Authority in 1950 at the age of eighteen as a messenger and clerical aide in the Law Department. He subsequently held progressively more responsible positions, going on to Clerk Typist and then to Cargo Clerk in the Marine Terminals Department. He made a significant career change in 1961 when he joined the then emerging data processing operation within the Comptroller's Department as a Computer Operator. He continued to expand his horizons when he joined the department's professional staff as a Programmer/Systems Designer.

Through years of enthusiastic, dedicated service, hard work and personal integrity, Mr. Klopping has risen to his present position as Supervisor in the Management Information Services Department. He is currently responsible for the processing of the Port Authority and PATH payrolls, benefits and personnel information. This is a most critical and sensitive function which directly affects every Port Authority and PATH employee.

Mr. Klopping is the Port Authority's "Payroll Systems Expert" who must service over 8,000 clients (and self-auditors). His concern for these employees has averted strikes, law suits or union problems that could have arisen. He is also called on to handle all new payroll applications such as tax breaks or deferred compensation, to name a few.

Mr. Klopping was also one of the main designers and implementers of the critical Port Authority Payroll and the Personnel Information System (Compers), one of the most reliable systems in the Port Authority.

(Board - 2/13/86)

For his extraordinary record of never missing a payroll for over 8,000 employees every pay period, for his superior technical assistance in designing and implementing the Payroll & Personnel Information System and for his dedication, technical knowledge, and 36 years of Port Authority experience and professionalism, it is recommended that the Distinguished Service Medal be awarded to Franklin H. Kloepping.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to Franklin H. Kloepping for the performance of outstanding service.

Award of Distinguished Service Medal to Percival Lewis

It was recommended that the Distinguished Service Medal be awarded to Percival Lewis.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed unusually efficient or distinguished service involving exceptionally good conduct, judgment and initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal award was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Percival Lewis it is recommended that the Distinguished Service Medal award be given on the following grounds:

Percival Lewis, Principal Financial Analyst in the Management and Budget Department, has taken an active role within the organization beginning with his first assignment in 1951 at New York International Airport (now JFKIA) and continuing through a variety of progressively responsible positions within the Comptroller's Department and the Management and Budget Department.

During these 34 years, Mr. Lewis has always performed with the utmost professionalism. He served with distinction as Disbursements Supervisor when the PATH disbursement function was brought on line. With the Project Cost Review Division, he was responsible for controls over World Trade Center expenditures during the formative years of this project. Since then, he has been responsible for a variety of assignments with Management Planning and Budgeting, ranging from coordination and presentation of the Port Authority's budget to his present assignment as Supervisor of the Trans-Hudson Group. In his present position, he has earned the respect of key staff in his client departments through his responsiveness and willingness to devote extra effort to meeting his responsibilities. It was best expressed by a line department director: "We don't always agree with Percy, nor is he easy in the sense he doesn't allow us to spend our money in a frivolous manner, but he is always helpful. He knows our facilities, he knows our budget, he understands what we are trying to do, and on a regular basis, helps us achieve our goals."

Mr. Lewis also has contributed his wealth of knowledge and expertise to external organizations. In 1971, he began a 2½-year mobility assignment for the United Nations advising the East African Railways and Harbours Corporation. He served as an advisor in financial management to the East African communities of Kenya, Tanzania and Uganda, looking at ways and means by which the corporation could strengthen its financial management. At that time, Rhodesia closed trade routes to Zambian cargo, and Mr. Lewis helped the United Nations find ways to organize Kenya's and Tanzania's new task of moving Zambian imports and exports. In addition to his other work assignments there, he became active in civic affairs in the international community of Dar es Salaam, the capital of Tanzania, and was elected to the Board of Directors of the International School.

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Mr. Lewis received the Black Achiever in Industry award in 1976 and is presently President of the New Jersey Chapter of the Planning Executives Institute.

For his outstanding achievement, his professionalism and sensitivity in working with a variety of line departments in helping them to achieve their goals, and for over 34 years of consistently high level of dedication and commitment, it is recommended that the Distinguished Service Medal be awarded to Percival Lewis.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to Percival Lewis for the performance of outstanding service.

(Board - 2/13/86)

Award of Distinguished Service Medal to Robert Linn

It was recommended that the Distinguished Service Medal be awarded to Robert Linn.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed unusually efficient or distinguished service involving exceptionally good conduct, judgment and initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal award was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Robert Linn it is recommended that the Distinguished Service Medal award be given on the following grounds:

Robert Linn began his career with the Port Authority in 1961 as an Architectural Draftsman III in the Marine Terminals Department and in less than two years he joined the World Trade Department as a Planning Architect in the World Trade Planning Division. Mr. Linn supervised the preparation of the Master Plan for The World Trade Center Plaza Buildings and below-grade space. This assignment required the day-to-day supervision of the architectural drafters and designers and extensive coordination with outside consultants. He did such a good job, he became Manager of Project Planning. Serving in this position at a time when The World Trade Center was still under construction, Mr. Linn was faced with daily architectural and design problems. His technical abilities and the excellent rapport he maintained with staff, consultants, and contractors helped bring The World Trade Center project to completion on schedule.

His subsequent appointment as Manager of the WTC Construction Division gave Mr. Linn direct responsibility for the monitoring of all phases of construction and direct involvement with the inspection of base building contracts, tenant finishes and reconstruction of occupied spaces. Having managed the planning and construction of The World Trade Center complex, Mr. Linn was the outstanding candidate for Operations Manager, with responsibility for the overall activities of the operations and maintenance staff at the Trade Center. He supervised a technical and professional staff of over 50 people involved in electrical, mechanical, and general maintenance, sanitation, parking, security, fire safety and tenant relations. As Operations Manager, Mr. Linn devoted an inordinate amount of time to solving labor disputes and resolving major emergencies to avoid any disruption of service for tenants and visitors in The World Trade Center. Again, Mr. Linn did such a good job that, when the position of Deputy Director for Physical Facilities became available, he was more than capable of handling it.

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Mr. Linn now was called to exhibit his adeptness for negotiating. As the World Trade Department representative, he played a lead role in successfully negotiating the 1981 easement agreement between the Battery Park City Authority and the Port Authority. This agreement, a product of several years of negotiation, superseded the 1970 Tripartite Agreement between the City, the Port Authority and BPCA. The easement agreement became the guideline for development for such important components as the pump house facilities and outfall; the development of the World Financial Center by Olympia & York, including the relocations of the river water intake lines; and, not least of all, the alternate design for the north pedestrian bridge which he espoused in order to preserve the entrance and facade of One World Trade Center and at the same time presenting a superior design solution by utilizing available U.S. Customs' space. Throughout the long and difficult negotiations, and in spite of deep personal sacrifice, he was able to adhere to his convictions and at the same time maintain the structural and aesthetic integrity of The World Trade Center.

Mr. Linn has more recently been given responsibility for overseeing the construction of The Teleport and the Newark Legal and Communications Center projects. Starting with the selection of the Master Plan architects, the Grad Partnership, continuing through the Master Plan and Schematic design process to its completion, he is now participating in the review of final drawings and the selection of a construction management organization to complete the Newark Legal and Communications Center project.

During his many years of Port Authority service, Robert Linn has maintained the highest level of professionalism. He has performed his varied assignments with an unparalleled degree of vigor and skill and has always upheld and enhanced the ideals of the Port Authority.

For his many contributions to the planning, construction and operation of The World Trade Center, The Teleport, and the Newark Legal and Communications Center and for his outstanding conduct in negotiations involving the Battery Park City Interface and Seven World Trade Center Building projects, it is recommended that the Distinguished Service Medal be awarded to Robert Linn.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to Robert Linn for the performance of outstanding service.

(Board - 2/13/86)

Award of Distinguished Service Medal to Paul W. Magda

It was recommended that the Distinguished Service Medal be awarded to Paul W. Magda.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed unusually efficient or distinguished service involving exceptionally good conduct, judgment and initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal award was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Paul W. Magda it is recommended that the Distinguished Service Medal award be given on the following grounds:

For 30 years Paul W. Magda has served the Port Authority with distinction. Except for a few years as a traffic officer, Sgt. Magda's entire career has been in the Police Division's Special Services Unit, where he has dedicated long hours to ensuring that a myriad of public and private ceremonies proceeded with safety and dignity.

Sgt. Magda's prompt response and courageous actions demonstrate the selfless way he approaches each assignment — from emergency airport fires to mammoth celebrations such as the 1976 Bicentennial activities. In 1975 Sgt. Magda was one of the airport police officers who responded instantly when an Eastern Airlines jet suddenly crashed on its landing approach and burst into flames on Rockaway Boulevard. Sgt. Magda was awarded the Police Division Citation for helping to save the ten badly burned survivors of an accident that claimed the lives of more than 100 passengers.

Sgt. Magda has planned, coordinated and implemented strategies to ease the rush hour transportation problems of the thousands of New York and New Jersey commuters during the 1980 PATH and New York City Transit strikes. With a cheerful and willing spirit he worked long hours to expedite extra bus services, to coordinate the movement of thousands of patrons through new routes, and to calm the demanding and volatile situations as patrons stood in endless lines waiting to get back and forth between work and home.

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Demonstrating strong diplomatic and supervisory skills throughout his 30 years of service, Sgt. Magda's unselfish dedication has enhanced the Port Authority's image to individuals, to VIP's and to business and diplomatic groups. He coordinated security for such events as visits by Pope John II and Japan's Emperor. With care and precision Sgt. Magda has ensured the safety of many VIP's such as the President of the United States. When Mr. Reagan recently visited Hoboken last year and landed by helicopter at the Port Authority piers, Sgt. Magda was the expert sought by law enforcement agents from the Secret Service, FBI and local police. In a superlative manner, Sgt. Magda managed each detail of police and emergency logistics to ensure the safe arrival and departure of the Presidential helicopter.

Behind the scenes of each VIP public appearance, Sgt. Magda must work under highly pressured conditions. He has to be always prepared to coordinate, at a moment's notice, the placement of his subordinates with the Secret Service and police plans. He must work out likely alternate routes so that he will be able to relocate his staff at short notice for numerous changes in the Secret Service's routes.

Perhaps the most difficult assignments handled by Sgt. Magda have to do with the death of a fellow police officer. Sgt. Magda has given heartfelt concern and dedication to bereaved families of police officers. Letters from the families demonstrate the countless hours he has devoted to easing each family's suffering, helping them through the first difficult days, supervising the official presence of the Police Honor Guard at the funeral, and then assisting the family in settling the cumbersome legal and financial matters during the weeks and months after the funeral.

For 30 years of outstanding service, for consistently maintaining both the public image of the Port Authority and the utmost safety of thousands of distinguished guests and visitors, and for his unstinting devotion to duty, it is recommended that the Distinguished Service Medal be awarded to Paul W. Magda.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to Paul W. Magda for the performance of outstanding service.

(Board - 2/13/86)

Award of Distinguished Service Medal to Paul G. Nicholson

It was recommended that the Distinguished Service Medal be awarded to Paul G. Nicholson.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed usually efficient or distinguished service involving exceptionally good conduct, judgment and initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal award was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Paul G. Nicholson it is recommended that the Distinguished Service Medal award be given on the following grounds:

Paul G. Nicholson's career in the Engineering Department has shown a consistently high level of design and field supervisory expertise, construction supervision, negotiating skills and contract administration, the mastery of which has taken him from his initial position of Civil Engineer preparing original specifications for construction contracts in 1948, to Resident Engineer for the construction of the George Washington Bridge Bus Station in 1963, to Manager of the Construction Division from 1970 to 1984, to his present position as Assistant Chief Engineer for Construction.

Evidence of his talents was seen in 1957, when Mr. Nicholson was given a two year leave of absence to work for the U.S. State Department to supervise the design, construction and operation of the U.S. Pavilion at the 1958 Brussels World Fair. Upon his return to the Port Authority in 1959, he became an Assistant Engineer of Design for Terminals, and soon after, as Resident Engineer, oversaw the construction of the George Washington Bridge Bus Station early in 1963. He subsequently served in a similar capacity in charge of the modernization and rehabilitation of the track, signal and electric power traction systems, and the New York and New Jersey stations, for the PATH rail system.

Promoted in 1968 to be Assistant Manager of the Department's Construction Division, Paul was actively involved in the supervision of construction contracts for the Tunnels, Bridges and Terminals Department and PATH, in addition to which he assisted the Division Manager in the administration of its Survey and Structural Integrity Groups.

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Two years later, Paul became Manager of the Construction Division, a post he was to hold for fourteen years, and which placed him in charge of over 300 employees. Among his major accomplishments were the successful integration of the 165 person Central Maintenance Services Group which provides the Port Authority with construction and maintenance services on a routine and emergency basis, which became the Construction Division in 1971 and ultimately the Staff Engineering Maintenance and Construction (SEMAC) in 1973.

His negotiating skills, adept administration and comprehensive knowledge of the construction industry, including its standards, systems and key leaders, combined to establish him in his present post of Assistant Chief Engineer for Construction, overseeing broad policy and pragmatic issues affecting construction management for the entire Engineering Department.

A graduate of Manhattan College in New York, where he received a bachelors degree in civil engineering, Mr. Nicholson is a licensed Professional Engineer in both New York and New Jersey. His professional trade memberships include the International Bridge, Tunnel and Turnpike Association; the American Society of Civil Engineers; the National Society of Professional Engineers; and The Moles, an organization whose members have extensive experience in heavy construction work.

For his outstanding service and for his dedication and professionalism which have earned him the highest level of respect from his colleagues throughout the engineering profession, it is recommended that Paul G. Nicholson be awarded the Distinguished Service Medal.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to Paul G. Nicholson for the performance of outstanding service.

(Board - 2/13/86)

Award of Distinguished Service Medal to Milton H. Pachter

It was recommended that the Distinguished Service Medal be awarded to Milton H. Pachter.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed unusually efficient or distinguished service involving exceptionally good conduct, judgment and initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal award was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Milton H. Pachter it is recommended that the Distinguished Service Medal award be given on the following grounds:

In over three decades of Port Authority service, Milton H. Pachter, Chief of the Law Department's Litigation Division, has established a reputation for outstanding professional ability, excellent judgment and steadfast devotion. The Port Authority has been the beneficiary not only of Mr. Pachter's superb ability as a trial lawyer but has also benefited from his business acumen, negotiating skills and real estate expertise.

Mr. Pachter began his Port Authority career in 1955 as a law clerk in the Law Department and has steadily risen to his present position as Chief of the Department's Litigation Division, with responsibility for a staff of over 30 professionals, a case load in the thousands, and an annual budget of over \$3 million dollars. His never-failing enthusiasm, energy, inventiveness and overall superb legal talent in handling major Port Authority litigation has set an example for others and has contributed much to the outstanding reputation of the Port Authority's Law Department.

Especially noteworthy was his successful handling of the Port Authority's major condemnation cases, where he was instrumental in saving the organization millions of dollars. New York Supreme Court Justice Charles G. Tierney, at the conclusion of The World Trade Center condemnation cases, expressed the high regard in which Mr. Pachter is held by the New York judiciary:

"The Court wishes to express its deep and sincere appreciation to all counsel who had occasion to appear before it, and especially to the very capable, knowledgeable, personable, and cooperative attorneys for the Port Authority, Milton Pachter. . ."

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"I wish to commend counsel for the Port Authority especially for the exhaustive preparation which they had made which was reflected each day in the orderly manner in which the evidence was produced and witnesses were prepared, and certainly enlightened this Court to better understand the issues involved."

More recently, Mr. Pachter personally handled the Federal antitrust lawsuit brought by the Trailways Bus Companies seeking millions of dollars in damages from the Port Authority. As a result of his capable, thorough and spirited defense, Trailways was forced to withdraw its complaint and agreed to abide by the terms of its lease with the Port Authority. In addition, Milt successfully defended the validity of the Port Authority's aircraft noise rule in Federal court last year.

Mr. Pachter also possesses organizational and administrative skills of a high order. These include the ability to train and motivate younger attorneys and at the same time maintain firm control over a heavy and complex calendar of litigated matters.

Mr. Pachter is a full Professor on the adjunct faculty at New York University's Real Estate Institute, and is a recipient of the award for teaching excellence from the University's School of Continuing Education. He has a Bachelor's Degree in Business Administration from CCNY, a Law Degree and a Master's Degree in Law from New York University Law School, and a Doctorate in Law from New York Law School, a remarkably rare achievement.

Mr. Pachter has also had a distinguished military career. During the Korean War, he served with distinction as a Psychological Warfare Officer working with Korean and Chinese prisoners of war. Following the Korean War and a subsequent promotion to Captain, he joined the U.S. Army Reserve where he actively served for 30 years, most recently as Colonel in the Judge Advocate General's Office with responsibility for all of the Army's legal work in the New York area.

For his outstanding record of achievement and his professionalism exercised on behalf of the Port Authority over a long and distinguished career, it is recommended that the Distinguished Service Medal be awarded to Milton H. Pachter.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to Milton H. Pachter for the performance of outstanding service.

(Board - 2/13/86)

Award of Distinguished Service Medal to Richard C. Richards

It was recommended that the Distinguished Service Medal be awarded to Richard C. Richards.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed unusually efficient or distinguished service involving exceptionally good conduct, judgment and initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal award was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Richard C. Richards it is recommended that the Distinguished Service Medal award be given on the following grounds:

Lieutenant Richard C. Richards began his career for the Port Authority in 1949 as a Traffic Officer at the Lincoln and Holland Tunnels. During his 36 years of service, Lt. Richards has held a variety of positions at LaGuardia, Newark International and Kennedy International Airports. Displaying exceptional judgment, courageous action and compassion, he has been a constant role model for new police officers and an invaluable leader in any emergency situation whether it involved a mob of unruly passengers, a fiery airplane crash, or a disturbed teenager.

Lt. Richards has received two citations, in 1967 and in 1975, for his courageous actions in rescuing passengers from fiery airplane crashes.

His fair and dispassionate decision-making made his leadership invaluable in daily police assignments. Lt. Richards' superior officers count on him for a thoughtful evaluation of legal and practical job duties. As a constant and thoughtful role model, Lt. Richards is often assigned new police officers to give them the best orientation on their new jobs. Lt. Richards earned the respect of his superiors and his men. His fellow officers call him "the Judge" or "the Advocate" and they presented him with a gavel to symbolize their respect for him.

His caring and thoughtful treatment of others has garnered praise for the Port Authority; his perceptive and prompt evaluations of problem situations have saved individuals from needless physical and emotional trauma. Many letters fill his personnel folder and attest to his outstanding service as a police officer and tour commander at Kennedy International Airport. The letters include those from the grateful parents of an emotionally disturbed teenager; and one from parents who appreciated how Lt. Richards wisely distinguished between their son's health and mental problems and brought him to medical help for his diabetic crisis.

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Most recently as Tour Commander at Kennedy International Airport, Lt. Richards' daily work in monitoring the safe passage of 35,000 travelers has shown his exceptional diligence and dedicated work above and beyond normal duty. Letters from law enforcement agencies, the Federal Bureau of Investigation, and foreign diplomats demonstrate the high praise for Lt. Richards' deft management of potentially volatile situations. He carefully plans and oversees situations, from the transport of an ill traveler; to the safe movement of the expelled Iranian diplomats through Kennedy International Airport in 1980; to the apprehension of an armed bank robber and \$9,000 of stolen money at LaGuardia Airport with such exemplary restraint that there was no injury to the public, the police or the criminal.

On December 21, 1984, he exhibited the finest skills of mediation and problem solving. Faced with a tense standoff between 160 angry passengers who were stranded and the airline terminal operator, Lt. Richards de-escalated the potential violence of the situation by resourcefully locating the charter operator responsible for the overselling of 160 seats in such a busy holiday season. By eliciting the cooperation of Carey Bus Lines and American Airlines, he guided the responsible parties into an agreement to provide hotels, air and ground transportation for the 160 travelers. He solved a secondary problem when payment and credit arrangements were in doubt by having a promissory note drawn between the charter operator and American Airlines.

For his 36 years of dedicated and exemplary service in which he has shown the highest levels of courage, resourcefulness and compassion, it is recommended that Richard C. Richards be awarded the Distinguished Service Medal.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to Richard C. Richards for the performance of outstanding service.

(Board - 2/13/86)

Award of Distinguished Service Medal to Andrew L. Saporito

It was recommended that the Distinguished Service Medal be awarded to Andrew L. Saporito.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed usually efficient or distinguished service involving exceptionally good conduct, judgment and initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal award was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Andrew L. Saporito it is recommended that the Distinguished Service Medal award be given on the following grounds:

Supervising the work of 26 men performing sign fabrication, sign erection and pavement marking at all Port Authority facilities is a complex task requiring skill in supervision and scheduling, and technical competence in sign shop production procedures. When this assignment must be carried out to accommodate a multitude of rush hour traffic operational requirements at all Port Authority facilities, the task becomes highly demanding. Quick response is often essential; as when critical traffic control signs are knocked down, detours are required for emergency situations or sudden changes in construction stagings, or unexpected traffic problems occur upon the opening of a new facility or roadway. Andrew L. Saporito accomplishes this myriad of responsibilities in an exemplary fashion.

Currently Supervisor of the Traffic Engineering Division's Central Sign Shop, Mr. Saporito began his Port Authority career 24 years ago as a Plumber I in the old Central Maintenance Engineering Division (CMED). He soon progressed to more responsible positions within the foreman ranks and finally to the supervisory position that he now holds. He has demonstrated outstanding ability in improving the sign shop's quick response capability. He has never missed a deadline in his fourteen years as supervisor. On many complex Port Authority construction projects he has coordinated the necessary signing and pavement marking, often working with his crews through nights and weekends to accomplish the work. On several new facility openings such as the Eastern Shuttle Terminal and the George Washington Bridge Toll Plaza, his crews were called in to perform work when contractors could not meet the deadline for opening the facilities. He has received numerous letters of commendation for his quick action; most recently to accommodate the explosive expansion of People's Express at Newark International Airport, and to allow for the Holland Tunnel South tube night closing to facilitate ceiling replacement.

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Quick response capability in the sign shop has improved dramatically during his tenure. Constantly striving to speed up sign shop procedures and work methods and reduce labor costs, he has implemented many improvements and innovations. He has instituted a technique for making silk screens by a photographic process to mass produce standard signs. Without this process it would not have been possible to meet the deadline on the Port Authority Bus Terminal Annex opening. He has implemented a new technique for sign erection utilizing new-type brackets that greatly simplify and expedite field erection procedures to utilize the new 20 second fast dry paints, and he maintains a ready inventory of plastic markings to enable quick delineation of new or revised traffic lanes. He selected and implemented the use of a computerized signmaker which automatically cuts out letters or symbols from reflectorized sheeting in the selected style and at the proper spacing for direct transfer to sign blanks. He also assigns vehicles and personnel directly to facilities to minimize travel time and vehicle costs. He keeps a large selection of the more critical sign messages on sheets of clear acetate which he can adhere to blank sign panels instantaneously. His quickness to recognize outstanding performances has generated a spirit of enthusiasm in tackling difficult assignments.

For his ingenuity, resourcefulness, innovation and dependability in increasing the efficiency of the sign shop, it is recommended that Andrew L. Saporito be awarded the Distinguished Service Medal.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to Andrew L. Saporito for the performance of outstanding service.

(Board - 2/13/86)

Award of Distinguished Service Medal to Guido Vendittoli

It was recommended that the Distinguished Service Medal be awarded to Guido Vendittoli.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed unusually efficient or distinguished service involving exceptionally good conduct, judgment and initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal award was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Guido Vendittoli it is recommended that the Distinguished Service Medal award be given on the following grounds:

Guido Vendittoli began his career as a Trackman I in February, 1960 and through dedication and perseverance, he advanced through various and increasingly higher levels of responsibility to his present position of Track Foreman II.

As a Foreman, Mr. Vendittoli is known for his sensitivity to the needs of his staff of track and power rail mechanics and for his commitment to getting the job done within established time limits. His jobs frequently require functions to be performed under difficult circumstances, despite which he has long been able to motivate and maintain the morale of those assigned to his section so that the project goal was achieved. His personal style of leadership instills trust in the Track Section Staff that he supervises. His staff has complete confidence in his ability to look out for their best interests. His former position as Vice Chairman of the Transport Workers Union has provided him with a strong background in union rules and PATH policies.

Mr. Vendittoli was appointed as leader and coordinator of the Aldene Plan, developed in the late 1960's, which required PATH to relocate the main track between Harrison Station and Journal Square to make way for a storage yard. His involvement in this key project resulted in the system's changeover without major traffic interruption.

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During a project dealing with a reconnection of PATH from Hudson Terminal to The World Trade Center, a private contractor was hired to construct the track in the WTC complex. Mr. Vendittoli was assigned to act as a coordinator and advisor to the contractor. Over the July 4th weekend, 1971, he led the PATH forces working in coordination with the contractor to change the trackage leading to Hudson Terminal to the new line into the WTC complex, and by rush hour Monday morning, trains were running into the new station.

Mr. Vendittoli was assigned responsibility for all activities concerning the JSTC Complex Project and the rebuilding of switches and an Interlocking Plant. The successful, timely completion of this project was a result of Mr. Vendittoli's efforts.

To prepare for the expanded 1984-1985 PATH Safety Program, it was necessary to construct two new yards at Journal Square. The first, known as "D" Yard, required a total of three new turnouts and approximately 1,000 feet of track, all built under the direction of Mr. Vendittoli. The regular track and power rail forces were used and a temporary force was assigned to assist in the timely completion of the project. He was successful in completing the project within the established time constraints. The second yard at Waldo "C" Yard required four new turnouts and 1,600 feet of track to feed the new shop and support tracks.

Mr. Vendittoli's "hands-on" experience and in-depth knowledge of the track and mechanical aspects of the railroad are invaluable and this has been proven time and time again by the exemplary manner in which he has approached and completed all of his project undertakings. His cooperative attitude and his expertise have earned him admiration and affection from his supervisors, co-workers and associates in other divisions. Guido Vendittoli's name has become synonymous with PATH track work as he is recognized as being one of the most knowledgeable staff members in this area.

For his long-term and consistently high level of performance, numerous achievements and selfless dedication, Guido Vendittoli is highly recommended to receive the 1985 Distinguished Service Medal.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to Guido Vendittoli for the performance of outstanding service.

(Board - 2/13/86)

Award of Distinguished Service Medal to Thomas Young

It was recommended that the Distinguished Service Medal be awarded to Thomas Young.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed usually efficient or distinguished service involving exceptionally good conduct, judgment and initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal award was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Thomas Young it is recommended that the Distinguished Service Medal award be given on the following grounds:

Thomas Young joined the Port Authority in 1955 as a Port Promotion Representative I in Port Development. Two years later, he joined the Public Affairs Department as an Information Officer I. From the very beginning, he demonstrated a grasp for the finer points of the administrative activities of the Port Authority and a unique sensitivity to the public impact of the various projects and activities the Port Authority began to develop. His abilities led him to promotions through increasingly responsible positions.

In 1979, Tom was promoted to Principal Information Officer and was given responsibility for coordinating the activities of a group of information officers involved in day-to-day media relations. This position requires a working knowledge of every issue, project and event underway, planned or long completed and an ability to use this collective knowledge in planning and advising on future issues. He also was responsible for review and assignment of releases for Board Calendar items, and had special responsibilities in the preparation of all financial and budgetary releases. Through his varied 30-year career, he served in virtually all areas of public and community relations, giving him a strong background for support in departmental functions to all Port Authority line and staff departments.

For many years, Tom Young had as his special area of expertise the handling of Board Meeting agendas and releases, and he handled this difficult and time-consuming function meticulously and flawlessly.

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Tom Young was unmatched for speed and accuracy in the preparation of public responses to the toughest questions and on the most complex and varied issues. When there was a difficult release to write, one that required thorough research and sound judgment, invariably the Director of Public Affairs and the Assistant Director turned to him.

Executive staff throughout the Port Authority frequently have called on Tom Young for a quick reading on a possible course of action. Because of his unique abilities and exceptional exposure, Mr. Young established the reputation of knowing everything. Many key reporters, editors, and other media executives have thought first of Tom Young when seeking reliable information on public activities in the Port District. Students seeking clearance on Port Authority business-related term papers; prospective Port Authority business contacts seeking introduction or information; school teachers; and local legislators all felt comfortable in seeking his counsel.

In his role as Media Operations Supervisor, Tom Young has been responsible for coordinating the preparation and distribution of all Port Authority news releases, overseeing the timely maintenance of all mailing lists for these releases to insure that Port Authority news got to the right reporter at the right time to insure maximum effectiveness and fulfill the needs of the media.

A project that deserves special mention is Mr. Young's handling in recent years of the Port Authority's role in publicizing the annual Harbor Festival purpose and goals. He was one of the leading forces in keeping the Harbor Festival focused on the recreational uses of both sides of the New York/New Jersey Harbor. Due to his enthusiasm for Harbor Festival, he was always conscious of the need to keep the activities attuned to the average metropolitan area resident, whether publicizing the Women's Lifeboat Races at Lower Manhattan parades or Liberty State Park band concerts during the annual Festival.

For serving as a reliable and responsive spokesman for the Port Authority, for his never-failing ability to provide the press with accurate and up-to-the-minute information on any Port Authority project, for always being at the scene of the story no matter what the hour or how distant the location, and for his professional, steadfast manner through every situation over the course of three decades, it is recommended that the Distinguished Service Medal be awarded to Thomas Young.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to Thomas Young for the performance of outstanding service.

(Board - 2/13/86)

Award of Distinguished Service Medal to Sally Zawaski

It was recommended that the Distinguished Service Medal be awarded to Sally Zawaski.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed usually efficient or distinguished service involving exceptionally good conduct, judgment and initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal award was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Sally Zawaski it is recommended that the Distinguished Service Medal award be given on the following grounds:

Sally Zawaski began her career as an Information Agent at the Port Authority Bus Terminal 32 years ago. She has since distinguished herself in the Transportation Information Field as a true professional and a training specialist. Her dedication to duty is evidenced by her exceptional record of 29 years of perfect attendance, 22 of them consecutive. A member of a very select group of employees who have spent their entire careers at the Bus Terminal, Ms. Zawaski has a personal determination to establish and maintain high standards of performance for herself that have certainly helped the organization achieve its well-deserved reputation for providing superior public service.

Her current position as Information Agent III is one of vital importance to the smooth, efficient operation of the Bus Terminal's Information Center. Training new Information Agents is only one of her duties, but it is a particularly crucial one in terms of both present and future operations. In fact, Ms. Zawaski is tested anew each year when the Information Center's staff increases for the summer and she must train a fresh crop of employees who are new to the facility as well as to the process of giving out transportation information to the public. Her calm, gentle manner and encyclopedic knowledge of the various facets of her job, combined with a special talent for communicating that knowledge to new agents, serve to make her a particular asset to the Information Center and assure that its services will continue to be provided courteously and efficiently.

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Ms. Zawaski's reputation for reliability and dedication extends beyond Port Authority staff. All the carriers who operate out of the Bus Terminal recognize that, no matter when changes occur in their schedules or operation procedures, she can be relied upon to ensure that they are incorporated into the Information Center network so that proper public advisories will be made. Often, carriers do not remember to notify the Information Center of schedule changes until scant hours before they are to take effect. Nonetheless, Ms. Zawaski keeps attuned to everything that may affect the Terminal's operations--especially those of the Information Center--and keeps the agents informed about such changes as efficiently as she ensures that they are fully aware of emergencies and special events so that they can advise patrons accordingly.

Ms. Zawaski's personnel file is filled with commendations--from her supervisors and from patrons to whom she has provided assistance. In addition, there is one noteworthy letter from an employee she once supervised. It reads in part: "...Sally, faced with a continuous stream of phone calls from patrons asking 'What are your delays' and 'What are your cancellations?', managed to be pleasant and helpful all the while. It could be said that Sally is only doing her job. I dismiss this kind of conclusion...Sally set the tone and fine crew followed through with the same quiet patience, passing along as much information as she or we could find. It was a pleasure to work under her supervision."

Ms. Zawaski has consistently been a source of inspiration to all who have come in contact with her, and she has been a role model for new Information Center employees. She is always available to help with difficult requests, and she is always willing to give her support in difficult times. Sally is an original, a truly unique and outstanding member of the Port Authority staff.

For her long and dedicated service to the Port Authority in her role as Information Agent in the highest tradition of Public Service, it is recommended that the Distinguished Service Medal be awarded to Sally Zawaski.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to Sally Zawaski for the performance of outstanding service.

Report on Public Hearing - Port Authority Financing Plan

It was reported that gross capital expenditures may exceed \$4 billion over the next five years. The level of expected expenditures and the volatility of financial markets, as well as prudent financial planning, make it desirable for the Port Authority to have a financing plan which will provide needed flexibility and enable the Port Authority to finance its capital expenditures, as appropriate, through a combination of long-, intermediate- and short-term obligations (including obligations used to refund existing obligations of the Port Authority) so that capital (or other) funds might be obtained expeditiously and at the most favorable interest cost to the Port Authority. The financing plan would include the establishment and authorization of the issuance and sale of Consolidated Bonds, Fifty-seventh Series, and Consolidated Bonds, Fifty-eighth Series, and amendments to existing authorizations with respect to various obligations.

It was further reported that, on February 11, 1986, public hearings in connection with the issuance and sale of bonds, notes and other obligations of the Port Authority as provided by Section 103(k) of the Internal Revenue Code of 1954, as added by the Tax Equity and Fiscal Responsibility Act of 1982, and the regulations promulgated thereunder, were conducted by the Treasurer of the Port Authority at the offices of the Port Authority at One World Trade Center and at the offices of the Port Authority at the Journal Square Transportation Center, pursuant to public notice published on January 27, 1986, 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 above obligations and the Authority's facilities and projects: "Consolidated Bonds of The Port Authority of New York and New Jersey, presently denominated as the Fifty-seventh and Fifty-eighth Series; and the previously approved Consolidated Bonds, Fifty-sixth Series; Consolidated Notes, Series KK, Series LL and Series MM; a series of Port Authority Limited Obligation Variable Rate Demand Bonds; a Bank Loan; and the Port Authority Operating Equipment - Lease Financing Program, all to be issued and sold in connection with a plan of financing, which also includes the Port Authority Commercial Paper Program, 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, New York City Passenger Ship Terminal, Pre-development Site Acquisition Program, a project or 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., 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., Teleport, a satellite communications center at the Staten Island Industrial Park, Staten Island, N.Y., a foreign trade zone/distribution center and industrial development 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 pre-development site acquisition project or facility for acquisition of real property in the New Jersey and New York portion of the Port of New York District, a port improvement homeport project or facility in the vicinity of the pier area of Stapleton, Staten Island, N.Y., a legal and communications center project or facility in Newark, N.J., a resource recovery project or facility in Essex County, N.J., a waterfront development project or facility to be located in each of Hunters Point, Queens, N.Y., and Hoboken, N.J., a separate receiving and storage facility for imported automobiles at the Greenville Freight Yard and additional development of the site in Jersey City, N.J., a marine terminal project or facility consisting in part of a float bridge associated with transportation of rail freight between the Greenville freight yard in Jersey City, N.J., and the Brooklyn, N.Y., waterfront, 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 at LaGuardia Airport, general runway and roadway modification, paving, Central Terminal Building expansion; John F. Kennedy International Airport, general runway, taxiway and roadway modification, paving, modification to the International Arrivals Building, multi-tenant air cargo services building, central terminal area roadway reconstruction, passenger distribution system and 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; a Bi-State Port Development Program in New York and New Jersey, including certain dredging, Howland Hook Marine Terminal, acquisition, improvement,

expansion, Port Newark, channel dredging, berth deepening, 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; an intermodal freight handling facility in The Bronx, N.Y.; miscellaneous capital improvements at the World Trade Center, including continued installation of a sprinkler system; Bathgate Industrial Park project; Elizabeth Industrial Park project; Yonkers Industrial Park project; Port Authority Bus Terminal, extension, improvement, modernization; Teleport project; Port Authority Bus Programs; capital improvements related to safety, maintenance, rehabilitation or improvement at the Hudson Tubes portion of 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; Homeport project; Legal and Communications Center project; Essex County resource recovery project; Hunters Point waterfront project; Hoboken waterfront project; Greenville yard marine terminal and float bridge project; ferries; park/ride lots; a Center for Advanced Technology and Telecommunications in Brooklyn, N.Y.; 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 for purposes of capital or other expenditures with respect to the facilities and projects noted above and in the maximum aggregate principal amounts noted below: each of said Series of Consolidated Bonds 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 \$400,000,000; each of said Series of Consolidated Notes 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 \$200,000,000; the Series of Port Authority Limited Obligation Variable Rate Demand Bonds would be in principal amount of up to \$200,000,000; the Bank Loan would be in a principal amount of up to \$100,000,000; the Port Authority Commercial Paper Program would be in principal amounts of up to \$150,000,000 outstanding at any one time; and the Port Authority Operating Equipment - Lease Financing Program would be in principal amounts of up to \$10,000,000 at any one time."

It was recommended that the Board establish Consolidated Bonds, Fifty-seventh Series, Due 2021, and Consolidated Bonds, Fifty-eighth Series, Due 2022, and that the Board 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 the two newly-established

Series of Bonds and the previously established Consolidated Bonds, Fifty-sixth Series, Due 2021, shall not exceed \$400 million. It was further recommended that the Committee on Finance be authorized to sell and to deliver all or any part of each such Series of Bonds at such time or times on or before June 30, 1987, as it deems propitious, in one or more installments, at public or private sale, bearing interest at a rate or rates including fixed or variable rates 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 15% per annum.

The proceeds of each of Consolidated Bonds, Fifty-seventh Series, and Consolidated Bonds, Fifth-eighth Series, 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 1954, as amended, and the regulations promulgated thereunder, all or any portion of the unspent proceeds of each such Series of Bonds may 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; (b) for the purpose of refunding, at or before maturity, all or any part of any issue of Consolidated Notes issued and outstanding at the time of the sale of any installment of each such Series of Bonds; and (c) for the purpose of refunding, at maturity, Commercial Paper Notes in accordance with applicable law, regulations and contractual provisions.

It was also recommended that the Board authorize the Committee on Finance to designate and appoint one or more Paying Agents, a Registrar and a Trustee in connection with each of such Series of Bonds, as appropriate.

It was further recommended that the Board provide that no part of the proceeds of each of such Series of Bonds shall be invested directly or indirectly in such a manner as to cause the interest on each of such Series of Bonds to be subject to Federal income taxes under Section 103 of the Internal Revenue Code of 1954, as amended, and the regulations promulgated thereunder.

It was recommended that certification on behalf of the Authority as to the need for the issuance of each of such Series of Bonds, as to the status of the projects for which the proceeds of said Bonds 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; Director, Finance Department; Comptroller; Deputy Comptroller; Assistant Director, Finance Department; Treasurer or Assistant Treasurer of the Authority, and that any such action taken in connection therewith be ratified; it was also recommended that any action which may be necessary or desirable in connection with said Bonds to assure that such Bonds are in conformity with the provisions of the Internal Revenue Code of 1954, as amended, and the regulations promulgated thereunder, and to assure that the interest on said Bonds is not subject to Federal income taxes, may be taken by the Committee on Finance, the Chairman of the Authority, the Chairman of the Committee on Finance, the Executive Director, Assistant Executive Director, Chief Financial Officer or Treasurer of the Authority and that any such actions taken in connection therewith be ratified.

The Bonds of the Fifty-seventh and Fifty-eighth Series would be dated as of November 1, 1986 and April 1, 1987, respectively, mature November 1, 2021 and April 1, 2022, respectively, and bear interest at a rate or rates including fixed or variable rates or a combination thereof or without a stated rate of interest, to be fixed by the Committee on Finance not in excess of 15% per annum, and shall be sold at a price resulting in a net interest cost to the Authority for each such Series of Bonds not in excess of 15% 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 1996 and 1997 for each such Series of Bonds, respectively, 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 1996 and 1997, respectively, for each such Series of Bonds, at prices beginning at 103% and descending to 100%.

The Bonds would be issued in registered form, registered as to both principal and interest and not as to either alone. The Bonds would be issued in denominations of \$5,000 or integral multiples of \$5,000.

It was recommended that the Committee on Finance of the Authority be authorized (i) prior to the issuance of the first installment of the Bonds of each Series, to change the date as of which the Bonds of such series shall be dated to any date on or before June 30, 1987, and, if the date as of which the Bonds of such Series shall be dated is so changed and the Bonds bear a stated rate or rates of interest, the Committee would change by the same number of days the respective dates on which interest on the Bonds of such Series would be payable; (ii) prior to the issuance of any installment of the Bonds of each Series, to change the date at which any of the Bonds of that installment would mature; provided, that said date or dates would not be more than thirty-five years from the date as of which the Bonds of such Series are dated; (iii) prior to the issuance of the first installment of the Bonds of each Series, to adjust or change the respective dates in connection with the redemption, retirement, call and sinking fund provisions of the Bonds of such Series; (iv) prior to the issuance of the first installment of the Bonds of each Series, to adjust or change the respective dates and cumulative percentages of total principal amount provided in the schedule of mandatory sinking fund redemption to retire the entire Series at or prior to maturity or to rescind in its entirety the establishment of the mandatory sinking fund redemption schedule and provisions as to the Bonds of such Series; (v) prior to the issuance of the first installment of the Bonds of each Series, to reduce the percentages of face value relating to the optional call provisions for the Bonds of such Series; (vi) prior to the issuance of the first installment of the Bonds of each Series, to provide for the Bonds of each Series to be issued in book-entry form without certificates and to be separately registrable as to principal and interest to any one or more holders; (vii) prior to the issuance of any installment of the Bonds of each Series, consistent with the foregoing, to change or adjust the provisions of the Bonds of such installment thereof to permit the issuance of such Bonds or installments with a fixed or variable interest rate or rates or a combination thereof; and (viii) to take such other action as in the opinion of the Committee will best serve the public interest.

In addition to the foregoing, it was also recommended that the amounts authorized to be issued and sold of Consolidated Bonds, Fifty-sixth Series, and of Consolidated Notes, Series KK, Consolidated Notes, Series LL, and Consolidated Notes, Series MM, be amended to conform to the financing plan as reported above. Additionally, in recognition of continued fluctuation in the financial markets, as well as the desirability of increasing flexibility of the financing plan, it was also recommended that the authorization to sell certain of the obligations described in the financing plan be extended.

In this connection, it was also reported that the Board, at its meeting on October 11, 1984, adopted separate resolutions establishing and authorizing the issuance of each of Consolidated Notes, Series KK, Series LL, and Series MM, and, in each case, authorizing the sale of each such Series of Notes by the Committee on Finance on or before October 15, 1986 in a principal amount not to exceed \$25 million, and establishing and authorizing the execution and delivery of a Bank Loan of 1985 in a principal amount not to exceed \$100 million. The Board, at its meeting on July 11, 1985, amended the resolutions authorizing the sale of each said Series of Consolidated Notes increasing the aggregate principal amount thereof, in each case, to \$50 million, provided, however, that the total aggregate principal amount of such issues of Consolidated Notes sold could not exceed \$95 million.

It was recommended that, in order to maintain maximum flexibility for obtaining funds through the issuance of short-term obligations, the resolutions relating to Consolidated Notes be further amended to permit the sale of Consolidated Notes, Series KK, Series LL, and Series MM, each in a principal amount of up to \$100 million, provided, however, that the aggregate principal amount of the three Series of Consolidated Notes sold would not exceed \$200 million.

It was further recommended that the applicable resolutions covering the obligations described in the financing plan be amended to provide that the Committee on Finance, the Chairman of the Authority, the Chairman of the Committee on Finance, Executive Director, Assistant Executive Director, Chief Financial Officer or Treasurer be authorized to take any action which may be necessary or desirable to assure that such obligations are in conformity with the provisions of the Internal Revenue Code of 1954, as amended and the regulations promulgated thereunder, and to assure that the interest on such obligations is not subject to Federal income taxes.

It was further reported that the Board, at its meeting on November 14, 1985, adopted separate resolutions authorizing the establishment, issuance and sale of Consolidated Bonds, Fifty-sixth Series, Due 2021; the Committee on Finance may sell such Series in a principal amount not to exceed \$200 million at one or more times on or before December 31, 1986. For consistency with the proposed establishment and authorization of the issuance and sale of Consolidated Bonds, Fifty-seventh Series, and Consolidated Bonds, Fifty-eighth Series, it was recommended that the resolutions authorizing the issuance and sale of the Fifty-sixth Series of Consolidated Bonds also be amended to provide that the total aggregate principal amount sold of the Fifty-sixth, Fifty-seventh and Fifty-eighth Series of Consolidated Bonds not exceed \$400 million.

It is prudent and in the interest of maximizing the flexibility of the financing plan to extend the time periods for effectuating the elements of the financing plan, in each case, to June 30, 1987. It was therefore recommended that the resolutions relating to Consolidated Bonds, Fifty-sixth Series; to each of Consolidated Notes, Series KK, Series LL and Series MM; and to the Limited Obligation Variable Rate Demand Bonds be amended in each case to authorize the sale of such Bonds or Notes by the Committee on Finance on or before June 30, 1987. It was therefore also recommended that the resolution relating to the Bank Loan be amended to provide that such Bank Loan be executed and delivered at any time before June 30, 1987. It is also deemed appropriate and it was therefore recommended that the Limited Obligation Variable Rate Demand Bonds, "Series 1985, Due 2015" be renamed "Series 1986, Due 2016" and that the "Bank Loan of 1985" be renamed the "Bank Loan of 1986."

In all respects, other than as hereinbefore described, the resolutions relating to Consolidated Bonds, Fifty-sixth Series, Consolidated Notes, Series KK, Series LL, and Series MM, the Port Authority's Limited Obligation Variable Rate Demand Bonds, and the Bank Loan would remain unchanged. In this connection, it was noted that the proceeds from the sale of each of the aforementioned Series of Consolidated Bonds and Notes may be used to refund prior Consolidated Notes and Commercial Paper Notes and that it is anticipated that such proceeds may be used for such purposes.

Consolidated Bonds, Fifty-seventh 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 the "Fifty-seventh Series, Due 2021," 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 the Fifty-seventh Series, Due 2021, 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 as the Authority may hereafter determine.

The bonds of this Series shall be dated as of November 1, 1986, shall mature on November 1, 2021, and shall bear a stated rate or rates of interest including fixed or variable rates or a combination thereof, from the semi-annual interest payment date next preceding their date of issue, or if such date of issue shall be an interest payment date, from such date of issue, not exceeding fifteen per centum (15%) 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 including fixed or variable rates or a combination thereof, if any, 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 May 1, 1987, and thereafter on each succeeding November 1 and May 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 and interest on the coupon bonds of this Series, if any, shall be payable 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.

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 1954, as amended (hereinafter called the "Code"), or the regulations promulgated thereunder, which does not provide that, for the

interest on the bonds of this Series to be considered exempt from Federal income taxes under Section 103 of the Code, 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 shall and it is hereby authorized to adopt an appropriate form of coupon bond issuable only in the denomination of \$5,000.

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, 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 regulations promulgated thereunder which provides that for the interest on the bonds of this Series to be considered exempt from Federal income taxes under Section 103 of the Code 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 November 1, 1996, and prior to maturity, as follows:

At one hundred three per centum (103%) of their face value, plus accrued interest to the date fixed for redemption, at November 1, 1996, and thereafter and at or prior to November 1, 1998; at one hundred two per centum (102%) of their face value, plus accrued interest to the date fixed for redemption, thereafter and at or prior to November 1, 2001; 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 November 1, 2004; 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 May 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 City of New York, State of New York, and also in a daily newspaper of

general circulation in one or more of the following cities: the City of Boston, Commonwealth of Massachusetts; the City of Philadelphia, Commonwealth of Pennsylvania; the City of Chicago, State of Illinois; and the City of San Francisco, State of California. 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.

Before the date fixed for redemption specified in such notice, 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, 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 bonds 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 bonds 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-seventh Series, Due 2021, Sinking Fund." The amount required to be paid into said Sinking Fund for each year shall be the difference at November 1 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 September 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 September 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 November 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 September 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 September 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 November 1, 1996, and at November 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 November 1, 1996, and thereafter and at or prior to November 1, 2020.

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

<u>Year</u>	<u>Cumulative Percentage of Total Principal Amount</u>	<u>Year</u>	<u>Cumulative Percentage of Total Principal Amount</u>
1996	0.5	2009	25.0
1997	1.0	2010	30.0
1998	1.5	2011	35.0
1999	2.0	2012	41.0
2000	3.0	2013	47.0
2001	4.0	2014	53.0
2002	5.5	2015	59.0
2003	7.0	2016	65.0
2004	9.0	2017	72.0
2005	11.0	2018	79.0
2006	14.0	2019	86.0
2007	17.0	2020	93.0
2008	21.0	2021	100.0

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 depository 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; Director, Finance Department; Comptroller; Deputy Comptroller; Assistant Director, Finance Department; 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-SEVENTH SERIES, DUE 2021**

No. C(57)-

Maturity Date: November 1, 2021 Interest Rate: . . . % Per Annum Dated: November 1, 1986 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 November, 2021, 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 May 1, 1987, and thereafter on each succeeding November 1 and May 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 February 13, 1986, 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, 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 November 1 of any year prior to maturity beginning with 1996 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 November 1, 1996, and thereafter and at or prior to November 1, 2020.

This bond may at the option of the Authority be redeemed for any other purpose at any interest payment date at or subsequent to November 1, 1996, as follows:

At one hundred three per centum (103%) of its face value, plus accrued interest to the date fixed for redemption, at November 1, 1996, and thereafter and at or prior to November 1, 1998; at one hundred two per centum (102%) of its face value, plus accrued interest to the date fixed for redemption, thereafter and at or prior to November 1, 2001; 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 November 1, 2004; 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 May 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 City of New York, State of New York, and also in a daily newspaper of general circulation in one or more of the following cities: the City of Boston, Commonwealth of Massachusetts; the City of Philadelphia, Commonwealth of Pennsylvania; the City of Chicago, State of Illinois; and the City of San Francisco, State of California. 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 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 November, 1986.

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

[Empty rectangular box for identifying number]

(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.

(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 the bonds shall have been actually issued, the bonds may nevertheless be issued as though the person who signed such bonds of this Series 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 June 30, 1987, 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 the first 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 of the bonds of this Series; (iv) prior to the issuance of the first 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 to retire the entire Series at or prior to maturity or to rescind in its entirety the establishment of the mandatory sinking fund redemption schedule and provisions as to the bonds of this Series; (v) prior to the issuance of the first installment of the bonds of this Series, to reduce the percentages of face value relating to the optional call provisions for the bonds of this Series; (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 in book-entry form without certificates and to be separately registrable as to principal and interest to any one or more holders; (vii) prior to the issuance of any installment of the bonds of this Series, consistent with the foregoing, to change or

adjust the provisions of the bonds of such installment thereof to permit the issuance of such bonds or installments with a fixed or variable interest rate or rates or a combination thereof; and (viii) 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 any 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-seventh 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 13th day of February, 1986, the Authority adopted a resolution establishing a series of said Consolidated Bonds to be known as the "Fifty-seventh Series, Due 2021" (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 Consolidated Bonds of the Authority of the Fifty-seventh Series, Due 2021, 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 Fifty-seventh Series.

SECTION 3. The bonds of this Series shall be numbered upward from C(57)-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; Director, Finance Department; Comptroller; Deputy Comptroller; Assistant Director, Finance Department; 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 1954, as amended, and the regulations promulgated thereunder, 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, at or before maturity, all or any part of any issue of 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-seventh 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, constituting the Fifty-seventh Series, Due 2021 (hereinafter called the "bonds of this Series"), at a price which will result in a net interest cost to the Authority not in excess of fifteen per centum (15%) 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 June 30, 1987, 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-sixth Series, Due 2021, Consolidated Bonds, Fifty-seventh Series, Due 2021, and Consolidated Bonds, Fifty-eighth Series, Due 2022, sold by the Committee shall not exceed Four Hundred Million Dollars (\$400,000,000).

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 June 30, 1987, 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; to fix the time or times and determine the terms and conditions of delivery of said 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 said bonds of this Series; 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 purchaser or purchasers 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 103 of the Internal Revenue Code of 1954, as amended, and the regulations promulgated thereunder.

SECTION 6. The Committee; Chairman of the Authority; Chairman of the Committee; Executive Director; Assistant Executive Director; 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 the Internal Revenue Code of 1954, as amended, and the regulations promulgated thereunder and that the interest on such bonds of this Series is not subject to Federal income taxes, 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; Director, Finance Department; Comptroller; Deputy Comptroller; Assistant Director, Finance Department; 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-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 the "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 the 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 as the Authority may hereafter determine.

The bonds of this Series shall be dated as of April 1, 1987, shall mature on April 1, 2022, and shall bear a stated rate or rates of interest including fixed or variable rates or a combination thereof, from the semi-annual interest payment date next preceding their date of issue, or if such date of issue shall be an interest payment date, from such date of issue, not exceeding fifteen per centum (15%) 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 including fixed or variable rates or a combination thereof, if any, 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 October 1, 1987, and thereafter on each succeeding April 1 and October 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 and interest on the coupon bonds of this Series, if any, shall be payable 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.

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 1954, as amended (hereinafter called the "Code"), or the regulations promulgated thereunder, which does not provide that, for the

interest on the bonds of this Series to be considered exempt from Federal income taxes under Section 103 of the Code, 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 shall and it is hereby authorized to adopt an appropriate form of coupon bond issuable only in the denomination of \$5,000.

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, 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 regulations promulgated thereunder which provides that for the interest on the bonds of this Series to be considered exempt from Federal income taxes under Section 103 of the Code 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 April 1, 1997, and prior to maturity, as follows:

At one hundred three per centum (103%) of their face value, plus accrued interest to the date fixed for redemption, at April 1, 1997, and thereafter and at or prior to April 1, 1999; at one hundred two per centum (102%) of their face value, plus accrued interest to the date fixed for redemption, thereafter and at or prior to April 1, 2002; 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 April 1, 2005; 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 October 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 City of New York, State of New York, and also in a daily newspaper of

interest on the bonds of this Series to be considered exempt from Federal income taxes under Section 103 of the Code, 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 shall and it is hereby authorized to adopt an appropriate form of coupon bond issuable only in the denomination of \$5,000.

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, 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 regulations promulgated thereunder which provides that for the interest on the bonds of this Series to be considered exempt from Federal income taxes under Section 103 of the Code 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 April 1, 1997, and prior to maturity, as follows:

At one hundred three per centum (103%) of their face value, plus accrued interest to the date fixed for redemption, at April 1, 1997, and thereafter and at or prior to April 1, 1999; at one hundred two per centum (102%) of their face value, plus accrued interest to the date fixed for redemption, thereafter and at or prior to April 1, 2002; 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 April 1, 2005; 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 October 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 City of New York, State of New York, and also in a daily newspaper of

general circulation in one or more of the following cities: the City of Boston, Commonwealth of Massachusetts; the City of Philadelphia, Commonwealth of Pennsylvania; the City of Chicago, State of Illinois; and the City of San Francisco, State of California. 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.

Before the date fixed for redemption specified in such notice, 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, 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 bonds 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 bonds 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 1 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, 1997, 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, 1997, and thereafter and at or prior to October 1, 2021.

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

<u>Year</u>	<u>Cumulative Percentage of Total Principal Amount</u>	<u>Year</u>	<u>Cumulative Percentage of Total Principal Amount</u>
1997	0.5	2010	25.0
1998	1.0	2011	30.0
1999	1.5	2012	35.0
2000	2.0	2013	41.0
2001	3.0	2014	47.0
2002	4.0	2015	53.0
2003	5.5	2016	59.0
2004	7.0	2017	65.0
2005	9.0	2018	72.0
2006	11.0	2019	79.0
2007	14.0	2020	86.0
2008	17.0	2021	93.0
2009	21.0	2022	100.0

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 depository 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; Director, Finance Department; Comptroller; Deputy Comptroller; Assistant Director, Finance Department; 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: April 1, 2022 Interest Rate: . . . % Per Annum Dated: April 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 April, 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 October 1, 1987, and thereafter on each succeeding April 1 and October 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 February 13, 1986, 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, 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 1997 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, 1997, 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 April 1, 1997, as follows:

At one hundred three per centum (103%) of its face value, plus accrued interest to the date fixed for redemption, at April 1, 1997, and thereafter and at or prior to April 1, 1999; at one hundred two per centum (102%) of its face value, plus accrued interest to the date fixed for redemption, thereafter and at or prior to April 1, 2002; 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 April 1, 2005; 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 October 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 City of New York, State of New York, and also in a daily newspaper of general circulation in one or more of the following cities: the City of Boston, Commonwealth of Massachusetts; the City of Philadelphia, Commonwealth of Pennsylvania; the City of Chicago, State of Illinois; and the City of San Francisco, State of California. 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 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 April, 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

[Empty box for 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

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

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.

(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 the bonds shall have been actually issued, the bonds may nevertheless be issued as though the person who signed such bonds of this Series 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 June 30, 1987, 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 the first 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 of the bonds of this Series; (iv) prior to the issuance of the first 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 to retire the entire Series at or prior to maturity or to rescind in its entirety the establishment of the mandatory sinking fund redemption schedule and provisions as to the bonds of this Series; (v) prior to the issuance of the first installment of the bonds of this Series, to reduce the percentages of face value relating to the optional call provisions for the bonds of this Series; (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 in book-entry form without certificates and to be separately registrable as to principal and interest to any one or more holders; (vii) prior to the issuance of any installment of the bonds of this Series, consistent with the foregoing, to change or

adjust the provisions of the bonds of such installment thereof to permit the issuance of such bonds or installments with a fixed or variable interest rate or rates or a combination thereof; and (viii) 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 any 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 13th day of February, 1986, the Authority adopted a resolution establishing a series of said Consolidated Bonds to be known as the "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 Consolidated Bonds of the Authority of the Fifty-eighth Series, Due 2022, 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 Fifty-eighth Series.

SECTION 3. 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; Director, Finance Department; Comptroller; Deputy Comptroller; Assistant Director, Finance Department; 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 1954, as amended, and the regulations promulgated thereunder, 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, at or before maturity, all or any part of any issue of 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, constituting the Fifty-eighth Series, Due 2022 (hereinafter called the "bonds of this Series"), at a price which will result in a net interest cost to the Authority not in excess of fifteen per centum (15%) 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 June 30, 1987, 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-sixth Series, Due 2021, Consolidated Bonds, Fifty-seventh Series, Due 2021, and Consolidated Bonds, Fifty-eighth Series, Due 2022, sold by the Committee shall not exceed Four Hundred Million Dollars (\$400,000,000).

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 June 30, 1987, 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; to fix the time or times and determine the terms and conditions of delivery of said 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 said bonds of this Series; 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 purchaser or purchasers 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 103 of the Internal Revenue Code of 1954, as amended, and the regulations promulgated thereunder.

SECTION 6. The Committee; Chairman of the Authority; Chairman of the Committee; Executive Director; Assistant Executive Director; 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 the Internal Revenue Code of 1954, as amended, and the regulations promulgated thereunder and that the interest on such bonds of this Series is not subject to Federal income taxes, 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; Director, Finance Department; Comptroller; Deputy Comptroller; Assistant Director, Finance Department; 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 action taken in connection therewith are hereby ratified.

(Board - 2/13/86)

Consolidated Bonds, Fifty-sixth Series - Consolidated Notes, Series KK, Series LL, and Series MM -
Port Authority Limited Obligation Variable Rate Demand Bonds, Series 1986, Due 2016 -
Bank Loan of 1986 - Amendments

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

RESOLVED, that Section 10 of the resolution of November 14, 1985 (appearing at pages 478 et seq. of the Official Minutes of that date), which resolution relates to the establishment of Consolidated Bonds, Fifty-sixth Series, be amended to read as follows:

"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 June 30, 1987, 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 the first 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 of the bonds of this Series; (iv) prior to the issuance of the first 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 to retire the entire Series at or prior to maturity or to rescind in its entirety the establishment of the mandatory sinking fund redemption schedule and provisions as to the bonds of this Series; (v) prior to the issuance of the first installment of the bonds of this Series, to reduce the percentages of face value relating to the optional call provisions for the bonds of this Series; (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 in book-entry form without certificates and to be separately registrable as to principal and interest to any one or more holders;

(vii) prior to the issuance of any installment of the bonds of this Series, consistent with the foregoing to change or adjust the provisions of the bonds of such installment thereof to permit the issuance of such bonds or installments with a fixed or variable interest rate or rates or a combination thereof; and (viii) to take such other action as in the opinion of the Committee will best serve the public interest."

and it is further

RESOLVED, that Sections 1 and 2 of the resolution of November 14, 1985 (appearing at pages 491-492 of the Official Minutes of that date), which resolution relates to the authorization of the sale of Consolidated Bonds, Fifty-sixth Series, be amended to read as follows:

"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, constituting the Fifty-sixth Series, Due 2021 (hereinafter called the "bonds of this Series"), at a price which will result in a net interest cost to the Authority not in excess of fifteen per centum (15%) 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 June 30, 1987 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-sixth Series, Due 2021, Consolidated Bonds, Fifty-seventh Series, Due 2021, and Consolidated Bonds, Fifty-eighth Series, Due 2022, sold by the Committee shall not exceed Four Hundred Million Dollars (\$400,000,000).

"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 June 30, 1987, 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."

RESOLVED, that the first sentence of Section 6 of the resolution of November 14, 1985 (appearing at pages 491-492 of the Official Minutes of that date), which resolution relates to the authorization of the sale of Consolidated Bonds, Fifty-sixth Series, be amended to read as follows:

"Section 6. The Committee; the Chairman of the Authority; Chairman of the Committee; Executive Director; Assistant Executive Director; 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 the Internal Revenue Code of 1954, as amended, and the regulations promulgated thereunder, and that the interest on such bonds of this Series is not subject to Federal income taxes, and any such actions taken in connection therewith are hereby ratified. * * *"

and it is further

RESOLVED, that the first paragraph of Section 2 of the resolution of October 11, 1984 (appearing at pages 467 et seq. of the Official Minutes of that date), as amended by the resolution of July 11, 1985 (appearing at pages 297 et seq. of the Official Minutes of that date), which resolution, as amended, relates to the establishment and authorization of issuance of Consolidated Notes, Series KK, be further amended to read as follows:

"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 "Series KK Notes" or "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 Series KK Notes shall be established and issued pursuant to and shall conform in all respects to the aforesaid Consolidated Bond Resolution."

and it is further

RESOLVED, that Section 9 of the resolution of October 11, 1984 (appearing at pages 467 et seq. of the Official Minutes of that date), as amended by the resolution of July 11, 1985 (appearing at pages 297 et seq. of the Official Minutes of that date), which resolution, as amended, relates to the establishment and authorization of issuance of Consolidated Notes, Series KK, be further amended to read as follows:

"SECTION 9. The Committee on Finance of the Authority is hereby authorized prior to the issuance of any of the Series KK Notes (i) to change the date as of which the notes of this Series shall be dated to any date on or before June 30, 1987; (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 in book-entry form without certificates and to be separately registrable as to principal and interest to any one or more holders; (v) consistent with the foregoing, to change or adjust the provisions of the notes of this Series to permit the issuance of such notes of this Series with a fixed or variable interest rate or rates or a combination thereof; and (vi) to take such other action as in the opinion of the Committee will best serve the public interest."

and it is further

RESOLVED, that Sections 1 and 2 of the resolution of October 11, 1984 (appearing at pages 475-476 of the Official Minutes of that date), as amended by the resolution of July 11, 1985 (appearing at pages 297 et seq. of the Official Minutes of that date), which resolution relates to the authorization of the sale of Consolidated Notes, Series KK, be further amended to read as follows:

"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 "Series KK Notes"), at a price which will result in a net 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 June 30, 1987, and to apply the proceeds of such sale or sales as provided in the resolution establishing and authorizing the issuance of said Series KK Notes; provided, however, that the total aggregate principal amount of Consolidated Notes, Series KK, Consolidated Notes, Series LL, and Consolidated Notes, Series MM, sold by the Committee shall not exceed Two Hundred Million Dollars (\$200,000,000).

"SECTION 2. The Committee shall have power, in connection with the Series KK Notes, to fix the time or times of sale on or before June 30, 1987, to determine the terms and conditions upon which sales 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."

and it is further

RESOLVED, that the first sentence of Section 6 of the resolution of October 11, 1984 (appearing at pages 475-476 of the Official Minutes of that date), as amended by the resolution of July 11, 1985 (appearing at pages 297 et seq. of the Official Minutes of that date), which resolution relates to the authorization of the sale of Consolidated Notes, Series KK, be further amended to read as follows:

"Section 6. The Committee; the Chairman of the Authority; Chairman of the Committee; Executive Director; Assistant Executive Director; 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 the Internal Revenue Code of 1954, as amended, and the regulations promulgated thereunder, and that the interest on such notes of this Series is not subject to Federal income

taxes, and any such actions taken in connection therewith are hereby ratified. * * *

and it is further

RESOLVED, that the first paragraph of Section 2 of the resolution of October 11, 1984 (appearing at pages 477 et seq. of the Official Minutes of that date), as amended by the resolution of July 11, 1985 (appearing at pages 297 et seq. of the Official Minutes of the date), which resolution relates to the establishment and authorization of the issuance of Consolidated Notes, Series LL, be further amended to read as follows:

"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 "Series LL Notes" or "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 Series LL Notes shall be established and issued pursuant to and shall conform in all respects to the aforesaid Consolidated Bond Resolution."

and it is further

RESOLVED that Section 9 of the resolution of October 11, 1984 (appearing at pages 477 et seq. of the Official Minutes of that date), as amended by the resolution of July 11, 1985 (appearing at pages 297 et seq. of the Official Minutes of that date), which resolution relates to the establishment and authorization of the issuance of Consolidated Notes, Series LL, be further amended to read as follows:

"SECTION 9. The Committee on Finance of the Authority is hereby authorized prior to the issuance of any of the Series LL Notes (i) to change the date as of which the notes of this Series shall be dated to any date on or before June 30, 1987; (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 in book-entry form without certificates and to be separately registrable as to principal and interest to any one or more holders; (v) consistent with the foregoing, to change or adjust the provisions of the notes of this Series to permit the issuance of such notes with a fixed or variable interest rate or rates or a combination thereof; and (vi) to take such other action as in the opinion of the Committee will best serve the public interest."

and it is further

RESOLVED, that Sections 1 and 2 of the resolution of October 11, 1984 (appearing at page 485 of the Official Minutes of that date), as amended by the resolution of July 11, 1985 (appearing at pages 297 et seq. of the Official Minutes of that date), which resolution relates to the authorization of the sale of Consolidated Notes, Series LL, be further amended to read as follows:

"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 "Series LL Notes"), at a price which will result in a net 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 June 30, 1987, and to apply the proceeds of such sale or sales as provided in the resolution establishing and authorizing the issuance of said Series LL Notes; provided, however, that the total aggregate principal amount of Consolidated Notes, Series KK, Consolidated Notes, Series LL, and Consolidated Notes, Series MM, sold by the Committee shall not exceed Two Hundred Million Dollars (\$200,000,000).

"SECTION 2. The Committee shall have power, in connection with the Series LL Notes, to fix the time or times of sale on or before June 30, 1987, 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."

and it is further

RESOLVED, that the first sentence of Section 6 of the resolution of October 11, 1984 (appearing at page 485 of the Official Minutes of that date), as amended by the resolution of July 11, 1985 (appearing at pages 297 et seq. of the Official Minutes of that date), which resolution relates to the authorization of the sale of Consolidated Notes, Series LL, be amended to read as follows:

"Section 6. The Committee; the Chairman of the Authority; Chairman of the Committee; Executive Director; Assistant Executive Director; 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 the Internal Revenue Code of 1954, as amended, and the regulations promulgated thereunder, and that the interest on such notes of this Series is not subject to Federal income taxes, and any such actions taken in connection therewith are hereby ratified. * * *"

and it is further

RESOLVED, that the first paragraph of Section 2 of the resolution of October 11, 1984 (appearing at pages 486 et seq. of the Official Minutes of that date), as amended by the resolution of July 11, 1985 (appearing at pages 297 et seq. of the Official Minutes of that date), which resolution relates to the establishment and authorization of issuance of Consolidated Notes, Series MM, be further amended to read as follows:

"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 "Series MM Notes" or "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 Series MM Notes shall

be established and issued pursuant to and shall conform in all respects to the aforesaid Consolidated Bond Resolution."

and it is further

RESOLVED, that Section 9 of the resolution of October 11, 1984 (appearing at pages 486 et seq. of the Official Minutes of that date), as amended by the resolution of July 11, 1985 (appearing at pages 297 et seq. of the Official Minutes of that date), which resolution relates to the establishment and authorization of issuance of Consolidated Notes, Series MM, be further amended to read as follows:

"SECTION 9. The Committee on Finance of the Authority is hereby authorized prior to the issuance of any of the Series MM Notes (i) to change the date as of which the notes of this Series shall be dated to any date on or before June 30, 1987; (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 in book-entry form without certificates and to be separately registrable as to principal and interest to any one or more holders; (v) consistent with the foregoing, to change or adjust the provisions of the notes of this Series to permit the issuance of such notes with a fixed or variable interest rate or rates or a combination thereof; and (vi) to take such other action as in the opinion of the Committee will best serve the public interest."

and it is further

RESOLVED, that Sections 1 and 2 of the resolution of October 11, 1984 (appearing at page 494 of the Official Minutes of that date), as amended by the resolution of July 11, 1985 (appearing at pages 297 et seq. of the Official Minutes of that date), which resolution relates to the

authorization of the sale of Consolidated Notes, Series MM, be further amended to read as follows:

"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 "Series MM Notes"), at a price which will result in a net 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 June 30, 1987, and to apply the proceeds of such sale or sales as provided in the resolution establishing and authorizing the issuance of said Series MM Notes; provided, however, that the total aggregate principal amount of Consolidated Notes, Series KK, Consolidated Notes, Series LL, and Consolidated Notes, Series MM, sold by the Committee shall not exceed Two Hundred Million Dollars (\$200,000,000).

"SECTION 2. The Committee shall have power, in connection with the Series MM Notes, to fix the time or times of sale on or before June 30, 1987, 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."

and it is further

RESOLVED, that the first sentence of Section 6 of the resolution of October 11, 1984 (appearing at pages 494 of the Official Minutes of that date), as amended by the resolution of July 11, 1985 (appearing at pages 297 et seq. of the Official Minutes of that date), which resolution relates to the authorization of the sale of Consolidated Notes, Series MM, be amended to read as follows:

"Section 6. The Committee; the Chairman of the Authority; Chairman of the Committee; Executive Director; Assistant Executive Director; 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 the Internal Revenue Code of 1954, as amended, and the regulations promulgated thereunder, and that the interest on such notes of this Series is not subject to Federal income taxes, and any such actions taken in connection therewith are hereby ratified. * * *

and it is further

RESOLVED, that the name of The Port Authority of New York and New Jersey, Bank Loan of 1985, the delivery and execution of which was authorized by the resolution of October 11, 1984 (appearing at pages 495 et seq. of the Official Minutes of that date), as amended by the resolution of July 11, 1985 (appearing at pages 297 et seq. of the Official Minutes of that date), is hereby changed from "The Port Authority of New York and New Jersey, Bank Loan of 1985" to "The Port Authority of New York and New Jersey, Bank Loan of 1986"; and it is further

RESOLVED, that the definition of "Port Authority Commercial Paper Notes" contained in Article I of the resolution of October 11, 1984 (appearing at pages 495 et seq. of the Official Minutes of that date), as amended by the resolution of July 11, 1985 (appearing at pages 297 et seq. of the Official Minutes of that date), which resolution relates to the establishment and authorization of execution and delivery of the Bank Loan, be further amended as follows:

"The term "Port Authority Commercial Paper Note" or "Port Authority Commercial Paper Notes" shall mean any note or notes constituting all or a portion of the issue of Port Authority Commercial Paper Notes issued under a resolution adopted by the Authority on November 14, 1985 in connection with the Port Authority Commercial Paper Program, as said resolution may be amended from time to time."

and it is further

RESOLVED, that Sections 2.01 and 2.02 of Article II of the resolution of October 11, 1984 (appearing at pages 495 et seq. of the Official Minutes of that date), as amended by the resolution of July 11, 1985 (appearing at pages 297 et seq. of the Official Minutes of that date), which resolution

relates to the establishment and authorization of execution and delivery of the Bank Loan, be further amended as follows:

"Section 2.01. Establishment and Authorization of Issue of the Bank Loan. There is hereby established an issue of special obligations of the Authority to be known as "The Port Authority of New York and New Jersey, Bank Loan of 1986." The Bank Loan is hereby authorized to be issued for the purposes set forth in Section 2.04 of this Resolution, in the principal amount of up to One Hundred Million Dollars (\$100,000,000). The Committee on Finance of the Authority is hereby authorized to provide for the execution and delivery of the Bank Loan Agreement and the Promissory Note at such time as may be determined and fixed by said Committee on or before June 30, 1987 (which said time of execution and delivery said Committee is hereby authorized to fix and determine), and upon public bid or private offer (which such bid or offer said Committee is hereby authorized to accept or reject), with or without advertisement, only from such banks or trust companies as are authorized to do business in the State of New York or the State of New Jersey.

"Section 2.02. General Terms of the Bank Loan, Bank Loan Agreement and Promissory Note. The Bank Loan shall be in an aggregate principal amount to be determined by the Committee on Finance of the Authority up to One Hundred Million Dollars (\$100,000,000); shall be dated as of the date of the Bank Loan Agreement and the Promissory Note, such date to be determined and fixed by the Committee on Finance as any date on or before June 30, 1987; shall mature on a date or dates to be determined and fixed by the Committee on Finance, provided that such date or dates shall not be more than ten (10) years from the date of the Bank Loan Agreement and Promissory Note; shall bear a stated interest rate or rates including fixed or variable rates or a combination thereof, from its date until maturity or prior redemption, not in excess of twelve per centum (12%) per annum to be determined and fixed by the Committee on Finance, which said Committee may also determine that said Bank Loan shall not bear a stated rate of interest; shall be at a price which will result in a net interest cost to the Authority not in excess of twelve per centum (12%) per annum to maturity or prior redemption; shall be payable as to principal and

interest, from the sources of payment set forth in Section 2.03 of this Resolution, on a schedule to be determined and fixed by the Committee on Finance, provided, that such schedule shall permit redemption of the Bank Loan, at the option of the Authority, prior to maturity without premiums or penalty; shall be in the form of a Bank Loan Agreement and Promissory Note to be authorized by the Committee on Finance subject to the terms, conditions and limitations provided or referred to in this Resolution, which Bank Loan Agreement may contain such other terms and conditions not inconsistent with this Resolution and which Bank Loan Agreement and Promissory Note shall be executed by an Authorized Officer; and shall be payable as to principal and interest in lawful money of the United States of America at the principal office of the Authority or its paying agent or paying agents appointed for such purpose, if any, or otherwise as may be determined by the Committee on Finance. The Committee on Finance is hereby authorized to take all actions in connection with the foregoing to fix and determine the general terms of the Bank Loan, Bank Loan Agreement and Promissory Note and generally to take such other action as in the opinion of the Committee will best serve the public interest."

and it is further

RESOLVED, that the second paragraph of Section 4.04 of Article IV of the resolution of October 11, 1984 (appearing at pages 495 et seq. of the Official Minutes of that date), as amended by the Resolution of July 11, 1985 (appearing at pages 297 et seq. of the Official Minutes of that date), which resolution relates to the establishment and authorization of execution and delivery of the Bank Loan, be further amended as follows:

"The Committee on Finance, the Chairman of the Authority, Chairman of the Committee, Executive Director, Assistant Executive Director, Chief Financial Officer or Treasurer of the Authority is hereby authorized, in connection with the Bank Loan, to take any action which may be necessary or desirable to assure that the Bank Loan is in conformity with the provisions of the Internal Revenue Code of 1954, as amended, and the regulations promulgated thereunder, and that the interest on such Bank Loan is not subject to Federal

income taxes, and any such actions taken in connection therewith are hereby ratified."

RESOLVED, that the name of the series of Port Authority Limited Obligation Variable Rate Demand Bonds, Series 1985, Due 2015, established by the resolution of November 14, 1985 (appearing at pages 440 et seq. of the Official Minutes of that date), be and the same hereby is changed from "Series 1985, Due 2015" to "Series 1986, Due 2016"; and it is further

RESOLVED, that the third WHEREAS paragraph at the commencement of the resolution of November 14, 1985 (appearing at pages 440 et seq. of the Official Minutes of that date), which resolution relates to the establishment and authorization of the issuance and sale of Port Authority Limited Obligation Variable Rate Demand Bonds, Series 1986, Due 2016 (as heretofore renamed in this resolution), be amended to read as follows:

"WHEREAS, the Authority has determined to authorize the sale, on or before June 30, 1987, of Variable Rate Demand Bonds, subject to the foregoing, with the proceeds derived from the sale thereof, from time to time, to be used for financing for any and all purposes for which the Authority is or shall be authorized to issue bonds, notes, securities or other obligations of evidences of indebtedness;"

and it is further

RESOLVED, that Section 2.05 of the resolution of November 14, 1985 (appearing at pages 440 et seq. of the Official Minutes of that date), which resolution relates to the establishment and authorization of the issuance and sale of Port Authority Limited Obligation Variable Rate Demand Bonds, Series 1986, Due 2016 (as heretofore renamed in this resolution), be amended to read as follows:

"SECTION 2.05. Authorization of Issuance. Variable Rate Demand Bonds in the principal amount not to exceed Two Hundred Million Dollars (\$200,000,000) may be issued under the terms of this Resolution on or after December 1, 1985, but on or before June 30, 1987."

and it is further

RESOLVED, that the first paragraph of Section 2.09 of the resolution of November 14, 1985 (appearing at pages 440 et seq. of the Official Minutes of that date), which resolution relates to the establishment and authorization of the issuance and sale of Port Authority Limited Obligation Variable Rate Demand Bonds, Series 1986, Due 2016 (as heretofore renamed in this resolution), be amended to read as follows:

"SECTION 2.09. Authorization of Sale. The Committee on Finance is hereby authorized to sell all or any part of Variable Rate Demand Bonds at such price and on such terms and under such conditions as it deems appropriate and to do so in the name of and on behalf of the Authority, at public or private sale, with or without advertisement, at one or more times on or after December 1, 1985, but on or before June 30, 1987, and to fix the terms and conditions upon which such 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. * * *"

and it is further

RESOLVED, that Section 6.05 of the resolution of November 14, 1985 (appearing at pages 440 et seq. of the Official Minutes of that date), which resolution relates to the establishment and authorization of the issuance and sale of Port Authority Limited Obligation Variable Rate Demand Bonds, Series 1986, Due 2016 (as heretofore renamed in this resolution), be amended to read as follows:

"Section 6.05. Certifications. The Committee on Finance, Chairman of the Authority, Chairman of the Committee on Finance, Executive Director, Assistant Executive Director, Chief Financial Officer or Treasurer of the Authority is, and they each are, hereby authorized in connection with the Variable Rate Demand Bonds to take any action which may be necessary or desirable to assure that such Variable Rate Demand Bonds are in conformity with the provisions of the Code and the Regulations and that the interest on such Variable Rate Demand Bonds is not subject to Federal income taxes, and any such actions taken in connection therewith are hereby ratified. Any Authorized Officer of the Authority is hereby authorized to certify on behalf of the Authority as to the need for the issuance

of the Variable Rate Demand Bonds for the purposes for which such Variable Rate Demand Bonds are issued, as to the status of the projects for which the proceeds of said bonds 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 this Resolution or the Committee on Finance."

Whereupon, the meeting was adjourned.

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

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MINUTES of meeting of The Port Authority of New York and New Jersey held Thursday, March 13, 1986, at the Port Authority offices, One World Trade Center, City, County and State of New York.

PRESENT:

NEW JERSEY

Alan Sagner
Robert V. Van Fossan
William K. Hutchison
Henry F. Henderson, Jr.

NEW YORK

Robert F. Wagner, Acting Chairman
William J. Ronan
James G. Hellmuth
Howard Schulman
John G. McGoldrick
H. Carl McCall

Stephen Berger, Executive Director
Patrick J. Falvey, General Counsel/Assistant Executive Director
Doris E. Landre, Secretary
Anthony J. Barber, Acting Director of Tunnels, Bridges and Terminals
Bruce D. Bohlen, Assistant Treasurer
Sidney Frigand, Assistant Executive Director/Director of 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
Charles L. Hirsch, Executive Assistant to the Executive Director
Lawrence S. Hofrichter, Deputy Chief, Finance Division, Law
Leon Katz, Supervising Information Officer, Public Affairs
Richard R. Kelly, Acting Director of Rail Transportation
James J. Kirk, Port Director
Philip LaRocco, Director, Economic Development
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
James H. Mullen, Administrative Assistant
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
Theresa A. Potente, Assistant Secretary
Martin E. Robins, Director of Planning and Development
Morris Sloane, Deputy Director of Aviation
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
Gerard Fernandez, Jr., Bond Counsel, Hawkins, Delafield & Wood
Donald J. Robinson, Bond Counsel, Hawkins, Delafield & Wood

The meeting was called to order by the Acting Chairman.

(Board - 3/13/86)

Memorial to Honorable William A. Sternkopf, Jr.

The Chairman addressed the Board upon the death of the Honorable William A. Sternkopf, Jr. 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 Commissioner William A. Sternkopf, Jr. on March 10, 1986.

William A. Sternkopf, Jr. was appointed a Commissioner of the Port Authority by Governor Richard J. Hughes on June 3, 1968 to fill the unexpired term of Commissioner Gerard F. Brill who had resigned. He was reappointed by Governor Hughes on March 10, 1969 and served as a Commissioner until his resignation from the Board on July 12, 1971.

As a Commissioner, he served as Chairman of the Committee on Construction, Vice Chairman of the Committee on Operations, and as a member of the Committee on Port Planning and a member of the Committee on Finance.

Commissioner Sternkopf brought to his position on the Board a wide range of experience in business and government in the State of New Jersey. He was born in North Bergen in 1900 and attended Pace Institute, Columbia University and New York University. He became a public accountant in 1920, a registered municipal accountant in 1922 and a certified public accountant in 1939. He was a member of the Municipal Accounting Association of New Jersey, the American Institute and the New Jersey Association of the Certified Public Accountants Association. Commissioner Sternkopf also was a member of the Turnpike Authority from 1961 to 1968 and he was auditor of Hudson County for 34 years.

During his tenure on the Board, Commissioner Sternkopf gave wholeheartedly of his abilities, his energy and his time. His fellow Commissioners and staff highly valued his contributions to the deliberations of the Board.

The Commissioners of The Port Authority of New York and New Jersey, 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 Commissioner William A. Sternkopf, Jr.

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of February 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 March 13, 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 March 13, 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 March 13, 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 March 13, 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 - 3/13/86)

1986 Budget - January 1 through April 30, 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, the Board's confirmation of the Executive Director's authority was extended through March 31, 1986. 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 Governors' 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 April 30, 1986.

It was therefore recommended that the Board confirm that the Executive Director is authorized through April 30, 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.

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 April 30, 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 - 3/13/86)

New York State Commuter Railroad Car Program - New York State Guaranteed Commuter Car Bonds, Eighth Series - Establishment and Authorization of Issuance and Sale - Agreements with Metropolitan Transportation Authority Covering the Purchase and Lease of Commuter Railroad Cars - Report

It was recalled to the Board that on April 12, 1962, the Port Authority adopted a resolution providing for the issuance and sale from time to time of New York State Guaranteed Commuter Railroad Car Bonds ("Commuter Car Bonds") of the Port Authority to be unconditionally guaranteed, both as to principal and interest, by the State of New York. Such issuance and sale is authorized by bi-State legislation which allows the Port Authority to purchase and lease railroad cars to commuter railroads in either State and to borrow money from any source for such purchase, provided that the electing State, by appropriate action, has made itself liable for the repayment of such moneys. The State of New York in 1959 elected to provide for the purchase and rental of railroad cars for commuter railroads and authorized the required guarantees by the State of New York. In November, 1961, the New York State Constitution was amended to authorize the Legislature to make the State of New York liable unconditionally for the payment of principal of and interest on Commuter Car Bonds up to an aggregate principal amount at any one time of \$100 million and, in 1962, the Legislature of the State of New York made the State of New York so liable.

The bi-State legislation authorizing the Commuter Railroad Car Program prohibits the Port Authority from pledging its full faith and credit or from pledging or using for this Program any of its revenues or reserves pledged in support of Consolidated Bonds including the revenues of any of its existing facilities or any of its existing reserves. The Port Authority can neither derive net revenues nor incur net expenses from the railroad car leasing program which may in any way add to or detract from revenues or reserves pledged to Consolidated Bonds or any Port Authority bonds other than the State guaranteed Commuter Car Bonds issued under this Program.

The Metropolitan Transportation Authority ("MTA") is acquiring additional rail passenger cars for the Commuter Railroad portion of its Five Year Capital Program, and has asked the Port Authority to acquire under the New York State Commuter Railroad Car Program a portion of these cars which the Port Authority would purchase by means of an assignment from the MTA of the MTA's rights and interest to purchase such cars. The Port Authority would lease said cars to the MTA pursuant to the provisions of the bi-State legislation authorizing such lease, which includes a requirement for approval by the Commissioner of the Department of Transportation of the State of New York. The

agreements would permit safe harbor lease transactions involving the commuter railroad cars acquired with the proceeds of the bonds of an Eighth Series of Commuter Car Bonds.

The MTA has indicated that it will request that bonds of the Eighth Series be sold through a negotiated placement with Dillon, Read & Co., Inc. (and/or other financial underwriters for the MTA's capital program). Prior to the sale of the bonds, it will be required that the New York State Comptroller certify his approval of the manner and time of sale of the bonds (including the details of such negotiated placement, if any) and that the New York State Attorney General approve the bonds and the guaranty.

The MTA would pay rent for the cars in amounts equal to the debt service on the bonds, plus the Port Authority's administrative, legal and financial expenses incurred in connection with its purchase and lease of the cars. MTA's liability for rental payments would commence with the issuance of the Eighth Series of Commuter Car Bonds without reference to the delivery date of the cars. It is presently anticipated that the MTA would lease these cars to the Long Island Rail Road Company (a subsidiary of the MTA).

The aggregate principal amount of the Eighth Series of Commuter Car Bonds to be sold by the Port Authority would be based on the cost of the cars to the Port Authority plus expenses to be capitalized by the Port Authority in connection with the issuance and sale of the bonds. At this time there are outstanding Commuter Car Bonds in a total principal amount of \$87,565,000, representing unmatured securities of the Second through the Seventh Series which have previously been issued to provide rail passenger cars for use in commuter service on the Long Island Rail Road, the Hudson and Harlem Divisions of the former Penn Central Railroad and the Metro-North Commuter Railroad. Thus, the principal amount of Commuter Car Bonds which may be issued by the Port Authority under the Commuter Car Program is \$12,435,000.

Set forth below is a table describing the seven series of Commuter Car Bonds previously sold with amounts outstanding as of March 2, 1986.

New York State Guaranteed Commuter Car Bonds

<u>Series</u>	<u>Par Value</u>	<u>Amount Outstanding</u>	<u>Purpose</u>
1	\$ 5,475,000	\$ -	For the acquisition of approximately 60 railroad passenger cars for lease to the Long Island Rail Road.
2	8,250,000	660,000	For the refinancing of 53 railroad passenger cars leased to and operated by the New York Central Railroad.
3	6,000,000	720,000	For the acquisition of 34 railroad passenger cars for lease to the New York Central Railroad.
4	32,500,000	17,945,000	The proceeds of the fourth and the fifth series of Commuter Car Bonds constituted the funds necessary for the acquisition of 270 railroad passenger cars and 8 locomotives for lease to the MTA for operation on the Long Island Rail Road.
5	30,500,000	17,760,000	
6	23,500,000	13,580,000	For the acquisition of 80 railroad passenger cars for lease to the MTA for use on the Hudson and Harlem lines of Penn Central Railroad.
7	40,635,000	36,900,000	For the acquisition of 46 railroad passenger cars for lease to the MTA for use on the Metro-North Commuter Railroad.
TOTAL		\$87,565,000	

Subject to action by the Committee on Finance prior to the issuance and sale of the bonds, the bonds of the Eighth Series would be dated as of April 1, 1986, mature serially on a semi-annual basis through October 1, 1996, and bear a stated rate or rates of interest including fixed or variable rates or a combination thereof, if any, from their date of issue, not exceeding 10 percent per annum, as may be determined by the Committee on Finance. The bonds would be subject to redemption at 100%, at the option of the Port Authority, in whole or in part, commencing in 1991. The bonds would be fully registrable as to both principal and interest, but not as to either alone. The bonds would be issued in integral multiples of \$5,000.

The Committee on Finance of the Authority would be authorized prior to the issuance of the bonds of the Eighth Series (i) to change or adjust the date as of which such bonds are to be dated to any date on or before December 15, 1986; (ii) to change or adjust the date or dates on which semi-annual interest on such bonds would be payable; (iii) to change or adjust the date or dates in connection with the redemption or call provisions of such bonds; and (iv) to fix the date or dates at which any of the bonds are to mature; provided, that said date or dates of maturity would not be later than December 1, 1996; and to take such other action as in the opinion of the Committee will best serve the public interest.

Additionally, the Committee on Finance would be authorized, in connection with the sale of the bonds, to authorize one or more official statements, and to authorize the purchaser or purchasers in offering said bonds for resale to use such official statements as those of the Port Authority, provided that the official statement would contain a representation that any information pertaining to the State of New York, the City of New York or the MTA has been furnished by the State of New York, the City of New York or the MTA and that the Port Authority makes no representations concerning the accuracy or completeness thereof.

It was also recommended that the Board authorize the Committee on Finance to appoint a Paying Agent, a Registrar and a Special Fund Trustee in connection with the bonds.

It was further recommended that the Board provide that no part of the proceeds of the bonds of the Eighth Series shall be invested directly or indirectly in such a manner as to cause the interest on such Series of bonds to be subject to Federal income taxes under Section 103 of the Internal Revenue Code of 1954, as amended, and the regulations promulgated thereunder.

In addition to the customary certifications, determinations, statements and other documents necessary or desirable in connection with the issuance of New York State

Guaranteed Commuter Car Bonds by the Port Authority, it was recommended that certification on behalf of the Port Authority as to the need for the issuance of the bonds of the Eighth Series, as to the status of the projects for which the proceeds of said bonds are to be used, as to the Port 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 Port Authority; Vice Chairman of the Port Authority; Chairman of the Committee on Finance; Executive Director; Assistant Executive Director; Chief Financial Officer; Director, Finance Department; Assistant Director, Finance Department; Comptroller; Deputy Comptroller; Treasurer or Assistant Treasurer of the Port Authority, and that any such action taken in connection therewith be ratified; it was also recommended that any action which may be necessary or desirable in connection with said bonds to assure that such bonds of the Eighth Series are in conformity with the provisions of the Internal Revenue Code of 1954, as amended, and the regulations promulgated thereunder, and to assure that the interest on such bonds is not subject to Federal income taxes, may be taken by the Committee on Finance; the Chairman of the Port Authority; Chairman of the Committee on Finance; Executive Director; Assistant Executive Director; Chief Financial Officer or Treasurer of the Port Authority and that any such action taken in connection therewith be ratified.

New York State Commuter Railroad Car Program—New York State Guaranteed Commuter Car Bonds, Eighth Series—Establishment and Authorization of Issuance

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

WHEREAS, on the 12th day of April, 1962, 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 State Guaranteed Commuter Car Bonds of the Authority to be guaranteed by the State of New York, hereinafter called Car Bonds, from time to time in conformity with said resolution for the purposes therein set forth, which said resolution is hereinafter called the Car Bond Resolution, and which said resolution constitutes a contract with the holders of the bonds so issued; and

WHEREAS, the Car Bond Resolution provides that Car Bonds shall be issued in such series as the Authority may determine, and that the characteristics of the bonds of each 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 Car Bond Resolution; and

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

NOW, THEREFORE, after due consideration had, 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 Car Bond Resolution shall be read and construed in accordance with such special definitions.

SECTION 2. There is hereby established a series of Car Bonds, designated as the "Eighth Series" and to be issued in conformity with the Car Bond Resolution, which Car Bonds are hereinafter called "bonds of the Eighth Series" and the issuance of up to Twelve Million Four Hundred Thirty-five Thousand Dollars (\$12,435,000) in principal amount of such bonds of the Eighth Series is hereby authorized. Such principal amount is hereby determined to be necessary to accomplish the purposes for which the bonds of the Eighth Series are to be issued.

SECTION 3. Bonds of the Eighth Series shall be dated as of April 1, 1986, shall mature serially as hereinafter stated, and shall bear a stated rate or rates of interest including fixed or variable rates or a combination thereof, from their date of issue, not exceeding ten per centum (10%) per annum, as may be determined by the Committee on Finance of the Authority. The Committee on Finance of the Authority is hereby authorized to fix and determine any other date as that upon which interest shall commence and said interest rate or rates, including fixed or variable rates or a combination thereof, if any, *provided*, that all bonds of the Eighth Series maturing on the same date shall have the same interest rate, payable semi-annually commencing on October 1, 1986, and thereafter on each succeeding April 1 and October 1 until maturity or prior redemption.

Principal of the bonds of the Eighth Series 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 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 bonds of the Eighth Series shall be payable, in lawful money of the United States of America, to said registered holder by check or draft drawn on the Paying Agent appointed for the purpose by the Authority and mailed to said registered holder.

Bonds of the Eighth Series shall be issued only in registered form without coupons, registered as to both principal and interest but not as to either alone. The Authority will keep or cause to be kept at the offices, designated by the Authority of its Registrar or Registrars 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 such registration.

Any accrued interest included in the sale price of the bonds of the Eighth Series shall be deposited in the Special Fund established for such Bonds pursuant to the Car Bond Resolution.

SECTION 4. Except as provided in Section 6 hereof, bonds of the Eighth Series shall be of the denomination of \$5,000 each, shall be numbered upward from SG(8)-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, Director, Finance Department, Assistant Director, Finance Department, Comptroller, Deputy Comptroller, Treasurer or Assistant Treasurer of the Authority may deem appropriate), and shall mature serially in numerical order in accordance with such schedule of maturities as is fixed by the Committee on Finance pursuant to Section 9 hereof.

SECTION 5. The purpose for which the issuance of bonds of the Eighth Series is authorized is to raise funds necessary for acquisition of railroad cars for lease to commuter railroads of the State of New York and for purposes incidental thereto in accordance with the authorizing statutes and the provisions of the Car Bond Resolution.

SECTION 6. Bonds of the Eighth Series shall be of the denominations of \$5,000 or integral multiples of \$5,000. Bonds of the Eighth Series of a denomination greater than \$5,000 shall bear numbers corresponding to those which would have been used had such bonds been issued in the denomination of \$5,000.

Upon the written request of the holder of any bond of the Eighth Series of a denomination greater than \$5,000, and upon the surrender and cancellation of such bond (herein called the "old bond"), two or more new bonds of smaller denominations shall be issued in exchange or substitution therefor and as evidence of the same debt,—such new bonds to have in the aggregate the same principal amount as that of the old bond, to bear numbers corresponding to those borne by the old bond, to be in registered form fully registered as to both principal and interest in the name of any designated person, all as shall be requested by the registered holder of the old bond, and except as to denominations and numbers and any changes so requested with respect to registration, to be in all respects of like tenor and effect as the old bond.

Upon the written request of the holder or holders of two or more registered bonds of the Eighth Series, which said bonds have the same date of maturity, and upon the surrender and cancellation of such bonds (herein called the "old bonds"), a single new bond will be issued in exchange or substitution therefor and as evidence of the same debt,—such new bond to have the same principal amount as the aggregate principal amount of the old bonds, to bear numbers corresponding to those borne by the old bonds, to be fully registered as to both principal and interest in the name of any person designated by such holder or holders of the old bonds, and except as to denomination and numbering and any changes requested with respect to registration, to be in all respects of like tenor and effect as each of the old bonds.

All requests for the execution, authentication and delivery of new bonds of the Eighth Series as above provided shall be filed with the Registrar of the Authority; all bonds of the Eighth Series to be surrendered and cancelled pursuant to such requests shall be surrendered to the Registrar; and all new bonds of the Eighth Series delivered in exchange or substitution as aforesaid shall be delivered by the Registrar after proper execution and authentication. All expenses of and in connection with the execution, authentication and delivery of new bonds of the Eighth Series in exchange or substitution for other bonds of the Eighth Series as above provided, incurred by the Authority or the Registrar (including the cost of cancelling old bonds and of preparing and delivering new bonds, and including the fees of the Registrar), shall be borne by the lessee of the commuter railroad cars.

No transfers or exchanges of bonds shall be required to be made by the Registrar during the fifteen (15) days next preceding an interest payment date for such bonds, nor during the forty-five (45) days next preceding the date fixed for redemption of any bonds.

Bonds of the Eighth Series shall be transferable only upon the books kept for that purpose by the Registrar of the Authority by the registered holder or attorney duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered holder or attorney duly authorized in writing, a new bond, in all respects of like tenor and effect as the old bond, shall be issued to the transferee in exchange therefor.

Nothing herein contained shall be deemed to authorize the execution, authentication and delivery of bonds of the Eighth Series except in denominations of \$5,000 or of integral multiples of \$5,000.

SECTION 7. Bonds of the Eighth Series shall be redeemable at the option of the Authority in whole or in part, on any interest payment date, at or subsequent to April 1, 1991, and prior to maturity, at one hundred per centum (100%) of their face value, plus accrued interest to the date fixed for redemption.

If less than all the bonds of the Eighth Series then outstanding are to be called for redemption, then the bonds so to be redeemed shall be called in inverse order of maturity; *provided, however*, that if less than all of such bonds having the same maturity date and then outstanding are to be called for redemption, the bonds of such maturity so to be called shall be determined by lot by the Authority or the Registrar as the Authority may elect.

Notice of intention to redeem any of the bonds of the Eighth Series shall be given by the Authority by publication in a daily newspaper of general circulation in the City of New York, State of New York. 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 the Eighth Series to be called for redemption, at their last known addresses as appearing upon the Registry Books of the Authority.

Before the date fixed for redemption specified in such notice, 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 of the Eighth Series 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 amount to be held by the Paying Agent or Paying Agents in trust for the account of the holders of the bonds of the Eighth Series so called for redemption and to be paid to them respectively upon presentation and surrender of said bonds. On and after the date fixed for redemption, the notice of intention to redeem having been completed as above provided, 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 shall not be entitled to the benefit or security of this resolution or the Car Bond Resolution, but shall rely solely upon the funds so deposited.

In the case of bonds of the Eighth Series of denominations greater than \$5,000, if less than all of the bonds of the Eighth Series then outstanding are to be called for redemption, then for all purposes in connection with redemption, each \$5,000 of face value shall be treated as though it were a separate bond of the denomination of \$5,000 bearing one of the numbers borne by the bond, and the word "bond" as used in the foregoing provision of this Section 7 shall be deemed to refer to such \$5,000 unit of face value. If it is determined by lot as above provided that one or more but not all of the \$5,000 units of face value represented by any such bond are to be called for redemption, then upon notice of intention to redeem such \$5,000 unit or units, the holder of such bond shall forthwith present such bond to the Registrar and request the issuance of new bonds of smaller denominations but of the same aggregate principal amount in exchange or substitution therefor, pursuant to Section 6 of this resolution (except that all expenses of and in connection with the printing, execution, authentication and delivery of new bonds of the Eighth Series upon an exchange or substitution of denomination pursuant to this paragraph shall be borne by the lessee of the commuter railroad cars), including new bonds of the denomination of \$5,000 each, bearing numbers corresponding to the numbers of the \$5,000 units of face value called for redemption; and the new bonds bearing such numbers 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 and to request the issuance of new bonds of smaller denominations in exchange or substitution 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 Car 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 8. Each bond of the Eighth Series shall have the official seal of the Authority, or a facsimile thereof, affixed thereto or imprinted thereon, and shall be signed manually or by the facsimile signature of any one of the following persons, to wit:—the persons holding the office or exercising the duties of Chairman of the Authority, Vice Chairman of the Authority, Chairman of the Committee on Finance, Executive Director, Assistant Executive Director, Chief Financial Officer, Secretary, Assistant Secretary, Director, Finance Department, Assistant Director, Finance Department, Treasurer, Assistant Treasurer, Comptroller and Deputy Comptroller of the Authority at the time of its execution.

Each bond of the Eighth Series 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 shall be entitled to any benefit under this resolution or the Car Bond Resolution or be valid or obligatory for any purposes 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.

Each bond of the Eighth Series shall be in substantially the following form, the blank spaces being appropriately filled in:

(FORM OF BOND)

**THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
STATE GUARANTEED COMMUTER CAR BOND
EIGHTH SERIES**

\$

No. SG(8)-

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 _____ day of _____ 19____, upon presentation and surrender of this bond, the sum of _____ Dollars (\$) and to pay to said registered holder hereof interest thereon at the rate of _____ per centum (_____ %) per annum from the date hereof, payable semi-annually commencing on October 1, 1986, and on each succeeding April 1 and October 1 until maturity or prior redemption, but solely out of the net car revenues of the Authority derived from the lease of railroad cars with respect to which State Guaranteed Commuter Car Bonds of this or any other series shall have been issued pursuant to the Car Bond Resolution hereinafter mentioned. Principal on 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 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 this bond shall be payable, in lawful money of the United States of America, to said registered holder by check or draft drawn on the Paying Agent 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 Chapter 638 of the Laws of New York of 1959, as amended, and Chapter 25 of the Laws of New Jersey of 1959, for purposes provided in said Compact and statutes. The provisions of the resolution of the Authority of April 12, 1962, establishing an issue of State Guaranteed Commuter Car Bonds, hereinafter called the Car Bond Resolution, and of the resolution of the Authority of March 13, 1986, 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 holder of this bond.

THIS BOND IS NOT A DIRECT AND GENERAL OBLIGATION OF THE AUTHORITY AND THE FULL FAITH AND CREDIT OF THE AUTHORITY ARE NOT PLEDGED TO THE PAYMENT OF THE PRINCIPAL HEREOF OR THE INTEREST HEREON.

There are pledged to the prompt payment of the principal of and interest upon this bond pursuant to the Car Bond Resolution, the net car revenues of the Authority derived from the lease of railroad cars with respect to which State Guaranteed Commuter Car Bonds of this or any other series shall have been issued pursuant to the Car Bond Resolution. The Authority covenants and agrees in the Car Bond Resolution to establish for and in connection with the Series of which this bond forms a part the State Guaranteed Commuter Car Bond Fund, Eighth Series, into which the Authority agrees to make prompt payments, out of such net car revenues, for application to debt service in connection with bonds of the Series of which this bond forms a part, in full accordance with the Car Bond Resolution.

Except for such net car revenues and the aforesaid State Guaranteed Commuter Car Bond Fund, Eighth Series, the revenues, assets and reserve funds of the Authority are not pledged for the payment of principal of or interest on this bond or to the fulfillment of any obligation which the Authority has assumed or may assume to or for the benefit of the holder of this bond.

The Authority has appointed a Special Fund Trustee for and in connection with the bonds of this Series as required by the Car Bond Resolution.

No transfer or exchange of this bond shall be required to be made by the Registrar of the Authority during the fifteen (15) days next preceding an interest payment date for this bond, nor during the forty-five (45) days next preceding the date fixed for redemption of this bond.

This bond is transferable only upon the books kept for that purpose by the Registrar of the Authority by the registered holder or attorney duly authorized, in writing, in accordance with the provisions of, and under the circumstances and in the manner set forth in, the resolution establishing the Series of which this bond forms a part and authorizing the issuance of this bond. Upon surrender of this bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered holder or attorney duly authorized in writing, a new bond, in all respects of like tenor and effect as the old bond, shall be issued to the transferee in exchange therefor.

The bonds of the Series of which this bond forms a part shall be subject to redemption at the option of the Authority, in whole or in part, on any interest payment date, at or subsequent to April 1, 1991, and prior to maturity, at one hundred per centum (100%) of their face value, plus accrued interest to the date fixed for redemption.

If less than all of the bonds of the Series of which this bond forms a part, which are then outstanding, are to be called for redemption, then the bonds so to be redeemed shall be called in inverse order of maturity; *provided, however*, that if less than all of such bonds having the same maturity date as this bond and then outstanding be so called for redemption, the bonds of such maturity so to be called shall be determined by lot by the Authority or the Registrar, as the Authority may elect.

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 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 at his last known address as appearing on the Registry Books of the Authority. If this bond shall be called for redemption and if funds sufficient to pay the redemption price together with accrued interest to the date fixed for redemption shall be deposited with the Paying Agent or Paying Agents of the Authority in trust for the account of the 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 and this bond shall not be entitled to the benefit or security of the foregoing resolution and 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 then outstanding are to be called for redemption, then for all purposes in connection with such redemption, each \$5,000 unit of face value of this bond shall be treated as though it were a separate bond of the denomination of \$5,000 bearing one of the numbers borne by this bond, and the word "bond" as used in the foregoing redemption provisions shall be deemed to refer to such \$5,000 unit of face value.

If it is determined by lot 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 holder of this bond shall forthwith present this bond to the Registrar and request the issuance of new bonds of smaller denominations in exchange or substitution therefor, as provided in the resolution establishing the Series of which this bond forms a part and authorizing the issuance of this bond, including new bonds of the denomination of \$5,000 each, bearing numbers corresponding to the number of the \$5,000 units called for redemption; and the new bonds bearing such numbers shall be deemed to be duly called for redemption without further notice to the holder of this bond. If the holder of this bond shall fail to present this bond to the Registrar and to request 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); 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 (the notice of intention to redeem having been completed as above provided, and funds sufficient to pay the redemption price together with accrued interest to the date fixed for redemption having been deposited with the Paying Agent or Paying Agents as aforesaid, and being available as aforesaid on the date fixed for redemption) this bond shall not be entitled to the benefit or security of the foregoing 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, but to that extent shall be payable solely from the funds so deposited.

The registered holder of this bond may upon written application to the Registrar of the Authority exchange this bond together with other bonds of the Series of which this bond forms a part, which have the same maturity date as this bond, for a single bond of a larger authorized denomination,—but only under the circumstances and in the manner set forth in the resolution establishing the Series of which this bond forms a part and authorizing the issuance of this bond.

If this bond is of an authorized denomination greater than \$5,000, the registered holder may upon written application to the Registrar of the Authority exchange this bond for two or more bonds of smaller authorized denominations,—but only under the circumstances and in the manner set forth in the resolution establishing the Series of which this bond forms a part and authorizing the issuance of this bond.

Except as may otherwise be provided in the resolution establishing the Series of which this bond forms a part and authorizing the issuance of this bond, all expenses of and in connection with the execution, authentication and delivery of new bonds in exchange or substitution for other bonds as above provided,

incurred by the Authority or the Registrar (including the cost of cancelling old bonds and of preparing and delivering new bonds, and including the fees of the Registrar), shall be borne by the lessee of the commuter railroad cars.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen or to 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 and 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 limits prescribed by said Constitutions, statutes, Compact or Car Bond Resolution.

IN WITNESS WHEREOF, The Port Authority of New York and New Jersey has caused its name to be signed hereto by the manual or facsimile signature of its duly authorized officer and its official seal, or a facsimile thereof, to be hereto affixed or imprinted hereon, and this bond to be dated as of the first day of April, 1986.

THE PORT AUTHORITY
OF NEW YORK AND NEW JERSEY

Authorized Officer

(END OF FORM OF BOND)

Each of said bonds of the Eighth Series shall have the guaranty of the State of New York endorsed thereon in substantially the following form:

(FORM OF GUARANTY BY THE STATE OF NEW YORK)

GUARANTY BY THE STATE OF NEW YORK

The punctual payment of the above Bond is hereby fully and unconditionally guaranteed by the State of New York, both as to principal and interest, according to its terms.

IN WITNESS WHEREOF, THE STATE OF NEW YORK has caused this Guaranty to be executed by the signature or facsimile signature of the Comptroller of the State of New York or of a Deputy Comptroller of the State of New York.

Comptroller of the State of New York

(END OF FORM OF GUARANTY OF THE STATE OF NEW YORK)

The certificate of authentication attached to each of the bonds of the Eighth Series 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 Car Bond Resolution.

REGISTRAR
as Registrar of the Authority

By _____
Authorized Officer

(END OF FORM OF CERTIFICATE OF AUTHENTICATION)

Each of said bonds of the Eighth Series shall have a form of assignment endorsed thereon, in substantially the following form:

(FORM OF ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto _____
(Please Print or Type Name
_____ the within bond and all rights thereunder and does hereby irrevocably
and Address of Assignee)
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)

Please insert Social Security Number or other
identifying number of Assignee.

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

in the presence of: _____
(Witness)

(END OF FORM OF ASSIGNMENT)

In case any official of the Authority who shall have executed (whether manually or by facsimile signature) any of the bonds of the Eighth Series or any Comptroller or Deputy Comptroller of the State of New York who shall have executed a Guaranty thereon shall cease to be such official before the bonds shall have been actually issued, the bonds may nevertheless be issued as though the person who executed such bonds or Guaranty had not ceased to be such official.

SECTION 9. The Committee on Finance of the Authority is hereby authorized prior to the issuance of the bonds of the Eighth Series (i) to change or adjust the date as of which such bonds are to be dated to any date on or before December 15, 1986; (ii) to change or adjust the date or dates on which semi-annual interest on such bonds would be payable; (iii) to change or adjust the date or dates in connection with the redemption or call provisions of such bonds; and (iv) to fix the date or dates at which any of the bonds are to mature; *provided*, that said date or dates of maturity shall not be later than December 1, 1996.

SECTION 10. In case any bond of the Eighth Series shall at any time become mutilated or be lost or destroyed, the Authority, in its discretion, may execute and deliver a new bond of like tenor and amount in exchange or substitution for and upon cancellation of said mutilated bond in lieu of or in substitution for such destroyed or lost bond; or, if such bond shall have matured, instead of issuing a substitute bond the Authority may pay the same without surrender thereof. In case of destruction or loss, the applicant for a substitute bond of the Eighth Series shall furnish to the Authority evidence satisfactory to it of the destruction or loss of such bond 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 the Authority, or any Paying Agent upon

the written request or authorization of the Authority, may make any such payment. Upon the issuance of any such substitute bond, 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 so issued in substitution. Any bond issued under the provisions of this section in lieu of any bond alleged to have been destroyed or lost shall constitute an original contractual obligation on the part of the Authority, whether or not the bond 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 Car Bond Resolution with all other bonds issued hereunder or thereunder.

SECTION 11. The provisions of this resolution shall constitute a contract with the holders of the Car Bonds issued pursuant to this resolution, and each such holder.

(Board - 3/13/86)

New York State Commuter Railroad Car Program - New York State Guaranteed Commuter Car Bonds, Eighth Series - Authorization of Sale

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

WHEREAS, on the 12th day of April, 1962, 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 State Guaranteed Commuter Car Bonds of the Authority to be guaranteed by the State of New York, hereinafter called Car Bonds, from time to time in conformity with said resolution for the purposes therein set forth, which said resolution is hereinafter called the Car Bond Resolution, and which said resolution constitutes a contract with the holders of the bonds so issued; and

WHEREAS, on the 13th day of March, 1986, the Authority adopted a resolution providing for the establishment of the Eighth Series of Car Bonds and authorizing the issuance of the bonds of the Eighth Series for the purposes set forth in said resolution; and

WHEREAS, the Authority has now determined that it is advisable and in the public interest to provide for offering the bonds for sale;

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

SECTION 1. The Committee on Finance is hereby authorized to sell all or any part of Twelve Million Four Hundred Thirty-five Thousand Dollars (\$12,435,000) in principal amount of New York State Guaranteed Commuter Car Bonds, Eighth Series (hereinafter called "bonds of the Eighth Series"), for the accomplishment of the purposes for which the issuance of said bonds of the Eighth Series is authorized and to do so in the name of and on behalf of the Authority, at public or private sale, with or without advertisement, at any time in 1986 subsequent to April 1, 1986; provided, that the manner and time of sale shall have been approved by the Comptroller of the State of New York; and the Executive Director is hereby authorized to apply the proceeds of such sale to the accomplishment of said purposes.

SECTION 2. Said bonds of the Eighth Series shall be sold at a price which will result in a true interest cost to the Authority not in excess of ten per centum (10%) per annum to maturity.

SECTION 3. The Committee on Finance shall have the power, in connection with the bonds of the Eighth Series, to fix the time or times of sale on or before December 15, 1986, 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 4. The Committee shall have power in the name of and on behalf of the Authority, in connection with the bonds of the Eighth Series, to designate and appoint and to enter into appropriate contracts or agreements with one or more Paying Agents, a Registrar and a Special Fund Trustee in connection with said bonds of the Eighth Series and to designate the office or offices of the Paying Agent or Paying Agents at which payment shall be made and the office or offices of the Registrar at which the books for registration shall be kept; and 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 pursuant to the Car Bond Resolution adopted by the Authority on April 12, 1962, or the resolution of the Authority adopted on March 13, 1986, establishing said bonds of the Eighth Series and authorizing the issuance of bonds of said Series, as a condition precedent to the issuance of the bonds of the Eighth 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, as its own; and to authorize any of the foregoing and generally to take such action as in the opinion of the Committee on Finance will best serve the public interest.

SECTION 5. The Committee on Finance shall have power, in connection with the sale of the bonds of the Eighth Series, to authorize one or more official statements in the name of and on behalf of the Authority (describing the Authority and the bonds offered for sale, and making representations on behalf of the Authority). The Authority hereby authorizes the purchaser or purchasers in offering said bonds for resale to use such official statements and representations as those of the Authority; provided, however,

that any official statement shall contain a representation that any information pertaining to the State of New York, the City of New York or the Metropolitan Transportation Authority has been furnished by the State of New York, the City of New York or the Metropolitan Transportation Authority, and that the Authority makes no representations concerning the accuracy or completeness thereof.

SECTION 6. No part of the proceeds of such bonds shall be invested directly or indirectly in such a manner as to cause the interest on such bonds to be subject to Federal income taxes under Section 103 of the Internal Revenue Code of 1954, as amended, and the regulations promulgated thereunder.

SECTION 7. The Committee on Finance; the Chairman of the Authority; Chairman of the Committee on Finance; Executive Director; Assistant Executive Director; Chief Financial Officer; or Treasurer of the Authority is hereby authorized, in connection with the issuance and sale of bonds of the Eighth Series, to take any action which may be necessary or desirable to assure that the bonds of the Eighth Series are in conformity with the provisions of the Internal Revenue Code of 1954, as amended, and the regulations promulgated thereunder, and that the interest on such bonds is not subject to Federal income taxes, 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; Director, Finance Department; Assistant Director, Finance Department; Comptroller; Deputy Comptroller; Treasurer or Assistant Treasurer of the Authority are each hereby authorized to certify on behalf of the Authority as to the need for the issuance of bonds of the Eighth Series for the purposes for which such bonds are issued, as to the status of the projects for which the proceeds of such bonds 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.

(Board - 3/13/86)

New York State Commuter Railroad Car Program - Agreements with Metropolitan Transportation Authority Covering the Purchase and Lease of Commuter Railroad Cars

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

RESOLVED, that the Executive Director be and he hereby is authorized to enter into a contract or contracts on behalf of The Port Authority of New York and New Jersey (hereinafter called the Port Authority) with the Metropolitan Transportation Authority (hereinafter called the MTA) pursuant to the New York State Commuter Railroad Car Program (hereinafter called the Commuter Railroad Car Program) as provided for in Chapter 638, Laws of New York, 1959, as amended, Chapter 25, Laws of New Jersey, 1959, and Article 10, Section 7 of the New York State Constitution to acquire commuter railroad cars with the proceeds of the Eighth Series of New York State Guaranteed Commuter Car Bonds, at a cost not in excess of the proceeds of the Eighth Series less amounts representing the Port Authority's administrative, legal and financial expenses, for lease to the MTA for further lease to Long Island Rail Road Company (or such other subsidiaries of MTA as may be agreed upon) for use in commuter railroad service on a commuter line or lines of said railroad or railroads in accordance with such legislation; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized to execute on behalf of the Port Authority and pursuant to said Commuter Railroad Car Program a lease or leases of said commuter railroad cars to the MTA, for further lease to the Long Island Rail Road Company (or such other subsidiaries of MTA as may be agreed upon) for use in commuter railroad service on a commuter line or lines of said railroad or railroads in accordance with such legislation, which lease or leases shall include provisions similar to those in the Port Authority's existing leases of commuter railroad cars which provide for the payment of rental sufficient to cover debt service on State Guaranteed Commuter Car Bonds issued to finance the acquisition of commuter railroad cars and the Port Authority's administrative, legal and financial expenses in connection with such cars; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized to execute on behalf of the Port Authority such other documents, and to take such further action, as may be necessary or desirable to effectuate the acquisition of said commuter railroad cars and said lease or leases, including such documents or such action as may be necessary to facilitate safe harbor leasing of commuter railroad cars provided to the MTA (or such subsidiaries of MTA as may be agreed upon) under said Commuter Railroad Car Program; provided, however, that no lease contemplated by such legislation shall be effective until it has been approved in writing by the Commissioner of the Department of Transportation of the State of New York; and it is further

RESOLVED, that the form of agreement with respect to the acquisition of said commuter railroad cars, said lease, and ancillary documents, and any modifications to any of the foregoing, shall be subject to the approval of General Counsel of the Port Authority or his designated representative.

(Board - 3/13/86)

Purchase and Installation of a Replacement Computer Complex and Additional Direct Access Storage Devices

It was reported that Electronic data processing has been an integral function in the Port Authority since the early 1950's. Over the past 30 years, the equipment needed to support this function has been upgraded or replaced to provide sufficient computing capacity to meet the needs of the organization. The Board, at its May 12, 1983 meeting, authorized the acquisition of the present IBM 3081 Model D32 central processing complex. At that time, it was projected that the IBM 3081 configuration would meet the Port Authority's central data processing needs for the next five years. However, over the past two and one half years the Port Authority has experienced an unprecedented growth in organization-wide demand for computer resources, especially for timesharing services. A critical point already has been reached where daily demand for these resources has been exceeding the capacity of the IBM 3081 complex to process workload in a timely and efficient manner. This has resulted in a significant decrease in the system's responsiveness and its basic ability to satisfy organizational requirements.

Needed computer capacity is based on the configuration and sizing of three major system components: the central processing unit or computer, the direct access storage devices (DASD) for data storage, and the communications network for computer terminal connections. This Item addresses the first two of these components only since communications devices are included under a previous authorization.

The Port Authority's current central processing unit (CPU), an IBM 3081 D32, is rated at 10 MIPS. MIPS is the basic industry measure of computer capacity, indicating the number of millions of instructions per second (MIPS) that the computer can process. In 1983, when the IBM 3081 was installed, CPU utilization was 34% of capacity at peak periods. Today, it averages over 70%, the accepted industry threshold for effective processing, and often rises to 100% during peak periods of the normal work day. Present CPU utilization translates into a need for approximately 16 MIPS of required computer capacity, well beyond the present system configuration. Moreover, peak capacity requirements are forecast at almost 24 MIPS by June 1986 and as much as 40 MIPS by year end 1986. This rapid increase in present and future demand for computing capacity results primarily from the following four requirements: (1) implementation of a mainframe based project management system; (2) introduction of a database management system to increase staff productivity and vastly improve end user access to vital management information; (3) implementation of new applications and acquisition of special purpose software packages to satisfy a wide variety of organizational requirements and (4) continued expansion of end user computing to enhance Port Authority staff efficiency and effectiveness. Demand for mainframe resources will only marginally be reduced by the potential introduction of the Office Automation system.

The Port Authority's on-line data storage capacity (DASD) is currently over fifty billion characters of directly accessible storage. In 1983, 59% of the total capacity was in use. Today, it is at 93% of capacity. Future DASD requirements are forecast to increase at a rapid pace, requiring the requested addition of 20 billion characters of storage needed through year end of 1986.

(Board - 3/13/86)

In light of this unprecedented demand, the Management Information Services (MIS) Department has taken specific steps, which have been discussed with the MIS Council, to optimize the usage and performance of the present IBM 3081 complex and to better plan for future needs. The MIS Department has established a Computer Resource Management function as an on-going planning process to forecast Port Authority computer support requirements over a five-year period, to maintain a policy of acquiring only that increment of needed computer resource when it is needed to take advantage of decreasing computer hardware costs, and to communicate requests for additional capacity through the Port Authority's annual budget process. Based on this review, the MIS Department recommends that the Port Authority accelerate the upgrade (as originally referenced in the March 1983, Board Item) of the existing IBM 3081 D32 Processor Complex to a processing capacity equivalent to an IBM 3084 Q96 with associated peripherals.

This requested upgrade meets all selection criteria for short term capacity requirements. In addition, because a processor such as the IBM 3084 Q96 (rated at 27 MIPS) represents a technology that is one step behind the current state-of-the-art, it can be obtained at a significant cost reduction from its original price. The cost of this machine without DASD was \$8.6 million in 1983. In 1986, the identical equipment can be acquired for approximately \$3 million from the third party marketplace.

A Request for Proposal(s) (RFP), which includes the purchase of the replacement computer complex, the additional required DASD, as well as the potential sale of the present IBM 3081 D32 computer complex, was publicly advertised and sent to a list of computer equipment vendors in February. An evaluation committee will review proposals received based on predetermined criteria which include equipment availability, price and vendor qualifications. Following installation of the replacement computer complex, a determination will be made to retain or to sell the existing IBM 3081 D32 computer complex based on the then current market value and rate of depreciation, availability of an alternate site and other related factors.

Additionally, to meet a long-term requirement to establish an alternate computer site which will provide a location for the next increment of required capacity as well as a back-up facility and to possibly accommodate systems such as Air Cargo Fast Flow, it is anticipated that a second computer complex will be required by year end 1986, potentially located in a New Jersey site. It is currently anticipated that Board authorization for this acquisition and related expenditures will be sought later this year. This alternate complex should be such that it is capable of being upgraded to a more powerful system to continue to provide for future projected Port Authority computer resource requirements in the most cost effective manner.

It was therefore recommended that the Board authorize the Executive Director to enter into agreement(s) with vendor(s) to be selected for:

1. the purchase and installation of a computer complex to replace the Port Authority's existing IBM 3081 Model D32 computer complex;
2. the potential sale of the Port Authority's existing IBM 3081 Model D32 computer complex at an amount equal to the then current market value; and
3. the purchase and installation of additional Direct Access Storage Devices and associated Control Units to supplement existing computer storage capacity.

(Board - 3/13/86)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director to enter into agreement(s) with vendor(s) to be selected for: (1) the purchase and installation of a computer complex to replace the Port Authority's existing IBM 3081 Model D32 computer complex; (2) the potential sale of the Port Authority's existing IBM 3081 Model D32 computer complex at an amount equal to the then current market value and (3) the purchase and installation of additional Direct Access Storage Devices and associated Control Units to supplement existing computer storage capacity; and it is further

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

(Board - 3/13/86)

Lincoln Tunnel - Repaving of New Jersey Route 495 - Approach to Lincoln Tunnel - Approval of Plan and Authorization of Port Authority Participation

It was reported that the New Jersey Department of Transportation (NJDOT) has been advancing a comprehensive highway improvement program along Route 495. The overall program includes the structural rehabilitation of the North Bergen viaduct, milling and resurfacing of the roadway from Route 3 East to Pleasant Avenue, providing protective fencing along the overpasses, and reconstructing the Kennedy Boulevard interchange ramps. The work to be covered by the proposed agreement between NJDOT and the Port Authority involves the milling, resurfacing, signing and drainage improvements to New Jersey Route 495 from Route 3 East to Pleasant Avenue, through the township of North Bergen, City of Union and Township of Weehawken, Hudson County.

The New Jersey Governor's office has requested the Port Authority provide an amount not to exceed \$2 million for this program from funds made available for New Jersey projects by the 1984 toll increase. NJDOT will be responsible for obtaining any additional funds required to complete the project.

All of the proposed improvements are designed to improve the safety and rideability of the road and to increase the capacity through this much traveled corridor.

The benefits to Port Authority users are immeasurable since over 90% of the vehicles using the Lincoln Tunnel travel the Route 495 corridor. The improved rideability of the highway will maintain the steady traffic flow and allow vehicles to avoid quick lane changes because of potholes. The improved drainage will reduce the incidences of flooding along the roadway and reduce lane closings during heavy storms. The improved signing will result in less abrupt lane changing and should help to reduce accidents.

NJDOT will be solely responsible for the design and execution of this project. The Port Authority will have no responsibility for maintaining the Route 495 approach to the Lincoln Tunnel from Route 3 East to Pleasant Avenue. NJDOT expects to award the contract in August 1986 and to complete the project by November 1986. All work will be performed during off-peak hours to minimize impact on Lincoln Tunnel patrons.

New Jersey's share of the funds made available by the 1984 toll increase is \$137.5 million. The Board has previously authorized the expenditure of \$27.0 million for the Route 169-Bayonne Bridge connection, an amount not to exceed \$1.9 million for New Jersey Transit Park-Ride Lots, and an amount not to exceed \$2.5 million for the rehabilitation of the Doremus Avenue Bridge at Port Newark. With an amount not to exceed \$2.0 million authorized for improvements to the Route 495 approach to the Lincoln Tunnel, \$104.1 million would be available for other New Jersey projects.

(Board - 3/13/86)

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

1. enter into an agreement with the New Jersey Department of Transportation (NJDOT) to resurface and make signing and drainage improvements on the Route 495 approach to the Lincoln Tunnel from Route 3 East to Pleasant Avenue, Hudson County, New Jersey; and

2. pay to NJDOT from funds made available for New Jersey projects by the 1984 toll increase an amount not to exceed \$2.0 million for resurfacing and making signing and drainage improvements on the Route 495 approach to the Lincoln Tunnel from Route 3 East to Pleasant Avenue, Hudson County, New Jersey.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to enter into an agreement with the New Jersey Department of Transportation (NJDOT) to resurface and make signing and drainage improvements on the Route 495 approach to the Lincoln Tunnel from Route 3 East to Pleasant Avenue, Hudson County, New Jersey; and it is further

RESOLVED, that the Executive Director is authorized to pay to NJDOT from funds made available for New Jersey projects by the 1984 toll increase an amount not to exceed \$2.0 million for resurfacing and making signing and drainage improvements on the Route 495 approach to the Lincoln Tunnel from Route 3 East to Pleasant Avenue, Hudson County, New Jersey; and it is further

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

(Board - 3/13/86)

Kennedy International Airport - Flight Meal Commissaries - Building 139 and Site - New Lease or Extension of Existing Lease with Marriott Corporation Covering Building 139 and Rental of Additional Land and Building 143 - Amendmnt of Lease with Marriott Corporation - Buildings 146, 110 and 196 - Amendment of Leases with Ogden Foods Travel Services, Inc. and Air La Carte, Inc.

It was reported that the Committee on Operations, at its meeting on March 2, 1967, authorized a lease (the "Lease") of a 4.224-acre site at Kennedy International Airport to Idlewild Properties, Inc., for the construction thereon of a flight meal commissary building. Idlewild Properties was a wholly-owned subsidiary of Marriott-Hot Shoppes, Inc., to which the Lease was later assigned. Marriott-Hot Shoppes thereafter changed its name to Marriott Corporation. The term of the Lease (AYA-303) is 20 years, expiring on October 17, 1988. Under the Lease, Marriott initially paid an annual ground rent of \$21,120 based on an annual rate of \$5,000 per acre and an additional annual rental equal to 8% of all gross receipts in excess of an exemption amount. The exemption amount is 12.5 times the sum of the basic rental plus the annual amortization and interest for the actual construction costs of the facility. Before the start of construction, the design of the building was altered and its size enlarged to a point that the Committee on Operations, at its meeting on September 30, 1970, authorized a revision to the initial rental exemption formula. Accordingly, Marriott currently pays an annual ground rental of \$21,120 plus 8% of all gross receipts between \$2,357,400 and \$3 million, 4% of all gross receipts between \$3 million and \$4,897,500 and 8% of all gross receipts over \$4,897,500.

Marriott handles a number of airline accounts at Building 139 and, during 1985, staff was advised that it had negotiated a five-year contract with Pan American World Airways, Inc. to provide in-flight meal services. Pan American had historically performed its in-flight meal service with its own employees at the airport. Since annual gross receipts from Pan American's business with Marriott are estimated at about \$33 million for 1987 and growing thereafter due both to increased traffic volume and to inflation, it is in the Port Authority's interest to have Pan American's business catered by a contractor which has a percentage arrangement with the Port Authority. To accommodate this substantial growth in the activity at Building 139, Marriott must expand its building premises and add additional land area to provide for overflow truck maneuvering and parking needs during peak periods and for future building expansion as required. Marriott plans a building expansion of some 36,400 square feet at an estimated investment of approximately \$4 million and has requested a long-term extension of its lease along with the historical precedent of rental and investment exemption amounts on its percentage rental payments. Marriott has agreed to make good faith efforts to use Minority Business Enterprises (MBE) and Women-owned Business Enterprises (WBE) and to employ minorities and women in the construction.

Negotiations have been substantially completed with Marriott for a new lease or a fifteen-year extension of its existing Lease, with increased rental rates for land and payment of building rental to commence October 18, 1988, the expiration date of the existing Lease. In addition, Marriott will lease approximately three acres of land adjacent to the existing site for a term commencing on October 18, 1986 with rentals on this land to commence on the completion date of the required building expansion but in no event later than October 18, 1987. During the first five years of a new lease, or the Lease extension, Marriott will pay \$26,000 per acre per year for the approximate 7.224-acre site and \$9 per square foot per year for the approximate 120,000

(Board - 3/13/86)

square feet of building space, resulting in total annual basic rentals of approximately \$1,267,824. These rates will increase respectively to \$30,000 per acre per year and \$10 per square foot per year during the second five-year period for total annual basic rentals of approximately \$1,416,720 and, during the last five-year period, the rates will be \$35,000 per acre per year and \$11 per square foot per year equating to total annual basic rentals of approximately \$1,572,840.

The percentage rental formula in the existing Lease will be revised in the new or amended lease to reflect the changes in the above site and building rentals plus the additional actual investment made by Marriott for its required expansion, with the latter exemption amount not, in any event, to reflect an investment greater than \$5 million, and with the continued use of percentage ranges patterned after the existing formula. The exemption amounts will be predicated upon Marriott's investment amortized from the date of completion of the building expansion to the end of the term of the new or amended Lease. Also, the Lease will provide that the Port Authority will have the right to increase the percentage rental on gross receipts from 8% to 9% effective on or after October 18, 1988, and the right to increase the then existing percentage rental up to a maximum of 10% effective on or after October 18, 1993.

Marriott Corporation would continue to have complete responsibility for maintenance and repair of the premises and electricity and water would continue to be metered and sold by the Port Authority to the lessee.

Marriott Corporation also has a lease (AYA-811) for a flight meal commissary in Building 143 which is situated on a 2.75-acre site at Kennedy International Airport. That lease also provides for payment of basic rentals plus 8% over specified exemption amounts and it does not expire until October 17, 1994. Marriott has agreed that, in conjunction with the changes made in the Lease for the Building 139 facility, the lease for the Building 143 facility will be amended to provide that the Port Authority will have the right to increase the gross receipts percentage rental applicable to business done at Building 143 from 8% to 9% effective on or after October 18, 1988 and the right to increase the then existing percentage rental to a maximum of 10% effective on or after October 18, 1993 should either or both rights be exercised by the Port Authority with respect to the Building 139 facility. The exemption amount for Building 143 will remain as is through the term of the lease.

Air La Carte, Inc. has a lease (AYA-418) for a flight meal commissary in Building 146 at Kennedy International Airport and it does not expire until June 30, 1990. The gross receipts percentage rental applicable to business done at Building 146 is 8%, increasing to 9% effective July 1, 1988. Authorization is requested to amend this lease to replace the automatic increase to 9% with the right of the Port Authority to increase the percentage rental from 8% to 9% effective at any date on or after July 1, 1988. Should the Port Authority choose not to exercise this right to increase the percentage rental rate on July 1, 1988, the total rental due to the Port Authority under this lease would thereby be reduced by an amount depending on the date on which, or if, this right is subsequently exercised.

(Board - 3/13/86)

Ogden Foods Travel Services, Inc. (formerly Chef's Orchid Inflight Services) also has a lease (AY-911) for flight meal commissaries in Buildings 110 and 196 at Kennedy International Airport and it does not expire until April 30, 1992. The gross receipts percentage rental applicable to business done at Buildings 110 and 196 is 8%, increasing to 9% effective May 1, 1988. Authorization is requested to amend this lease to replace the automatic increase to 9% with the right of the Port Authority to increase the percentage rental from 8% to 9% effective any date on or after May 1, 1988. Should the Port Authority choose not to exercise the right to increase the percentage rental rate on May 1, 1988, the total rental due to the Port Authority under this lease would be similarly reduced.

It was therefore recommended that the Board authorize the Executive Director for and on behalf of the Port Authority to enter into agreements with Marriott Corporation, with Air La Carte, Inc., and with Ogden Foods Travel Services, Inc., all in accordance with the foregoing.

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 enter into: (1) a new lease with Marriott Corporation or an agreement with Marriott Corporation amending and supplementing its existing Lease AYA-303 which covers rental of a 4.224-acre site at Kennedy International Airport upon which Marriott Corporation constructed and operates a flight meal commissary (Building 139) to provide for an extension of the term thereof to October 17, 2003, to include the leasing of an adjacent plot of land of approximately three acres, and to provide for the revision of the existing percentage rental formula, all as outlined above; (2) an agreement with Marriott Corporation amending and supplementing its existing Lease AYA-811 which covers the Building 143 site at Kennedy International Airport to include rights of the Port Authority to increase the percentage rental as outlined above; (3) an agreement with Air La Carte, Inc. amending and supplementing its existing Lease AYA-418 which covers the Building 146 site at Kennedy International Airport to replace the increase in the percentage rental with the right of the Port Authority to increase the percentage rental as outlined above and (4) an agreement with Ogden Foods Travel Services, Inc. (formerly Chef's Orchid Inflight Service) amending and supplementing its existing Lease AY-911 which covers the Building 110 and Building 196 sites at Kennedy International Airport to replace the increase in the percentage rental with the right of the Port Authority to increase the percentage rental as outlined above; and it is further

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

(Board - 3/13/86)

LaGuardia Airport - Taxiway "CC" West of Runway 4-22 - Project Authorization

It was reported that the Board, at its meeting on September 13, 1979, originally authorized a project encompassing a three-phase program for the construction of new taxiways west of Runway 4-22 at LaGuardia Airport, at an expenditure then estimated at approximately \$16,520,800, including all payments, allowances, and expenses. The construction of Taxiway "CC" was identified as Phase III of the project.

Due to the construction of a new Delta Airlines passenger terminal and the resultant relocation of the facility employee vehicle parking lot to the west side of the airport which required the deactivation of a portion of Taxiway "B", and after consultation with the airlines and the Federal Aviation Administration (FAA), staff deemed it prudent to defer the construction of Taxiway "CC".

Consequently, the Board, at its meeting on April 7, 1982, authorized a change in the scope of the original project authorization, deferring the construction of Taxiway "CC" to a future date when operational requirements warranted its construction, and substituted therefor the construction of Taxiway "BB", from Taxiway "E" to Taxiway "D" and the realignment of Taxiways "D" and "F", including miscellaneous apron extensions. All changes were agreed to by the FAA.

Staff recommends construction of Taxiway "CC" at this time in response to an increase in the difficulty of maneuvering aircraft at the northwest corner of the airport. The problems are greatest during peak operating periods when aircraft queueing on Taxiways "A", "BB" and "O" for runway departures cause serious congestion on the intersecting taxiways and interfere with aircraft exiting from both Runways "22" and "31". In addition, maneuverability is further complicated when it is necessary to stack aircraft which are being delayed from take-off by weather conditions at destination airports.

This project is eligible for \$2.4 million of Federal aid under the A.I.P. guidelines.

It was therefore recommended that the Board authorize a project at LaGuardia Airport for the construction of Taxiway "CC", the expenditure therefor presently being estimated at \$3.6 million, including payments to contractors, an allowance for extra work and engineering, administrative and financing expenses.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorizes a project at LaGuardia Airport for the construction of Taxiway "CC", the expenditure therefor presently being estimated at \$3.6 million, including payments to contractors, an allowance for extra work and engineering, administrative and financing expenses.

(Board - 3/13/86)

LaGuardia Airport - Lease with Hudson General Corporation for a Common Air Cargo Facility in a Portion of Hangar 7

It was reported to the Board that, at its meeting on May 9, 1985, the Board authorized a five-year lease on approximately one-half of the floor area of Hangar 7 at LaGuardia Airport with Hudson General Corporation, commencing on or about May 15, 1985, at an annual rental of \$109,404, for use as a common air cargo facility for the handling and processing of cargo by Hudson for five participating airlines. The authorization provided that Hudson would convert the premises to a common air cargo facility at its expense and the Port Authority would have the right to terminate the lease in the event that the leased premises are required to accommodate displaced carrier operational functions on the airport, with the Port Authority being obligated, in the event of such termination, to reimburse Hudson its unamortized costs of converting the premises, up to a maximum of \$800,000.

Final negotiations between Hudson and the participating airlines have led to Hudson's restructuring of the rate for cargo handling. Hudson now intends such rate to be on a per-pound fixed rate basis. The start of construction was therefore delayed while Hudson completed the renegotiation of said rate. In order to make the project financially viable under such a rate structure, to keep its rates competitive on the airport and to recover its operating costs, Hudson requested a longer lease term for its presently estimated \$1.5 million investment, as defined in the lease.

Therefore, two five-year options in Hudson are recommended beyond the original five-year term, with the annual rental for the facility to increase to \$146,704 and \$184,005, respectively, in each five-year option period. The Port Authority shall now have an unrestricted right of termination on notice without cause during the originally authorized five-year term and also, in the event Hudson exercises the first five-year option, through the tenth year of the term, with the Port Authority obligated to reimburse Hudson in the event of such termination but only up to \$800,000 based on an amortization period commencing with the completion of construction to and including the date the lease would expire if Hudson exercised both five-year options. Should Hudson decide not to exercise either option to extend the term of the letting, the Port Authority would not have any obligation to reimburse Hudson for its unamortized investment.

Hudson shall now pay the first year's rental for the facility including on-going interest at the rate of 10% in twelve equal installments commencing on May 15, 1986. Finally, in addition to the basic rental for the facility, Hudson would also now pay a percentage rental of 5% on its gross receipts derived from the handling of airline cargo at the premises, effective from and after January 1, 1987.

It was therefore recommended that the Executive Director be authorized, for and on behalf of the Port Authority, to enter into an agreement of lease with Hudson General Corporation with respect to Hangar 7 at LaGuardia Airport, all in accordance with the terms set forth above.

(Board - 3/13/86)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Resolution adopted by the Board at its meeting on May 9, 1985, authorizing the Executive Director to enter into an agreement of lease with Hudson General Corporation with respect to Hangar 7 at LaGuardia Airport, be and the same is hereby amended in accordance with the terms set forth above, including the granting of two five-year options in Hudson to extend the term of the letting thereunder; the form of the agreement to be subject to the approval of General Counsel or his designated representative.

(Board - 3/13/86)

**Holland Tunnel - Ceiling Replacement - Phase II - Ceiling Installation - Contract HT-110.022 -
Additional Authorizations and New Project Authorization**

It was reported that the Board, at its meeting on April 11, 1985, authorized a project to replace the ceilings in both the North and South Tubes of the Holland Tunnel at an expenditure estimated at \$78,310,000. In addition, the Board authorized the Executive Director to award Contract HT-110.022, Ceiling Replacement, Phase II, Ceiling Installation, to Morrison-Knudsen Co., Inc., New York, New York, in the estimated amount of \$37,598,600 and to order extra work up to the amount of \$3,760,000. Contract HT-110.022 provides for the installation of a concrete ceiling, predominately precast ceiling panels with a ceramic tile finish, replacement of the tunnel lighting system and installation of fiber optic cables for the closed circuit surveillance system.

Staff has since identified several additional items of work that are necessary for the safe and efficient operation of the tunnel. This work will also augment the tunnel's appearance in light of the new ceiling currently being installed. The items of work include:

1. demolition of the existing roadway drainage system and construction of a new roadway drainage system;
2. construction of temporary shoring for the walls of the fresh air duct beneath the roadway;
3. replacement of the existing doors and frames of the utility niches in the tunnel walls; and
4. replacement of missing and damaged wall tiles.

To minimize the inconvenience to the public caused by additional periods of tunnel closure, staff deems it prudent to perform this work concurrently with the nightly tunnel closures required to perform the ceiling replacement. In addition, this work should be performed at this time because in 1988, subsequent to the completion of HT-110.022, the North Tube of the Lincoln Tunnel is scheduled to be closed nightly for a complete roadway rehabilitation. Accordingly, all major construction work in the Holland Tunnel should be completed prior to the closing of the North Tube of the Lincoln Tunnel.

The construction schedule for the ceiling replacement requires that work be performed in several areas of the Holland Tunnel simultaneously. Additional work in the tunnel would cause interference with the ceiling construction if the operations were not precisely coordinated and would result in additional periods of tunnel closure and delay the start of work in the Lincoln Tunnel. Therefore, in order to permit maximum coordination, staff deems it prudent that the same contractor, Morrison-Knudsen Co., Inc., perform all of the work. Morrison-Knudsen Co., Inc., submitted a proposal for the aforementioned additional items of work in the amount of approximately \$21 million. Subsequent negotiations between staff and Morrison-Knudsen Co., Inc., resulted in a revised proposal in the amount of \$13.3 million for items 1 and 3 above, plus a proposal for items 2 and 4 based upon the cost of the work performed plus 15% for work performed by the contractor and an additional 5% for work performed by a subcontractor, which staff deems to be fair and equitable.

The time for completion of the original contract work and the work under the supplemental agreement will be fixed in the supplemental agreement at December 1, 1987.

(Board - 3/13/86)

It was therefore recommended that the Board:

1. authorize the Executive Director to enter into Supplemental Agreement No. 1 to Contract HT-110.022, Holland Tunnel, Ceiling Replacement, Phase II, Ceiling Installation, with Morrison-Knudsen Co., Inc. to provide for the following work to be performed in the North and South Tubes of the Holland Tunnel:

a. the construction of a new road drainage system and the replacement of the existing doors and frames for the utility niches in the tunnel walls, in the total amount of \$13.3 million;

b. the construction of temporary shoring for the walls of fresh air duct and the replacement of missing and damaged wall tiles, all on a net cost basis currently estimated at roughly \$1.3 million; and

2. authorize a project for the construction of a new roadway drainage system, for the construction of temporary shoring for the walls of the fresh air duct, for the replacement of the existing doors and frames for the utility niches in the tunnel walls, and for the replacement of missing and damaged wall tile, all in the North and South Tubes of the Holland Tunnel at an expenditure presently estimated at \$20.2 million, including payments to contractors, an allowance for extra work in the amount of \$650,000 to be ordered by the Executive Director under Contract HT-110.022 in addition to all prior authorization, an allowance for net cost work, engineering, administrative and financing expenses.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board:

1. authorize the Executive Director to enter into Supplemental Agreement No. 1 to Contract HT-110.022, Holland Tunnel, Ceiling Replacement, Phase II, Ceiling Installation, with Morrison-Knudsen Co., Inc. to provide for the following work to be performed in the North and South Tubes of the Holland Tunnel:

(a) the construction of a new roadway drainage system and the replacement of the existing doors and frames for the utility niches in the tunnel walls, in the total amount of \$13.3 million;

(b) the construction of temporary shoring for the walls of fresh air duct and the replacement of missing and damaged wall tiles, all on a net cost basis currently estimated at roughly \$1.3 million; and the form of the agreement to be subject to the approval of General Counsel or his authorized representative; and

2. authorize a project for the construction of a new roadway drainage system, for the construction of temporary shoring for the walls of the fresh air duct, for the replacement of the existing doors and frames for the utility niches in the tunnel walls, and for the replacement of missing and damaged wall tile, all in the North and South Tubes of the Holland Tunnel at an expenditure presently estimated at \$20.2 million, including payments to contractors, an allowance for extra work in the amount of \$650,000 to be ordered by the Executive Director under Contract HT-110.022 in addition to all prior authorizations, an allowance for net cost work, engineering, administrative and financing expenses.

(Board - 3/13/86)

Port Newark - Kent Steel Corporation/Azco Steel Company - Rehabilitation and Lease of Buildings 102 and 149

It was reported that Kent Steel Corporation and Azco Steel Company, two steel import/export firms, lease Building 304 at Port Newark under a ten-year term lease expiring in 1993. The co-tenants are interested in leasing Buildings 102 and 149 and 54,980 square feet of open area and renovating the buildings for steel storage and office use, respectively. Under the proposed arrangement, Kent/Azco will renovate the buildings and lease them and the open area at an initial annual rent of \$80,400. The annual rent will be increased every two years based on 50% of the percentage increase in the Consumer Price Index since the rent commencement date with a minimum of 3% per year compounded annually. The rent will commence on completion of the renovation or January 1, 1987, whichever is earlier. Twenty permanent jobs will be created by the tenant at the site.

Building 102, a 60-year old building, is not marketable in its present condition. The highest and best use of Building 149, a 4,800 square foot office building, is as a support building for Building 102.

The Port Authority would provide up to \$650,000 for the renovation of the buildings. The co-tenants would spend up to a total of an additional \$200,000 in improvements such as the replacement of the overhead cranes. The tenants will pay an additional monthly rent of \$.0116 for each dollar provided by the Port Authority for the renovation. In addition, the tenants will pay on the rent commencement day, a single payment of additional basic rent computed at the daily rate of \$.0003125 times each payment by the Port Authority to the lessee made during the renovation period, from the day it was made to the day before the rent commencement date.

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 Kent Steel Corporation and Azco Steel Company 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 with Kent Steel Corporation and Azco Steel Company for Buildings 102 and 149 and 54,980 square feet of open area, rent to commence on completion of the renovation of the buildings on or about January 1, 1987, under which lease the Port Authority will agree to provide up to \$650,000 for the renovation of Buildings 102 and 149, the agreement of lease to be in accordance with the foregoing; the form of the agreement of lease to be subject to the approval of General Counsel or his designated representative.

(Board - 3/13/86)

Port Newark - Berths 53-59 - Universal Maritime Service Corp. - Amendment to Lease

It was reported that the Board, at its meeting on June 12, 1969, authorized the letting of a combination container and breakbulk terminal at Port Newark to Universal Maritime Service Corp. Subsequent Board and Committee authorizations on June 11, 1970, September 14, 1972, June 13, 1973, August 14, 1975 and July 25, 1979 resulted in the expansion of the terminal to 85 acres with 3,058 feet of berth and provision for payment to the tenant to build an expanded 450,000 square foot cargo shed. The lease term expires on October 31, 1999 and has a current annual rental of about \$3,043,000.

The terminal was originally designed to handle not only container ships, but also vessels with breakbulk cargo. The 450,000 square foot shed, built in two phases with a connecting breezeway, was constructed 125 feet from the face of wharf to permit both container and breakbulk cargo operations. Major steamship lines presently using the terminal are completely containerized and the location of a portion of the shed is an obstacle to efficient container operations. Therefore, Universal wishes to demolish the western half of the shed and connecting breezeway. By demolishing it, approximately ten acres of land will be cleared for container handling and 1,600 feet of berth are opened up for improved flow of containers.

Under the proposed agreement, Universal will continue to pay for the demolished portion of the shed and breezeway. Furthermore, the Port Authority will provide up to \$700,000 of the expected \$1.5 million estimated cost for demolition and improvements such as paving, lighting and other related work. Universal will pay an additional rental equivalent to \$115,000 per year from March 1, 1986 to the expiration of the lease bringing the total current annual rental to \$3,158,000. As part of the negotiated arrangement, Universal will give to the Port Authority its interest in one of the three container cranes located at the terminal.

It was therefore recommended that the Board authorize the Executive Director, on behalf of the Port Authority, to enter into an amendment to the Port Authority's lease agreement with Universal Maritime Service Corp. on the terms and conditions outlined above.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director, on behalf of the Port Authority, to enter into an amendment to the lease with Universal Maritime Service Corp. at Port Newark to permit demolition of half a cargo shed on the premises with the Port Authority to provide up to \$700,000 for demolition, paving, lighting and other related work; and it is further

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

(Board - 3/13/86)

Port Newark - Lease with Nu-Car Carriers, Inc.

It was reported that Nu-Car Carriers, Inc., a tenant at Port Newark since 1971, is a major trucking company transporting vehicles for such firms as Toyota, Nissan, Honda and Mazda. The Committee on Operations, at its meeting on March 25, 1981, approved a ten-year lease for approximately three acres of open area with Nu-Car which expires April 30, 1991. Nu-Car, subsequently, added 5.7 acres to this leasehold under a temporary arrangement.

Nu-Car is interested in expanding the scope of their existing terminal at Port Newark. They plan to improve the land and construct a 14,800 square foot maintenance building and will invest approximately \$1.7 million. The tenant will surrender the existing agreement on the premises and enter into a new 20-year lease of the entire leasehold, which is composed of 4.1 acres of paved and fenced area and 4.7 acres of raw land. The initial annual rental will be increased on November 1, 1987 and every two years thereafter based upon 50% of the percentage increase in the Regional Consumer Price Index since October 1985 with a minimum of 3% per year compounded annually. The Port Authority will have the right to terminate the letting after ten years on one year's written notice. On exercising the termination right, the Port Authority will reimburse the tenant for the unamortized portion of the tenant's initial investment in the building. This will enable the Port Authority to recapture the premises.

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 Nu-Car Carriers, 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, to enter into a lease of 20 years commencing April 1, 1986 for 8.8 acres of open area at Port Newark at an initial annual rent of \$165,900 with a simultaneous surrender of an existing lease with Nu-Car Carriers, Inc., with the Port Authority having the right to terminate after ten years; the form of the lease to be subject to the approval of General Counsel or his designated representative.

(Board - 3/13/86)

Hoboken Waterfront Development - Authorization to Amend Physical Planning Services Agreement - Cooper, Eckstut Associates

It was reported that, at its meeting on December 8, 1983, the Board authorized the Executive Director to undertake among other things, necessary physical planning for mixed-use waterfront development projects in Hoboken, New Jersey and Hunters Point, Queens, New York at an estimated amount of \$500,000 each.

Under that authorization and after a detailed request for proposal process, the urban design firm of Cooper, Eckstut Associates (CEA) was retained to conduct the urban design and development planning for the Hoboken Project. This retention was unanimously supported by the other land owning participants in the project: the City of Hoboken, New Jersey Transit and Stevens Institute of Technology. CEA was retained in March 1984 and has completed the required work associated with land use, transportation issues and engineering requirements, and has formulated a "preferred option" development plan and related design guidelines which are being used as a basis for (1) agreements with the City of Hoboken, New Jersey Transit and Stevens Institute of Technology; (2) seeking private sector participation and (3) receiving necessary permits.

All work products including a draft Development Plan and Design Guidelines have been completed.

At its meeting on June 13, 1985, the Committee on Operations authorized the Executive Director to enter into an additional agreement with CEA on a time card basis with reimbursement for out-of-pocket expenses to provide assistance in approval and permit processes, developer selection and design review in connection with the Hoboken Waterfront Development Project at a cost not to exceed \$150,000.

CEA was retained to perform the above services and is currently assisting Port Authority staff in presenting the project to the project participants and addressing concerns and issues raised by those entities. CEA is also assisting staff in evaluating alternate phasing options and concepts that will enhance the attractiveness of development opportunities for the private sector and which will be reflected in the request for proposal packages. Due to changes in the City of Hoboken administration which included the election of a new Mayor in June, the creation of a new Waterfront Advisory Committee and several City Council changes in November, CEA was required to perform substantial work beyond that originally expected in order to assist the Port Authority by providing extensive briefings and presentation materials to the new administration on the proposed project. In addition, in late Fall, 1985, the State also announced the findings of a major regional transportation analysis which recommended, in part, a combined light rail transit system and bus way to service waterfront development projects, with Hoboken as a major transportation terminal location. The proposed light rail system became a new element in CEA's scope of services which required additional time and work.

(Board - 3/13/86)

Staff recommends that the Agreement authorized in June 1985 with CEA be amended to provide for continued planning services for approximately the next five to six months, in preparation for final agreements, permits and developer solicitations. These services will permit staff to advance work aimed at seeking project authorization from the Board including authorization for the Executive Director to enter into agreements with project participants and to proceed with Phase I design and construction of the Hoboken Waterfront Development. The services to be provided under the Agreement, as amended, would include such activities as:

a) initiating functional planning services for Phase I of the Project which were not included in the June 1985 authorization. Such work would enable portions of the anticipated public improvements to be carried forward into the design and construct phase at the time of Project Authorization, and would include:

- initiating functional planning for streets, utilities, parks and open spaces;
- coordinating development of Phase I elements so as to be compatible with future phases and to facilitate phased private development;
- developing plans and functional relationships and coordinating the elements of the transportation complex (LRT/NJT Rail/PATH/NJT Bus/Ferry).

b) providing assistance related to proceeding toward final agreements, permits and developer solicitation, and would include:

- responding to proposed modification to the plans and guidelines that are anticipated in the later stages of negotiations with the other three project participants;
- providing assistance related to preparing requests for parcel specific proposals for private development;
- preparing materials for and making key project presentations to the project participants and regulatory agencies.

The amended agreement will contain a provision that for the services covered under this authorization Cooper, Eckstut will be required to meet a goal for Minority Business Enterprise participation of 15% for firms owned and controlled by minorities and 5% for firms owned and controlled by women and in addition CEA will use every good faith effort to meet a goal of an additional Minority Business Enterprise participation of 5% for firms owned and controlled by minorities and or women.

Because of CEA's familiarity with development issues that have developed as the project emerged, their continuing support during the negotiation phase with the project participants would be most helpful to the Port Authority.

(Board - 3/13/86)

It was therefore recommended that the Board authorize the Executive Director to enter into an agreement to amend the 1985 Hoboken Waterfront Development-Physical Planning Services Agreement with Cooper, Eckstut Associates (CEA) to provide for continued planning services for the Hoboken Waterfront Development Project at an additional amount not to exceed \$150,000.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorizes the Executive Director to enter into an agreement to amend the 1985 Hoboken Waterfront Development-Physical Planning Services Agreement with Cooper, Eckstut Associates (CEA) to provide for continued planning services for the Hoboken Waterfront Development Project at an additional amount not to exceed \$150,000; the form of such Agreement to be subject to the approval of General Counsel or his authorized representative.

(Board - 3/13/86)

Engineering Department - Project Management System - Retention of Ira Bitz and Associates, Ltd.

It was reported that the Engineering Department has retained Ira Bitz and Associates, Ltd. of Chevy Chase, Maryland, since 1981 to assist staff in the development and implementation of a formalized project management system. This project management system has resulted in improved operation of the Design Division, establishment of a matrix system throughout the Engineering Department, the development of project procedural manuals and reporting systems, and training for over 500 staff. Ira Bitz and Associates, Ltd. has also assisted in improving the mechanisms for interfacing between the Engineering Department and the Line Departments.

Staff has found that increases in productivity have been attained through employment of the project management system and staff deems it prudent to retain Ira Bitz and Associates, Ltd. to further optimize the project management system.

The professional services to be performed by Ira Bitz and Associates, Ltd. will include advising and assisting in the adaptation of the project management system to automated project management information systems and performing intermittent reviews of the project management system. Also, because of additions to the Engineering Department staff to meet the expanded workload and to replace vacancies created by retirements and movement of staff to other departments, a continuing training program is needed so that new personnel have the benefit of customized training in project management.

It is anticipated that the services required by the Engineering Department will result in an expenditure not to exceed \$50,000 for an approximate one-year period.

It was therefore recommended that the Board authorize the Chief Engineer to enter into an agreement with Ira Bitz and Associates, Ltd. to provide professional services to further optimize the Engineering Department's project management system and to train new project management staff, all at an aggregate amount not to exceed \$50,000.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorizes the Chief Engineer to enter into an agreement with Ira Bitz and Associates, Ltd. to provide professional services to further optimize the Engineering Department's project management system and to train new project management staff, all at an aggregate amount not to exceed \$50,000; the form of the agreement to be subject to the approval of General Counsel or his authorized representative.

(Board - 3/13/86)

Lincoln Tunnel - Easement Agreement with the Township of Weehawken - Retaining Wall - Contract LT-288

It was reported that as part of the original construction, a retaining wall was built by the Port Authority providing the western boundary of the Lincoln Tunnel toll plaza. In the intervening years, the Township of Weehawken has placed surcharge on its property behind this wall, causing an overstress of the wall structure. The overstress condition was discovered by Port Authority engineers in the course of an inspection to determine the source of a water leakage condition on the west side of the toll plaza.

It is planned to relieve the overstress of the wall by removing the surcharge and constructing a secondary retaining wall to assure the safety of Lincoln Tunnel patrons and to support an existing ramp from Park Avenue to the Township's garage.

This work will be performed under Contract LT-288. The contract was publicly advertised and bids were received on October 29, 1985 and Mohawk Constructors, Inc. was the successful low bidder with a bid in the amount of \$319,900, exclusive of extra work and net cost work. On December 12, 1985 the Executive Director authorized award of the contract.

The easement will grant the Port Authority the right to build and maintain the secondary retaining wall and to control the usage of the area immediately behind the wall, for a one-time cost of \$1.

It was therefore recommended that the Board authorize the Executive Director to enter into an easement agreement with the Township of Weehawken, granting the Port Authority the right to construct and maintain a new retaining wall on Township property adjacent to the Lincoln Tunnel toll plaza.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director be and he hereby is authorized to enter into an easement agreement with the Township of Weehawken, granting the Port Authority the right to construct and maintain a new retaining wall on Township property adjacent to the Lincoln Tunnel toll plaza; and it is further

RESOLVED, that the aforesaid agreement be subject to approval as to form by General Counsel or his duly designated representative.

(Board - 3/13/86)

The World Trade Department - Newark Legal and Communications Center - Retention of Construction Management Firm

It was reported that the Board, at its meeting on September 12, 1985, authorized the implementation of the project to construct the Newark Legal and Communications Center (NL&CC). Staff has determined that in order to expeditiously complete the project, the services of a construction management (CM) firm are required during both the design and construction phases of the project. During development of the design of the NL&CC the CM firm's services would include the provision of advice and assistance with respect to materials, building systems and equipment, construction feasibility, alternate design concepts and cost factors, project scheduling, project budgeting and the preparation of drawings and specifications. In addition the CM firm would be required to make recommendations during the design phase of the project that would allow the work to be broken up into smaller contracts, thus enabling more small businesses, particularly Minority Business Enterprises to successfully compete for construction jobs on the project. The Port Authority itself, however, would let all contracts for the project. During the construction period the CM firm would perform all or some of the general conditions work, (e.g., hiring laborers, rubbish removal, hoisting, site security, etc.) and would be responsible for coordinating the work of Port Authority contractors.

The CM firm would be compensated on a monthly fixed fee basis for its services during the design and construction phases of the project, which is expected to run for approximately two years. In addition, the CM firm would be reimbursed on a cost reimbursement basis for general conditions work.

If selected from outside the New York/New Jersey region, the CM firm would be required to establish a regional office in the Port District.

It was therefore recommended that the Board authorize the Executive Director, with the concurrence of the Committee on Construction, to enter into an agreement with a construction management firm to provide for the performance of construction management services and general conditions work during the design and construction phases of the Newark Legal and Communications Center (NL&CC) project.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director, with the concurrence of the Committee on Construction, is authorized to enter into an agreement with a construction management (CM) firm to provide for the performance of construction management services and general conditions work during the design and construction phases of the Newark Legal and Communications Center (NL&CC) project; and it is further

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

(Board - 3/13/86)

Port Authority Employment Relations Panel - Chairman

It was reported that the revised Port Authority Labor Relations Instruction, adopted by the Board on September 29, 1976, and amended on December 9, 1983, among other things, provides for the establishment of an Employment Relations Panel with responsibility for resolving disputes arising from the designation of managerial and confidential and supervisory employees, assisting in resolving negotiating impasses, processing improper labor practice charges and processing petitions for certification or decertification of employee organizations as negotiating representatives of Port Authority employees.

The Labor Relations Instruction further provides for the members of the Panel to be appointed for overlapping three-year terms. The term of the Chairman of the Panel was due to expire on December 31, 1985, and as recognized by the Board at its December 12, 1985 meeting, the Chairman Joseph R. Crowley, Esq., died on December 3, 1985, having served with distinction since February 11, 1982. His successor is to be appointed for a term to expire December 31, 1988, subject to the joint written recommendation of the Chairman of the New Jersey Public Employment Relations Commission (PERC) and of the New York Public Employment Relations Board (PERB).

On March 10, 1986 James W. Mastriani, Chairman of PERC, and Harold R. Newman, Chairman of PERB, after consultation with the representatives of employee organizations, recommended that William M. Weinberg, Professor of Industrial Relations at the Institute of Management and Labor Relations of Rutgers University, be appointed as Chairman of the Panel for the three-year term expiring on December 31, 1988. Phillip Ruffo, Esq. currently serves as New York Member for a term expiring December 31, 1987, and John J. Pearce, Jr., former Executive Director of the New Jersey State Board of Mediation, continues as the New Jersey Member until December 31, 1986.

Members of the Panel, who are subject to removal or dismissal only upon charges and after a hearing before a hearing officer appointed jointly by the Chairman of PERC and PERB, may also appoint hearing officers, mediators, factfinders, attorneys, or others, to assist them in their functions, and to provide for their reimbursement and compensation at rates set pursuant to the Labor Relations Instruction. The panel members themselves are also compensated for each day spent in attendance at meetings or consultation or in the preparation of reports or determinations and are reimbursed for expenses actually incurred by them in the performance of their duties.

It was therefore recommended that the Board appoint William M. Weinberg as Chairman of the Port Authority Employment Relations Panel for a term expiring December 31, 1988, in accordance with the Labor Relations Instruction.

(Board - 3/13/86)

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

RESOLVED, that William M. Weinberg be and he hereby is appointed Chairman of the Port Authority Employment Relations Panel for a term expiring December 31, 1988.

Whereupon, the meeting was adjourned.

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES
Thursday, April 10, 1986

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

PRESENT:

NEW JERSEY

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

NEW YORK

Robert F. Wagner, Vice-Chairman
William J. Ronan
James G. Hellmuth
Howard Schulman
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
Phillip 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

(Board - 4/10/86)

- 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."

(Board - 4/10/86)

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, decision 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 independent 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 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) 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
Willetts 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.

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

(Board - 4/10/86)

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.

(Board - 4/10/86)

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.

(Board - 4/10/86)

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.

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES
Thursday, May 8, 1986

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MINUTES of meeting of The Port Authority of New York and New Jersey held Thursday, May 8, 1986, at the Port Authority offices, One World Trade Center, City, County and State of New York.

(236)

PRESENT:

NEW JERSEY

Philip D. Kaltenbacher, Chairman
Jerry Fitzgerald English
William K. Hutchison
Henry F. Henderson, Jr.
Robert Van Buren

NEW YORK

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

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, 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
Jeffrey S. Green, Assistant General Counsel
John Hauptert, Acting 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
Philip LaRocco, Director, Economic Development
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
James H. Mullen, Administrative Assistant
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
Theresa A. Potente, Assistant Secretary
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, Assistant Executive Director/Capital Programs
Barry Weintrob, Director, Finance Department/Chief Financial Officer
Marshal L. Wilcox, Jr., Assistant Chief Financial Officer
Jeannette M. Bond, Bond Counsel, Hawkins, Delafield and Wood
Stanley R. Kramer, Bond Counsel, Hawkins, Delafield and Wood

The meeting was called to order by the Chairman.

Commissioner Robert Van Buren

Chairman Kaltenbacher welcomed Commissioner Robert Van Buren to his first Board meeting and expressed the pleasure of his fellow Commissioners at having Commissioner Van Buren join them as a colleague in the work and programs of the Authority.

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of April 10, 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 May 8, 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 May 8, 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 May 8, 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 May 8, 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 Audit Committee

The Audit Committee submitted a report, for information, of action taken at its meeting on March 13, 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 - 5/8/86)

1986 Budget - January 1 through July 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, March 13, 1986, and April 10, 1986, the Board's confirmation of the Executive Director's authority was extended through March 31, 1986, April 30, 1986, and May 31, 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 Governors' 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 was 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 July 31, 1986.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that it is hereby confirmed that the Executive Director is authorized through July 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 - 5/8/86)

Agreement of Local Cooperation - Kill Van Kull and Newark Bay Channels Project

It was reported that the Kill Van Kull and Newark Bay Channels comprise a Federally-improved and maintained 35-foot deep waterway between the Anchorage Channel in Upper New York Bay and Port Newark and the Elizabeth-Port Authority Marine Terminal. At the request of the Port Authority, the Congress in 1972 directed the Corps to study the need for a deepening and selective widening of these channels to accommodate the anticipated future growth of deep-draft containerships. This study has been completed and the Fiscal Year 1985 Supplemental Appropriation Act (Public Law 99-88) authorizes Corps construction of a new channel depth of 45 feet with selective widenings.

Under Section 221 of Public Law 91-611, such a project "shall not be commenced until each non-Federal interest (the Port Authority in this case) has entered into a written agreement with the Secretary of the Army to furnish its required cooperation for the project." The "Non-Federal cooperation" contemplated consists of the furnishing of necessary property rights, underwater utility relocations, dredged material disposal areas if needed for maintenance after construction and the acceptance of liability beyond Corps fault or negligence, if and when required by the Corps. The Agreement does not require the Port Authority to provide dredge disposal areas during construction, but rather requires Corps and Port Authority agreement on alternatives should ocean disposal of dredged material be denied during construction, and further requires the Corps to consider the cost of alternatives should this occur during the maintenance period that follows the completion of construction. At this time, no other property rights or utility relocations are expected to be required by the Corps.

A requirement for local cost-sharing totalling 35% of project costs has been added to the Agreement at the insistence of the Administration. Legislation currently pending before Congress would impose a cost-sharing requirement ranging from 25 to 35% depending upon which of the two alternatives is selected. Arrears in Port Authority payments required to be made are subject to interest. Failure of the Corps to receive annual appropriations in amounts sufficient to meet expenditures for the then current fiscal year would permit termination of the Agreement or suspension of work at the option of either party without penalty.

The Port Authority objective is to obtain an initial channel depth of 40 feet within two years after the Corps' start of construction, which is scheduled to begin early in Fiscal Year 1987 (October 1986 to September 1987). This depth should satisfy the current and immediately foreseeable needs of shipping serving Port Newark-Elizabeth, while reserving the total deepening to 45 feet to some future date as the need arises.

At a depth of 40 feet, the total cost of deepening and widening is presently estimated by the Corps at \$145.4 million. The Port Authority share of this cost would be approximately \$36.3 million (25%) payable during the period of construction, possibly followed by repayment of another \$14.5 million (10%) upon completion of construction, or \$14.5 million with interest over 30 years thereafter, for a total of \$50.8 million (plus interest). The actual percent and final conditions will be determined by the enactment of currently pending legislation. The Corps has

(Board - 5/8/86)

insisted that the initiation of construction be contingent upon the enactment of legislation imposing a nationwide Federal port use charge, revenues from which will be applied to the Government cost of harbor maintenance. The period and cost of construction is under the control of the Corps and is heavily dependent upon Federal appropriations for the Federal share of the total cost. The Department of the Treasury is empowered to set interest rates every five years. It is, therefore, possible that based on the return of contract bids, project delays, or interest rates, actual costs could be higher. Should this happen and the award of any contract result in obligations and expenditures exceeding \$153 million, the award of that contract and subsequent contracts will be deferred until such time as both parties agree to resume construction.

Payment by the Port Authority will either be in the form of a Corps drawdown of Port Authority deposits made into an interest-bearing escrow account, letter of credit account, or by some other form of commitment acceptable to the Corps. The Corps is empowered by the Agreement to demand additional deposits if project costs exceed estimates, and obligated to return excesses (with interest) if project costs fall below estimates. All or a portion of the Port Authority's share possibly could depending on the language finally incorporated in the new Federal legislation and other policy considerations, be recovered through user fees.

The Fiscal Year 1985 Supplemental Appropriations Act limits approval of Agreements to projects authorized for construction by the Assistant Secretary of the Army for Civil Works no later than June 30, 1986. To enable the Assistant Secretary to process the Agreement for signature by that date, it is essential that an Agreement signed by the Port Authority be delivered to the New York District, Corps of Engineers, by no later than May 31, 1986.

The deepening of the Arthur Kill Channel, which connects the Port Authority's Howland Hook Marine Terminal with the Kill Van Kull Channel, is in the final stages of Corps study. Upon authorization of construction by Congress, either the proposed Agreement will be amended or a separate Agreement of Local Cooperation will be entered into for this project.

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

1. enter into an Agreement of Local Cooperation with the United States Government (Assistant Secretary of the Army for Civil Works) in accordance with Section 211 of Public Law 91-611 and Chapter IV, Public Law 99-88 for the Army Corps of Engineers to commence the deepening to 40 feet and selective widening of the Kill Van Kull and Newark Bay Channels as authorized by Congress at an estimated cost of \$145.4 million;
2. pay the United States Government the local share of such construction costs to be required by Federal port legislation now pending in Congress, presently estimated to be \$50.8 million plus interest; and
3. enter into an interest-bearing escrow, letter of credit or similar funding assurance with the United States Government as required to fulfill this funding obligation.

(Board - 5/8/86)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is hereby authorized to: (1) enter into an Agreement of Local Cooperation with the United States Government (Assistant Secretary of the Army for Civil Works) in accordance with Section 221 of Public Law 91-611 and Chapter IV, Public Law 99-88 for the Army Corps of Engineers to commence the deepening to 40 feet and selective widening of the Kill Van Kull and Newark Bay Channels as authorized by Congress at an estimated cost of \$145.4 million; (2) pay the United States Government the local share of such construction costs to be required by Federal port legislation now pending in Congress, presently estimated to be \$50.8 million plus interest and (3) enter into an interest-bearing escrow, letter of credit or similar funding assurance with the United States Government as required to fulfill this funding obligation.

(Board - 5/8/86)

All Airports - Consolidated Ground Transportation Counter Program

It was reported that as part of the Aviation Department's efforts to improve ground transportation services for airport patrons, a consolidated ground transportation counter program was instituted for trial periods at each of the three airports. At their meetings on April 12, 1984 and November 8, 1984 the Board and Committee on Operations, respectively, authorized permanent establishment of a consolidated counter program at LaGuardia Airport at an estimated cost of \$1,757,500 and at Newark International Airport at an estimated cost of \$1,225,000. On December 10, 1984 the Executive Director authorized a six-month test of the consolidated counter concept in the International Arrivals Building at Kennedy International Airport at an estimated cost of \$242,000. At its July 11, 1985 meeting, the Board authorized an additional expenditure of \$1,671,500 to fund the operation of the counters both at LaGuardia Airport and the International Arrivals Building at Kennedy International Airport through May 28, 1986.

To staff the counters at each airport, agreements were entered into with the Council for Airport Opportunity (CAO). The CAO is a local agency with offices in Queens, New York and Newark, New Jersey which promotes minority employment opportunities in the New York/New Jersey metropolitan area. The agreements for Kennedy and LaGuardia Airports expire by their terms on May 28, 1986. The present Newark agreement, which runs until December 16, 1986, will be terminated on May 28, 1986. The new CAO contract will provide for administrative, training, supervisory and staffing services for the operation of the consolidated counters at all three airports for a period of one year.

The Consolidated Counter program has also been of assistance to staff in auditing fees. Furthermore, the ability to stop representing the permittees at the counters has proven to be an effective tool in ensuring that required fees are paid.

In January 1986, staff began testing a modified counter at the TWA arrivals level at LaGuardia Airport. The modified system combines staffed information/reservation booths with adjacent direct line telephones under Port Authority control. This arrangement retains many of the service benefits of the original program and yet allows patrons to communicate directly with the ground transportation permittees, thereby expediting air travelers' transportation arrangements. This system may be as much as 30% less costly to operate than the original concept because the agents do not need to book reservations for all ground transportation users.

Staff observations indicate that the counters are functioning effectively, and patron surveys indicate a high degree of satisfaction. The modified counter seems to satisfy permittee and patron interest in having the regular customer communicate directly with the transportation operator.

Approximately ninety agents are being employed at the counters that are now in operation at the three airports. Over the next year, staff will be negotiating with the unit terminal airlines to install consolidated counters in most of the terminals at both Kennedy International and Newark International Airports. In extending Consolidated Counters to the airline unit terminals, staff will continue to test refinements to the program that will ensure a high level of service to airport patrons at the lowest possible cost. It is anticipated that these refinements will enable the Port Authority to expand the program to as many as seven additional airport locations at about the same level of funding that has been previously authorized.

(Board - 5/8/86)

Approximately \$1,362,000 will be required for the construction and installation of new consolidated ground transportation counters and for support services including Port Authority supervision, maintenance and computer hardware and services required to operate the counters for a one-year period.

It was therefore recommended that the Board authorize:

1. a project for the operation of consolidated ground transportation counters at Kennedy International Airport, Newark International Airport and LaGuardia Airport and the establishment of additional counters at airline unit passenger terminals at Kennedy International and Newark International Airports over a one-year period at an expenditure presently being estimated at \$3,712,000, including payments to the Council for Airport Opportunity (CAO), payments to contractors and administrative, general and financing expenses;

2. the Executive Director to terminate the existing agreement with the Council for Airport Opportunity (CAO) for the staffing and operation of consolidated ground transportation counters at Newark International Airport; and

3. the Executive Director to enter into a one-year agreement with the Council for Airport Opportunity (CAO) for administrative, training, supervisory and staffing services for the operation of consolidated ground transportation counters at Kennedy International Airport, Newark International Airport and LaGuardia Airport in the amount of \$2,350,000, and to order extra work up to the amount of \$352,500.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that a project for the operation of consolidated ground transportation counters at Kennedy International Airport, Newark International Airport and LaGuardia Airport and the establishment of additional counters at airlines unit passenger terminals at Kennedy International and Newark International Airports over a one-year period at an expenditure presently being estimated at \$3,712,000, including payments to the Council for Airport Opportunity (CAO), payments to contractors and administrative, general and financing expenses, is authorized; and it is further

RESOLVED, that the Executive Director is authorized to terminate the existing agreement with the Council for Airport Opportunity (CAO) for the staffing and operation of consolidated ground transportation counters at Newark International Airport; and it is further

RESOLVED, that the Executive Director is authorized to enter into a one-year agreement with the Council for Airport Opportunity (CAO) for administrative, training, supervisory and staffing services for the operation of consolidated ground transportation counters at Kennedy International Airport, Newark International Airport and LaGuardia Airport in the amount of \$2,350,000, and to order extra work up to the amount of \$352,000, such agreement to be subject to approval as to form by General Counsel or his designated representative.

(Board - 5/8/86)

Bathgate Industrial Park - Amendment to Agreement with Clay-Park Labs, Inc.

It was reported that the Board, at its meeting on January 12, 1984, authorized the Executive Director to enter into an agreement with Clay-Park Labs, Inc. for the letting of the entire industrial building (approximately 83,000 square feet) and adjacent parking and truck dock areas on Block 2921 at the Bathgate Industrial Park for an initial term of approximately 25 years.

The Executive Director executed the lease with Clay-Park on May 14, 1984. The lease agreement provides, among other things, that the Port Authority would provide to Clay-Park up to a cumulative total of \$800,000 for finishing work and for the purchase, renovation, transportation and installation of equipment with such amounts to be repaid over fifteen years at 200 basis points above the Bond Buyer Revenue Bond Index. As of October 1985, the entire \$800,000 was provided to Clay-Park. The lease also provides for an annual percentage rental of 1% to 3% on Adjusted Gross Sales in excess of \$12 million.

In September 1985, Clay-Park began operations at the Port Authority Bathgate Industrial Park. At the time of its move to Bathgate, Clay-Park employed approximately 160 workers in the manufacture of generic drug products. It currently employs about 240 workers and plans to purchase two additional pieces of equipment which will further expand the operation. Clay-Park estimates that it will add between 25 and 40 new employees as a direct result of the expansion.

Staff has reviewed this request and determined that it is in the Port Authority's interest to amend the lease with Clay-Park so that the Port Authority can provide additional amounts up to a cumulative total of \$366,000 to Clay-Park for the purchase of equipment. Clay-Park's ownership of said equipment will be subject to a security interest in the Port Authority until the equipment monies provided by the Port Authority are repaid. It is anticipated that the purchase of this equipment will enable Clay-Park to increase its sales volume and therefore pay a larger amount of percentage rental. The additional amounts of up to a cumulative total of \$366,000 would be repaid at 225 basis points above the then current Bond Buyer Revenue Bond Index over fifteen years with Clay-Park having the option of prepayment without penalty.

It was therefore recommended that the Board authorize the Executive Director to amend the existing lease agreement with Clay-Park Labs, Inc. in accordance with the foregoing.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director to amend the existing lease agreement with Clay-Park Labs, Inc. to provide that the Port Authority provide to Clay-Park an additional sum not to exceed \$366,000 for the purchase of equipment in the industrial building on Block 2921 at the Port Authority Bathgate Industrial Park, with such additional amount to be repaid as additional rental over a fifteen-year period; the amendment of the existing lease agreement to be in accordance with the foregoing, and the form of the said amendment to be subject to the approval of General Counsel or his designated representative.

(Board - 5/8/86)

Bathgate Industrial Park - Industrial Building on Block 2920 - Protocom Devices, Inc. - Increase in Authorization

It was reported that the Board, at its meeting on May 10, 1984, authorized the Executive Director to enter into a lease with Protocom Devices, Inc. (Protocom) for a portion of an industrial building on Block 2920 at the Bathgate Industrial Park and to provide to Protocom, as part of the lease agreement, up to \$1.7 million for the purchase of certain equipment and additional building finishing work. The lease with Protocom was signed on September 6, 1984 and the company is currently moving into its portion of the building.

At its May 10, 1984 meeting, the Board also authorized the Executive Director to award Contract BIP-110.014 for the construction of a shell industrial building of approximately 60,000 square feet of ground space and approximately 20,000 feet of mezzanine space on Block 2920 and to award a contract for the performance of finishing work for Protocom in a portion of the shell building on Block 2920. The authorization provided that the total cost of the building shell contract and the finishing work contract was not to exceed \$4.5 million.

On November 26, 1984, Contract BIP-110.014, Industrial Building on Block 2920, Bathgate Industrial Park, was awarded to E.K. Construction Co., Inc. at its bid price in the lump sum amount of \$3,059,918 plus an allowance of \$306,000 for extra work and a provision for net cost work. The total final expenditure for the building shell contract, including the net cost work, will not exceed \$3,330,000.

In September 1985, Contract BIP-110.020 for the construction of the finishing work for Protocom's space was awarded, pursuant to a Memorandum of Justification dated August 12, 1985, to Tsapakis Construction Corp. at a bid price in the lump sum amount of \$1,143,000 plus an allowance of \$115,000 for extra work. Purchase orders in the amount of \$146,473 were separately awarded for air-conditioning units, light fixtures, exhaust fans and electric switchgear to be installed under Contract BIP-110.020. The Memorandum of Justification recommended award of the contract to Tsapakis but indicated that the total of Contracts BIP-110.014 and BIP-110.020 and related purchase orders would exceed the authorized \$4.5 million. It also indicated that the Board would be asked to approve the action of the Executive Director in authorizing the award of Contract BIP-110.020 at a future meeting.

It is anticipated that the final total additional costs for all of the above, which reflects an increased allowance for extra work, will not exceed \$375,000 and it is recommended that the authorized amount be increased from \$4.5 to \$4.875 million. This increase is attributable primarily to an increase in the finishing requirements of Protocom for its manufacturing and office facility that were not foreseen at the time the original amount was authorized. The additional costs for finishes will be recovered from Protocom under the provisions of the executed lease agreement.

(Board - 5/8/86)

It was therefore recommended that the Board:

1. approve the action of the Executive Director in awarding Contract BIP-110.020, Bathgate Industrial Park, Industrial Building on Block 2920, Interior Finishes on North Half of Building, to Tsapakis Construction Corp. in the amount of \$1,143,000 with authorization to order extra work up to the amount of \$115,000; and

2. increase the authorization for the total costs of the shell industrial building and the finishing work for Protocom Devices, Inc. on Block 2920 at the Bathgate Industrial Park from \$4.5 million to \$4.875 million.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the action of the Executive Director in awarding Contract BIP-110.020, Bathgate Industrial Park, Industrial Building on Block 2920, Interior Finishes on North Half of Building, to Tsapakis Construction Corp. in the amount of \$1,143,000 with authorization to order extra work up to the amount of \$115,000 is approved; and it is further

RESOLVED, that an increase in the authorization for the total costs of the shell industrial building and the finishing work for Protocom Devices, Inc. on Block 2920 at the Bathgate Industrial Park from \$4.5 million to \$4.875 million is authorized.

(Board - 5/8/86)

Kennedy International and LaGuardia Airports - Extension of Motor Coach Permit Agreement with Carey Transportation, Inc.

It was recalled that the Port Authority is involved in a comprehensive and continuing program to increase the role of public transportation in airport access, with special emphasis being placed on high occupancy modes. To both advance this program and to ensure the availability of high quality motor coach service for passengers traveling between the New York airports and Manhattan, the Board, at its meeting on June 14, 1984, authorized the purchase of 20 new motor coaches from Motor Coach Industries, Inc. at a cost of approximately \$3.36 million. The motor coaches were provided to Carey Transportation, Inc. (Carey), the carrier franchised by the City of New York to operate between the New York airports and midtown Manhattan, under a permit agreement whereby Carey was obligated to pay the Port Authority \$2,800 per coach per month. Authorization is being sought to extend this original agreement for two years and five months at that rate.

As the Port Authority's contribution toward the institution of service between both Kennedy International and LaGuardia Airports and the Air TransCenter in the Port Authority Bus Terminal, Carey received a credit against the fees due for ten motor coaches for the period August 1, 1984 to July 31, 1985. Carey was obligated under the permit agreement to make payments to the Port Authority towards this credit if its passenger revenues from the demonstration exceeded its direct operating costs. This one-year demonstration ended on July 31, 1985 and since that date, Carey has been operating the service without any such Port Authority fee credit and paying the full \$56,000 per month due under the permit agreement.

At the time the motor coaches were purchased, the Board was informed that staff planned to undertake a study which would assess high occupancy vehicle demand in the Manhattan market. This study, which was performed by Charles River Associates, Inc., concluded that greater market penetration by motor coach service could be obtained if additional routes were instituted. Based on that report and its own business judgment, Carey is considering the expansion of its routes so as to include the Jacob Javits Convention Center, Rockefeller Center and the upper East and West Sides of Manhattan. To support the institution of service to the Convention Center and Rockefeller Center areas, authorization is being sought for a fee credit that would be applicable to ten motor coaches. As with the Air TransCenter demonstration, the permit agreement would include a provision for additional fee payment to the Port Authority toward this credit if revenues exceed Carey's direct operating costs. The permit agreement would be terminable by either party on 30 days notice.

In April 1985 Carey Transportation filed a petition for reorganization under Chapter 11 of the United States Bankruptcy Code and, as of this date, has not yet submitted a reorganization plan. Since the bankruptcy filing, Carey has been rendering timely payments to the Port Authority in regard to its post-petition financial obligations. Carey's pre-petition debt to the Port Authority is approximately \$1.4 million. The motor coaches have been well maintained and the standard of service provided to air travelers has remained at a satisfactory level.

(Board - 5/8/86)

It was therefore recommended that the Executive Director be authorized for and on behalf of the Port Authority to enter into an extension of the permit agreement with Carey at Kennedy International and LaGuardia Airports in accordance with the foregoing.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director to extend the permit agreement with Carey Transportation, Inc. for the use of 20 motor coaches from August 1, 1985 through December 31, 1987, the permit agreement to afford monthly fee credits to Carey Transportation, Inc. for up to ten of the coaches from June 1, 1986 to May 31, 1987, as the Port Authority's contribution toward a demonstration of service to and from the New York airports and the Jacob Javits Convention Center and Rockefeller Center in Manhattan; and it is further

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

(Board - 5/8/86)

Texas Air Corporation - U.S. Department of Transportation Investigation into the Acquisition of Eastern Air Lines - Intervention by the Port Authority

It was reported to the Board that on April 9, 1986, the United States Department of Transportation by Order No. 86-4-24 instituted an investigation, the Texas Air-Eastern Acquisition Case, to decide whether approval should be granted authorizing a merger agreement under which Eastern Air Lines will become a wholly-owned subsidiary of Texas Air. Due to concerns that the acquisition may reduce competition in the Northeast Corridor the case's principal focus will be air service between and among New York/Newark, Boston Logan International and Metropolitan Washington Airports. The order also directed that all additional requests to intervene be filed not later than April 14, 1986. The Port Authority has heretofore intervened in this proceeding taking no position on the issues. Staff has requested authority to state a Port Authority position.

Staff supports Department of Transportation approval of Texas Air's acquisition of Eastern. Staff shares some of the concern expressed by many other intervenors in the case, including the Attorney General of the State of New York, about the possible competitive impact on the Boston and Washington "shuttle" markets. However, staff believes that concerns about the future outweigh the concerns over competition in the "shuttle" markets.

U.S. Department of Transportation (DOT) statistics for the year ending June 30, 1985 indicate that New York/Newark-Boston and New York/Newark-Washington were the first and third largest, respectively, air transportation markets in the United States. DOT statistics also indicate that Eastern carried 37% of air passengers in the New York/Newark-Boston market, People Express 32% and New York Air 16%. In the New York/Newark-Washington market, Eastern carried 35% of the air passengers and New York Air 30% and People Express carried 24%.

Staff concerns arose because LaGuardia and Washington National are designated High Density Airports by the Federal Aviation Administration and hourly aircraft movements are limited. Although carriers wishing to compete in the shuttle markets may use their existing slots to do so or purchase additional slots to enter these markets, the lack of adequate slot capacity at LaGuardia can be viewed as a barrier to easy entry. However, the deregulated environment has increased Eastern's financial exposure and there is concern that Eastern may fail which could adversely impact Port Authority revenues and regional employment. Eastern provides over 5,000 jobs in the region. Eastern's financial viability must be strengthened to assure air travellers adequate service levels and continued benefits to the regional economy. It is in the interest of the region that employment and levels of service presently being provided at our three regional airports be maintained and wherever possible expanded. Staff believes that existing and potential competition at our airports and other regional airports as well as intermodal competition greatly reduces the potential of anti-competitive behavior in the market by Texas Air. No other viable alternative that would assure Eastern's continued financial soundness has been presented. Should such an alternative emerge before a final U.S. DOT decision in this matter, staff would evaluate such a proposal and advise the Board so that the Board could amend or modify the Port Authority's position. Therefore, in view of the current absence of any reasonable alternatives to strengthen Eastern's financial viability, staff supports approval of the acquisition agreement.

(Board - 5/8/86)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director and General Counsel to arrange for further participation on behalf of the Port Authority in the proceeding now pending before the U.S. Department of Transportation on Order No. 86-4-24 and in any other administrative or judicial proceeding arising therefrom or in connection therewith such participation generally to support the acquisition of Eastern Air Lines, Inc. by Texas Air Corp. in the absence of any current alternative in order to support continued employment in and levels of service to and from the New York/New Jersey region.

(Board - 5/8/86)

Retention of Financial Advisor

It was reported that at its meeting on November 14, 1985, the Board authorized the Executive Director to enter into an agreement with Mr. Edward M. Kresky, a recognized expert in municipal finance, to act as an advisor to the Port Authority to study the organizational structure of the financial departments for a period ending December 31, 1985, at a fee not to exceed \$20,000. In view of the financial challenges facing the Port Authority in the months ahead as plans to fund the Port Authority's capital plan are developed, as well as the need to maximize the opportunity to take advantage of innovative financing mechanisms, staff recommends the retention of Mr. Kresky to act as an advisor to the Port Authority on financial matters. It is proposed that Mr. Kresky be retained for an additional period of nine months at a cost not to exceed \$30,000.

It was therefore recommended that the Board authorize the Executive Director to enter into an agreement with Mr. Edward M. Kresky, dated as of May 1, 1986, to provide for him to act as an advisor to the Port Authority on financial matters for a nine-month period at a cost not to exceed \$30,000.

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

RESOLVED, that the Executive Director be and he hereby is authorized to enter into an agreement with Mr. Edward M. Kresky, dated as of May 1, 1986, to provide for him to act as an advisor to the Port Authority on financial matters for a nine-month period at a cost not to exceed \$30,000; and it is further

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

(Board - 5/8/86)

New York State Railroad Car Program - New York State Guaranteed Commuter Car Bonds, Eighth Series - Amendments

It was reported that on March 13, 1986, the Board established and authorized the issuance of an Eighth Series of New York State Guaranteed Commuter Car Bonds, and authorized the sale thereof by the Committee on Finance, in a principal amount not to exceed \$12,435,000. At that time, it was anticipated that the bonds would be sold prior to June 1, 1986, and \$12,435,000 represented the maximum principal amount which could be sold under the Commuter Car Program. It is now contemplated that the Bonds of the Eighth Series will be sold by the Committee on Finance on June 12, 1986.

An additional \$3,590,000 aggregate principal amount from the Fourth, Fifth and Seventh Series of Commuter Car Bonds matures June 1, 1986. The Metropolitan Transportation Authority (MTA) requests that this additional capacity be made available for the Eighth Series.

Additionally, the MTA, subsequent to March 13, 1986, requested that the Bonds of the Eighth Series not be subject to call. Discussions prior to that time, as reflected in the minutes of March 13, 1986, contemplated that the Bonds of the Eighth Series would be subject to redemption, at 100 percent of their face value, at the option of the Port Authority, in whole or in part, commencing in 1991. In light of the fact that the Bonds of the Eighth Series will mature serially commencing December 1, 1986, with the longest outstanding maturity to be through December 1, 1996, and the additional fact that payment of the debt service on the Bonds will be made by the MTA through its rental payments under the Port Authority's lease of commuter railroad cars to the MTA, it is appropriate to agree to the MTA's request.

Accordingly, the aforesaid resolutions of March 13, 1986, should be appropriately amended to increase the principal and to make clear that the Committee on Finance, consistent with customary limitations on its power, is authorized to revise the redemption and call provisions for the Bonds of the Eighth Series; but that, in any event, it need not provide for the Bonds of the Eighth Series to be subject to call prior to maturity.

It was therefore recommended that the resolutions of March 13, 1986, establishing and authorizing the issuance and sale of New York State Guaranteed Commuter Car Bonds, Eighth Series, be appropriately amended for sale after June 1, 1986.

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

RESOLVED, that Section 2 of the resolution of March 13, 1986 (appearing at pages 164 et seq. of the Official Minutes of that date) establishing and authorizing the issuance of New York State Guaranteed Commuter Car Bonds, Eighth Series, be amended to read as follows:

"SECTION 2. There is hereby established a series of Car Bonds, designated as the "Eighth Series" and to be issued in conformity with the Car Bond Resolution, which Car Bonds are hereinafter called "bonds of the Eighth Series" and the issuance of up to Sixteen Million Twenty-five Thousand Dollars (\$16,025,000) in principal amount of such bonds of the Eighth Series is hereby authorized. Such principal amount is hereby determined to be necessary to accomplish the purposes for which the bonds of the Eighth Series are to be issued."

and it is further

RESOLVED, that Section 9 of the resolution of March 13, 1986 (appearing at pages 164 et seq. of the Official Minutes of that date) establishing and authorizing the issuance of New York State Guaranteed Commuter Car Bonds, Eighth Series be amended to read as follows:

"SECTION 9. The Committee on Finance of the Authority is hereby authorized prior to the issuance of the bonds of the Eighth Series (i) to change or adjust the date as of which such bonds are to be dated to any date on or before December 15, 1986; (ii) to change or adjust the date or dates on which semi-annual interest on such bonds would be payable; (iii) to change or adjust the redemption or call provisions of such bonds; provided, that the Committee may not change any redemption, retirement or call provision of such bonds to impose a call premium; and (iv) to fix the date or dates at which any of the bonds are to mature; provided, that said date or dates of maturity shall not be later than December 1, 1996."

and it is further

RESOLVED that Section 1 of the resolution of March 13, 1986 (appearing at pages 173 et seq. of the Official Minutes of that date) authorizing the sale of New York State Guaranteed Commuter Car Bonds, Eighth Series be amended to read as follows:

"SECTION 1. The Committee on Finance is hereby authorized to sell all or any part of Sixteen Million Twenty-five Thousand Dollars (\$16,025,000) in principal

amount of New York State Guaranteed Commuter Car Bonds, Eighth Series (hereinafter called "bonds of the Eighth Series"), for the accomplishment of the purposes for which the issuance of said bonds of the Eighth Series is authorized and to do so in the name of and on behalf of the Authority, at public or private sale, with or without advertisement, at any time in 1986 subsequent to June 1, 1986; provided, that the manner and time of sale shall have been approved by the Comptroller of the State of New York; and the Executive Director is hereby authorized to apply the proceeds of such sale to the accomplishment of said purposes."

(Board - 5/8/86)

Kennedy International, Newark International and LaGuardia Airports - Various Agreements with Flagship International, Inc. to be Renamed Sky Chefs, Inc. - In-Flight Meal Kitchens

It was reported that Flagship International, Inc., owned by American Airlines, Inc., has served American Airlines at its in-flight meal kitchens at the Port Authority's airports for over the past two decades. The kitchen at Newark International Airport is leased to Flagship under a lease which expires on June 30, 1989. The kitchens utilized by Flagship at Kennedy International and LaGuardia Airports are part of premises leased to American Airlines, which in the case of Kennedy International Airport, is for a term expiring on January 31, 1999 and in the case of LaGuardia Airport is on a month to month basis. Under the terms of the arrangement that has existed, in-flight meals were not sold to other airlines and there was no percentage fee or percentage rental payable to the Port Authority on the in-flight meals provided to American.

The Port Authority has been advised that American Airlines is selling or has sold all of its shares of Flagship to a subsidiary of Onex Capital Corporation of Toronto, Canada. As a result of the sale of stock and merger of subsidiaries, Flagship International, Inc. will survive but its name will be changed to Sky Chefs, Inc. Sky Chefs has requested that its in-flight meal arrangements at the three airports be changed from one in which it served only American to one in which it would serve other airlines as well. Accordingly, the lease it holds at Newark International Airport would be amended to reflect this right and Sky Chefs would pay in addition to the rental therein provided, a percentage rental of 6% of gross receipts. The existing guaranty of the lease by American Airlines will be deleted. At Kennedy International Airport, Sky Chefs will occupy its kitchen under a sublease from American Airlines. Under an agreement to be entered into with the Port Authority extending throughout the term of the sublease, the Port Authority would consent to the sublease and Sky Chefs would be authorized to operate its in-flight catering service at that airport for American and other airlines. The percentage fee, including appropriate exemption amounts, payable by Sky Chefs to the Port Authority at Kennedy International Airport would be similar to those charged the existing caterers at Kennedy International Airport, namely Marriott Corporation, Air La Carte, Inc. and Odgen Food Travel Services, Inc. as set forth in the Resolution the Board adopted at its meeting on March 13, 1986. The lease with American Airlines which covers the kitchen would be amended to reflect this utilization of this portion of its premises. At LaGuardia Airport, Sky Chefs would use a portion of American's premises under its month to month lease and Sky Chefs would enter into an agreement with the Port Authority on a month to month basis whereby it would pay the Port Authority a percentage fee of 8% of gross receipts, with an appropriate exemption amount comparable to that of the existing on airport caterer. The changes proposed should result in a substantial increase of revenue to the Port Authority based upon the in-flight catering operations of Sky Chefs. The Treasurer will determine what security, if any, is required.

There are a number of existing permits at LaGuardia and Kennedy International Airports under which Flagship, now to be Sky Chefs, has operated various services, such as TWA's Ambassador Club and American's Ambassador Club at LaGuardia Airport and food and restaurant operations at TWA's and American's terminals at Kennedy International Airport and a gift shop at American's terminal at Kennedy International Airport, which will continue in effect either under the existing agreements or under new agreements with basically the same terms.

(Board - 5/8/86)

It was therefore recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into agreements with Flagship International, Inc. and American Airlines, Inc. at Kennedy International, Newark International and LaGuardia Airports, as applicable, in accordance with the foregoing.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director to enter into appropriate agreements with Flagship International, Inc. to be renamed Sky Chefs, Inc., amending its existing lease at Newark International Airport authorizing a general in-flight catering operation and providing for an additional percentage rental of 6% of gross receipts and entering into appropriate agreements at Kennedy International and LaGuardia Airports authorizing general in-flight catering operations, for a fixed term at Kennedy International Airport at percentage fees and exemption amounts comparable to those of other in-flight caterers at the airport, and at a month to month basis at LaGuardia Airport with a percentage fee of 8% of gross receipts and an exemption amount comparable to that of the other in-flight caterer at that airport and with American Airlines, Inc. amending its lease which expires on January 31, 1999 at Kennedy International Airport to reflect Sky Chefs' new in-flight catering operations, all in accordance with the foregoing; the form of the agreements to be subject to the approval of General Counsel or his designated representative.

(Board - 5/8/86)

World Trade Center Security - Retention of Professional Services

It was reported that the Public Safety Department is involved in an overall review of general security at The World Trade Center complex. To assist the department in meeting the objectives of this comprehensive review program, staff is requesting the assistance of a professional security organization with expertise in security of multi-use office complexes.

The Executive Director, with the assistance of the Public Safety Department, will identify the firm deemed best qualified to provide the required expert services. Contacts will be made with professional organizations such as the American Society for Industrial Security and the Building Owners and Managers Association International as well as other experts in the security field. Port Authority staff will then conduct an intensive reference check of former and present clients. After an appropriate number of qualified firms are identified, such factors as previous experience, quality of staff to be assigned, scope of work and compensation will be evaluated.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director to negotiate and enter into an agreement with a professional security firm to provide professional advisory services in a comprehensive security evaluation of The World Trade Center at a compensation not to exceed \$300,000; the form of the agreement to be subject to the approval of General Counsel or his authorized representative.

Whereupon, the meeting was adjourned.

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Thursday, June 12, 1986

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MINUTES of meeting of The Port Authority of New York and New Jersey held Thursday, June 12, 1986, at the Port Authority offices, One World Trade Center, City, County and State of New York.

PRESENT:

NEW JERSEY

Philip D. Kaltenbacher, Chairman
 Jerry Fitzgerald English
 Henry F. Henderson, Jr.

NEW YORK

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

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, Superintendent of Police, Public Safety
 Louis J. Gambaccini, Assistant Executive Director/Trans-Hudson Transportation
 Gene Gill, Director of General Services
 Francis A. Gorman, Comptroller
 John Hauptert, Acting Treasurer
 Charles L. Hirsch, Executive Assistant to the Executive Director
 Leon Katz, Supervising Information Officer, Public Affairs
 Richard R. Kelly, Director of Rail Transportation
 Philip LaRocco, Director, Economic Development
 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
 James H. Mullen, Administrative Assistant
 Edward J. O'Malley, Director of Personnel
 James J. O'Malley, Director of Management Information Services
 Theresa A. Potente, Assistant Secretary
 Martin E. Robins, Director of Planning and Development
 Morris Sloane, Deputy Director of Aviation
 Robert N. Steiner, Deputy Port Director
 Victor T. Strom, Director of Public Safety
 Guy F. Tozzoli, Director of World Trade
 Joseph L. Vanacore, Assistant Executive Director/Capital Programs
 Barry Weintrob, Chief Financial Officer and Director, Finance Department
 Marshal L. Wilcox, Jr., Assistant Chief Financial Officer

The meeting was called to order by the Chairman.

Commissioner James G. Hellmuth

Chairman Kaltenbacher noted that Commissioner James G. Hellmuth had been reappointed by Governor Mario M. Cuomo and expressed the pleasure of his fellow Commissioners that he would continue to serve with them in the work of the Port Authority.

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of May 8, 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 June 12, 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 meetings on June 12, 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 June 12, 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 June 12, 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 - 6/12/86)

Kennedy International Airport - Nassau Expressway - Authorization of Increase in Financial Participation and Entry into Agreements with the State of New York and City of New York

It was reported that the Board, at its meeting on November 10, 1982, authorized a project at Kennedy International Airport for the Port Authority's financial participation, in an amount not to exceed \$33 million, in the State of New York's project for construction of the Nassau Expressway and approved certain roadway connections at Kennedy International Airport with the Nassau Expressway and Southern Parkway. (This authorization provides funding for Port Authority participation in New York State's Nassau Expressway Section B work). The Port Authority's participation includes various airport connections and roads which would increase or facilitate airport traffic handling capacity. The project was and is deemed vital to meet future access capacity needs.

Under agreements entered into with the State, construction is in progress on two of the five contracts for Section B of the Nassau Expressway with Port Authority financial participation already in place for certain roads within the present airport boundaries. It is expected that the remaining three contracts, two of which the Port Authority will be partially funding, will be awarded between August of this year and the middle of next year.

One of these contracts will construct the new JFK (Airport) Expressway connection with the Southern Parkway. This connection will be the second major entrance to the airport primarily serving traffic from Eastern Long Island. The design of the connection from the parkway, however, as originally approved, is limited in capacity. The original authorized project was estimated to be capable of meeting an annual access capacity of 35.5 million annual air passengers. This demand is now expected to be reached by the year 1991, and during the ensuing decade, the demand is expected to reach approximately 45 million annual air passengers. As part of an overall plan to accommodate an off-airport access capacity of 45 million air passengers, the proposed over-pass connection from the Southern Parkway must be widened. The revised over-pass connection will be widened from two lanes to three lanes thus allowing for one access lane of traffic from North Conduit Boulevard and two access lanes in lieu of one from the Southern Parkway. It is advisable to make this change at this time to avoid excessive costs in the future, including rebuilding existing structures and disrupting traffic to do this work. The recommended increase in project authorization includes the estimated added costs for design, construction and inspection for this work.

To proceed with the project, agreements must be reached with the State for the Port Authority's revised cost participation, and for design, construction and future roadway maintenance. In addition, under existing bi-state legislation pertaining to the airports, the Port Authority's financial participation is limited to roads within the Air Terminal's premises. Based upon negotiations, agreements will be entered into with the City of New York and the State of New York wherein the Port Authority will obtain necessary property interests within roadway areas to be funded. The agreements will additionally involve readjustments of the airport leasehold premises including but not limited to right-of-way easements for the Nassau Expressway and Southern Parkway connections which will become part of the Air Terminal premises as well as for certain ramps which the City has requested the Port Authority to maintain as properly related to airport traffic.

(Board - 6/12/86)

It is expected that a major portion of the work to be performed will be eligible for Federal Airport Improvement Program funding and, it is also expected that a portion of the expenditures not covered by Federal funding would be reimbursed by the airlines through the airline lease formula.

At the present time, staff is studying the installation of a comprehensive traffic surveillance and information system both on and off the airport to enhance the level of service for Port Authority patrons and the public. Components would include changeable message signs, traffic detection, surveillance and control systems. Upon completion of the study, future authorization may be sought for the installation of major components of the system by the State of New York as part of the overall Nassau Expressway Project.

It was therefore recommended that the Board adopt the following resolution.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that an increase in the project authorization for Port Authority participation (to the extent eligible under applicable legislation) in the financing of roadway connections at Kennedy International Airport with the Nassau Expressway and Southern Parkway is hereby authorized from \$33 million, to an expenditure presently estimated at \$38 million, including payments to the State of New York for the Port Authority's financial participation in the State's Nassau Expressway Project, and administrative and general expenses; and it is further

RESOLVED, that the Executive Director, in his discretion, be and he hereby is authorized to enter into agreements with the State of New York and the City of New York associated with the Port Authority's authorized financial participation in certain Nassau Expressway work, including in such Agreements, among other things, the acquisition and conveyance of property interests in certain roadway areas, certain maintenance responsibilities with respect thereto, and the amendment of the Kennedy International Airport Air Terminal premises; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized to designate certain roadway areas as Air Terminal Highways, at such time as property interests in such roadway areas become part of the Kennedy International Airport demised premises; and it is further

RESOLVED, that the form of Agreements and other documents necessary or advisable to implement the foregoing be subject to the approval of General Counsel or his designated representative.

(Board - 6/12/86)

Kennedy International Airport - Lease Extension with British Airways PLC and Lease of Building No. 69 and Related Outside Areas to Hudson General Corporation

It was reported that British Airways constructed and occupied Cargo Building No. 66 and Building No. 69 under a 20-year lease which expired on September 23, 1985. British Airways requested an extension as to Building No. 66 but not as to Building No. 69. Negotiations have been substantially completed with British Airways for its continuing occupancy of Building No. 66 for an additional five years at an increase in rental from approximately \$197,000 per year for Buildings No. 66 and No. 69 to \$1,089,588 per year for only Building No. 66.

Hudson General currently occupies a portion of Hangar No. 11 and related outside areas and that hangar as part of The King Interests cargo buildings development, as approved by the Board, at its meeting on August 8, 1985, will be demolished. Hudson General has been served a notice of termination for its Hangar No. 11 space, effective September 30, 1986.

Negotiations have been substantially completed with Hudson General for a lease of Building No. 69 and related outside areas, vacated by British Airways, for a twelve-year term commencing on or about October 1, 1986. Hudson General will be given three months without rental prior to the commencement date of the lease for the purpose of renovating the premises. The rentals for the lease term are based on the following rates and approximate areas. The rental rates for the first two years are the same as Hudson General would have been paying had it remained in Hangar No. 11 until the end of its lease term, August 31, 1988:

Hudson General

	Approximate Annual Building Rentals (Bldg. 69)	Approximate Annual Land Rentals	Approximate Total Annual Rentals
10/1/86 to 8/31/88	\$122,000 30,654 sq. ft. & \$4.00 per sq. ft.	\$53,000 3.48 acres \$15,250 per acre	\$175,000
9/1/88 to 9/30/93	\$166,000 \$5.50 per sq. ft.	\$76,000 \$22,000 per acre	\$242,000
10/1/93 to 9/30/96	\$196,000 \$6.50 per sq. ft.	\$90,000 \$26,000 per acre	\$286,000
10/1/96 to 9/30/98	\$229,000 \$7.50 per sq. ft.	\$108,000 \$31,000 per acre	\$337,000

(Board - 6/12/86)

The rentals for British Airways are as follows:

British Airways Building No. 66			
	Approximate Annual Building Rentals	Approximate Annual Land Rentals	Approximate Total Annual Rentals
9/24/85 to	\$840,000	\$249,588	\$1,089,588
9/23/90	112,000 sq. ft. at \$7.50 per sq. ft.	11.3 acres \$22,000 per acre	

As was the case in respect to Hangar No. 11, Hudson General will use Building No. 69 for its airport operations under its separate permit with the Port Authority covering services it provides to aircraft operators. The use of the premises will include the maintenance, repair and rental of vehicles, automotive equipment, cargo equipment and aircraft ground support equipment. The permit provides that certain of Hudson's operations are subject to a fee of 5% on gross receipts and the permit may be canceled by either party on 30 days' notice without cause. In the event the permit is terminated for any reason, the Port Authority would have the right to terminate the lease. If the permit were terminated without cause by the Port Authority, either party would have the right to terminate the lease and the Port Authority would be obligated to reimburse Hudson for its unamortized investment, on a straight line basis, for the cost of renovating the premises up to \$250,000.

Under the terms of the lease, the Port Authority will provide, and Hudson will pay, for electricity and water on a metered basis. In addition, Hudson will be responsible for all maintenance and repairs within the site.

It was therefore recommended that the Board authorize the Executive Director for and on behalf of the Port Authority to enter into a five year lease extension with British Airways PLC for Cargo Building Co. 66 and related outside areas and to enter into a twelve-year lease with the Hudson General Corporation for Building No. 69 and related outside areas, all in accordance with the foregoing.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into a five-year lease extension, commencing on September 24, 1985 with British Airways PLC for Cargo Building No. 66 and related outside areas at a rental of \$1,089,588 per year and to enter into a twelve-year lease commencing on or about October 1, 1986 with the Hudson General Corporation for Building No. 69 and related outside areas at Kennedy International Airport at an approximate annual rental commencing at \$175,000 and escalating to \$337,000 per year over the term of the lease; the form of the agreements to be subject to approval of the General Counsel or his designated representative.

(Board - 6/12/86)

Kennedy International Airport - Lease of Hangar No. 4 and Related Outside Areas to United Airlines, Inc.

It was reported that Hangar No. 4 is part of a complex of Hangars No. 3, 4 and 5 which were constructed by the Port Authority in 1950 and subsequently rented to various airline tenants on a multi-occupancy basis since their completion. At its meeting of March 14, 1985, the Board approved a lease of Hangar No. 4 and related outside areas to British Airways Board. Over the past year, British Airways Board has experienced a substantial change in management and has re-evaluated its facility needs at major airports. They recently informed the Port Authority of their decision not to enter into a lease for Hangar No. 4 as previously expected. With this decision by British Airways Board staff was free to speak with United Airlines for the leasing of Hangar No. 4.

Negotiations have been substantially completed with United Airlines, Inc. for a ten-year lease for the entire Hangar No. 4 facility and related outside areas at an initial approximate annual rental of \$654,920 and escalating to \$883,525 per year. This annual rental is based on the following rental rates and approximate areas and is consistent with the rates recently negotiated for comparable properties:

	Approximate Annual Building Rentals	Approximate Annual Land Rentals	Approximate Total Annual Rentals
5/1/86 to 4/30/89	\$504,920 (91,803 sq. ft. at \$5.50 per sq. ft.)	\$150,000 (7.5 acres at \$20,000 per acre)	\$654,920
5/1/89 to 4/30/93	\$596,720 (91,803 sq. ft. at \$6.50 per sq. ft.)	\$172,500 (7.5 acres at \$23,000 per acre)	\$769,220
5/1/93 to 4/30/96	\$688,525 (91,803 sq. ft. at \$7.50 per sq. ft.)	\$195,000 (7.5 acres at \$26,000 per acre)	\$883,525

Recent acquisition by United of Pan American's far eastern routes has created an additional need for hangar space to service United's long haul 747SP aircraft. United intends to use the facility to service this aircraft as well as providing service for others.

Under the terms of the lease, the Port Authority will provide, and United will pay, for electricity and domestic water on a metered basis. United will also reimburse to the Port Authority their prorated share of operating the boiler room serving the Hangars No. 3, 4 and 5 complex. The Port Authority will retain responsibility for certain items including insurance, structural integrity, roof repairs, and maintenance of specific components of the fire protection system serving Hangars No. 3 and 4.

It was therefore recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into an agreement of lease with United Airlines, Inc. for Hangar No. 4 and related outside areas at Kennedy International Airport, all in accordance with the foregoing.

(Board - 6/12/86)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into a ten-year lease with United Airlines, Inc. commencing on or about May 1, 1986 for Hangar No. 4 and related outside areas at Kennedy International Airport at an approximate annual rental of \$654,920 and escalating to \$883,525 per year over the term of the lease, all in accordance with the foregoing; the form of the agreement to be subject to the approval of General Counsel or his designated representative.

(Board - 6/12/86)

Kennedy International Airport - Hangar No. 5 and Related Outside Areas - Lease with Air Express International Corp.

It was reported that the Board at its meeting of November 8, 1984 authorized the Executive Director to enter into an agreement with TMA providing for the surrender of TMA's lease for Hangar No. 5 and related outside areas at Kennedy International Airport effective on or about December 31, 1984, and to pay to TMA a sum of \$600,000 for its investment for improvements and equipment at the leased premises. At the same meeting the Board also authorized the Executive Director to enter into a ten-year lease agreement, effective on or about January 1, 1985, with Air Express International (AEI) for the same premises at an annual rental of approximately \$584,928 during the first five years of the lease and \$725,268 during the second five years of the lease, plus facility rental of \$112,792 per year to amortize the payment made to TMA for its capital investment in the facility.

Due to the purchase of a new AEI stock issue by Pittson Industries and the resulting change in AEI's management, AEI was unable to execute the lease prior to the January 1985 date. In addition, there was the possibility that the Port Authority might require the entire second floor lean-to area of Hangar No. 5, which was to be included as part of the leased premises, in order to install the computer system for the Port Authority's Air Cargo Fast Flow system. Negotiations continued with TMA and AEI's new management to conclude arrangements and the Board, by resolution of August 8, 1985, amended the effective date of TMA's surrender to be on or about October 31, 1985 and further amended the AEI lease commencement date, among other things, to be on or about November 1, 1985.

In September 1985, as the surrender and lease agreements were being finalized, The Port Authority was advised that the Government of Lebanon had sequestered TMA and appointed new management. The Port Authority was, therefore, precluded from entering into an agreement with TMA until it was decided who in fact could execute such a surrender agreement for the Hangar No. 5 premises. Subsequently, the Port Authority brought suit against TMA in the Civil Court of the City of New York. TMA brought counter claims against the Port Authority seeking \$2.6 million less amounts due and owing to the Port Authority for rent and related charges. A negotiated out of court settlement in the amount of \$275,000 was agreed upon. By Memorandum of Justification dated February 18, 1986, authorization was received from the Executive Director to pay this amount to TMA.

Due to the above mentioned litigation with TMA, lease negotiations with AEI were held in abeyance. Negotiations have now been substantially completed with AEI to enter into a ten-year lease for Hangar No. 5, excluding the second floor, commencing on or about June 15, 1986 at the following rentals:

(Board - 6/12/86)

Approximate Annual Rentals

		Eff. 6/15/86 - 6/14/91		Eff. 6/15/91 - 6/14/96	
		Annual Sq. Ft. Rate	Yearly Rental	Annual Sq. Ft. Rate	Yearly Rental
Cargo Area	66,515 sq. ft.	\$5.00	\$332,575	\$6.25	\$415,718
First Floor	13,355 sq. ft.	5.00	66,775	6.25	83,468
A/C Ramp	102,192 sq. ft.	.50	51,096	.60	61,315
Truck Pkg	133,380 sq. ft.	.50	66,690	.60	80,028
Total Building & Land Rental			\$517,140	\$640,530	

In addition, AEI will pay the aforementioned facility rental of \$112,792 per year and the Port Authority, if requested by AEI, will reimburse AEI a sum not to exceed \$400,000 for improvements to the premises with AEI obligated to repay the amount, as extra facility rental, over the remaining term of the lease at a monthly factor of .015824 for each dollar of Port Authority payment including an amount imputed monthly at a factor of .010208 on all payments made prior to the commencement of the payment of extra facility rental. The monthly facility rental factor, as aforesaid, is based on an 8½-year extra facility rental payment period and would be subject to adjustment for any different payment period.

A security deposit in the amount of \$165,000 or an appropriate letter of credit in lieu thereof, will be required. Should AEI request the Port Authority to fund their improvements, an additional security deposit will be required equal to 5% of such funding.

It was therefore recommended that the Executive Director be authorized for and on behalf of the Port Authority to enter into an agreement of lease with Air Express International Corporation at Kennedy International Airport, all in accordance with the foregoing.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the resolutions adopted by the Board at its meetings on November 8, 1984 and August 8, 1985 authorizing the Executive Director to enter into a ten-year lease agreement with Air Express International Corporation (AEI) for Hangar No. 5 and related outside areas at Kennedy International Airport be amended in accordance with the foregoing; the form of the agreement to be subject to the approval of general counsel or his designated representative.

(Board - 6/12/86)

Newark International Airport - General Cleaning - Contract PSE-447

It was reported that the Board, at its meeting on May 10, 1984, authorized the award of Contract PSE-396, General Cleaning at Newark International Airport to Control Building Services, Inc., the lowest qualified bidder, and authorized the Executive Director, at his discretion, to extend the contract for two additional two-year periods in accordance with the terms of the contract. This contract included cleaning of the Central Tolls Plaza, the Facility Administration/Police Garage Building, and the newly operational Federal Inspection Service's (FIS) area in Terminal C.

The initial two-year term of Contract PSE-396 will expire on May 31, 1986. The scope of work has changed significantly since the contract was first prepared and bid in May 1984, as a result of the activation of additional offices, the mezzanine level and the departure level in Terminal C and the addition of supervision to all tours.

Contract PSE-447, which reflects these changes in scope, was publicly advertised and bids were solicited from 173 vendors. On March 17, 1986, the following bids were received:

*Triangle Maintenance Corp. New York, New York	\$1,092,356
**Motley's Shampooing Co. Bloomfield, New Jersey	1,133,104
Porterhouse Cleaning & Maintenance Service Co., Inc. Edison, New Jersey	1,161,173
Ebon Services International, Inc. Newark, New Jersey	1,210,596
*DTM, Inc. Hempstead, New York	1,227,386
Aetna Maintenance, Inc. East Hanover, New Jersey	1,234,247
Control Building Services, Inc. Secaucus, New Jersey	1,266,087
Pritchard Services, Inc. West Orange, New Jersey	1,273,745
Kleen-Rite Corp. Avon, New Jersey	1,306,613
B&W Service Industries, Inc. Inglewood, California	1,342,482

(Board - 6/12/86)

Allied Building & Airport Services, Inc. New York, New York	\$1,370,664
Metropolitan Maintenance Co., Inc. Nutley, New Jersey	1,404,708
Servair, Inc. McLean, Virginia	1,422,648
Maintenance Pace Setters, Inc. Buffalo, New York	1,427,209
Hispanic Maintenance Services, Inc. White Plains, New York	1,464,929
Urban Cleaning Contractors, Inc. Pelham Manor, New York	1,555,873
*See Clear Maintenance Corp. Bronx, New York	1,558,250
International Service System, Inc. Jersey City, New Jersey	1,728,800
STAFF ESTIMATE	\$1,292,000

Porterhouse Cleaning & Maintenance Service Co., Inc., a minority contractor, has been determined to meet all of the contractual requirements and is qualified to perform the work. Porterhouse Cleaning & Maintenance Service Co., Inc. has performed satisfactorily on other Port Authority janitorial services contracts. Staff therefore recommends that the Board award Contract PSE-447, Newark International Airport, General Cleaning, to Porterhouse Cleaning & Maintenance Service Co., Inc. in the estimated amount of \$1,161,173.

It was therefore recommended that the Executive Director be authorized for and on behalf of the Port Authority to award Contract PSE-447 for general cleaning at Newark International Airport to Porterhouse Cleaning & Maintenance Service Co., Inc., all in accordance with the foregoing.

*These bids noted above were deemed non-responsive in that they were not in accordance with the provisions of the contract providing for payment of at least the average wages and supplemental benefits specified therein.

**This bid was deemed non-responsive in that Motley's Shampooing Co. did not meet the prerequisite for the contract of having the required number of full-time employees.

(Board - 6/12/86)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director to: (1) award Contract PSE-447, Newark International Airport, General Cleaning, covering the cleaning of the Central Tolls Plaza, the Facility Administration/Police Garage Building and the operational areas in Terminal C, including the Federal Inspection Service (FIS), office areas, mezzanine and departure levels at Newark International Airport, to Porterhouse Cleaning & Maintenance Service Co., Inc., the lowest responsive bidder, at its bid price of \$1,161,173, exclusive of a 10% extra work allowance, for a two-year term effective June 1, 1986 and (2) authorize the Executive Director to exercise, at his discretion, two additional one-year extensions to the contract, with the compensation due the contractor to be adjusted at the commencement of each renewal period based upon the contractor's actual cost for labor, applicable taxes, insurance required by law and supplemental benefits during the prior year of the contract as determined by audit and the projected costs for the same during the extension period, exclusive of a 10% allowance for extra work; and it is further

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

(Board - 6/12/86)

All Airports and Heliports - Revision to Schedule of Charges for Air Terminal - Free Use of Air Terminal

It was reported that on March 4, 1954, the Committee on Operations adopted a revision extending the free use of the air terminals to aircraft operated by agencies of local governments located within the Port District and other local government agencies with whom the Port Authority may enter into reciprocal fee waiver agreements.

The New Hampshire State Police requested a waiver of aircraft landing fees on October 30, 1985 in a letter to the Director of Aviation, which was denied on December 3, 1985. The request was denied as the State of New Hampshire did not conform to any of the current exempt categories. On January 30, 1986, New Hampshire again requested an exemption in a letter to the Chairman which was accompanied by endorsements from the Superintendents of the New York and New Jersey State Police. The endorsements cited the close working relationships among the respective State Police units and the mutual benefits to be derived from the grant of the exemption not only with regard to criminal investigations but other official missions.

Upon staff discussion, it was determined that the merits of New Hampshire State Police's request as well as future requests by similarly situated agencies outweigh the de minimis loss of revenue. Furthermore, granting such an exemption at the discretion of the Director of Aviation eliminates the possible need of further administrative approval by the Board.

It is therefore recommended that the Board approve amendments to existing categories and the inclusion of an additional category eligible for the free use of the public landing area by: amending categories 1b. "the State of New York" and 1c. "The State of New Jersey" by inserting the phrase "and their agencies;" and adding a new category "States other than New York and New Jersey and their agencies with whom the Port Authority may enter into reciprocal fee-waiver agreements wherever practical at the discretion of the Director of Aviation." This new category is to be inserted in the Schedule of Charges - Free Use of Public Landing Area after "The State of New Jersey" and designated 1.d. Existing classifications 1.d. and 1.e. will be reclassified as 1.e. and 1.f.

It was therefore recommended that the Schedule of Charges at Kennedy International, LaGuardia, Newark International and Teterboro Airports and the Port Authority West 30th Street and Downtown Heliports be revised in accordance with the foregoing.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board adopt a revision to the Schedule of Charges at Kennedy International, LaGuardia, Newark International and Teterboro Airports and Port Authority West 30th Street and Downtown Heliports relating to the free use of air terminals. The revision would amend the current classes of aircraft permitted free use of the air terminal to include aircraft owned, leased or chartered by the agencies of the States of New York and New Jersey and all other States and their agencies with whom the Port Authority may enter into reciprocal fee-waiver agreements wherever practical, at the discretion of the Director of Aviation.

(Board - 6/12/86)

The World Trade Department - Newark Legal and Communications Center - Contract LCC-705.006 - Foundations - Award

It was reported that Contract LCC-705.006 requires the contractor to furnish and install the foundation system for the Newark Legal and Communications Center Office Building. Specifically, the contractor will be responsible for the furnishing and placement of augered cast piles, the associated excavation as required for the piles, load testing of the piles, pile-caps, grade beams, pit slabs and walls, waterproofing of the finished installation as required and site dewatering.

Additionally, the contract will include the installation of a segment of the foundation wall of the garage for the Center. Although this portion of the construction is not a part of the office building, the placement is required at this time so that utility relocation can proceed without delay. The NEDC Riverfront Corporation is responsible for the construction of the garage and for reimbursement of the cost of the garage foundation wall.

Mueser Rutledge Consulting Engineers (foundation advisor for the Newark Legal and Communications Center project) has recommended that foundation piles for the Newark Legal and Communications Center be of the augered cast-in-place type so as to minimize any possible impact on the Passaic Valley sewer directly adjacent to the Newark Legal and Communications Center site.

Due to the specialized expertise required to install augered cast piles, staff recommends that the bidding be restricted to those few firms which possess the specialized skills necessary to perform the requirements of the contract. To date, staff has identified only three firms which may possess the necessary skills, and is investigating their qualifications to perform the specialized construction required in order that proposals for the contract may be solicited.

Staff had determined that in order for the Newark Legal and Communications Center to be ready for occupancy by mid-1987, it is crucial to proceed with this phase of construction at this time so that it may be coordinated with the completion of the excavation work, previously awarded under Contract LCC-705.005.

It was therefore recommended that the Board authorize:

1. the solicitation of proposals from a limited number of qualified foundation contractors on Contract LCC-705.006, Newark Legal and Communications Center, Foundations; and

2. the Committee on Construction to authorize the Executive Director, in his discretion: (a) to award the contract to the contractor who submits the lowest proposal, and who, in his opinion, is qualified by reason of responsibility, experience and capacity to perform the contract and whose proposal price the Executive Director deems reasonable, and to order extra work up to an amount of 10% of the amount of the proposal accepted; (b) to reject all proposals or (c) to negotiate with one or more of the contractors who submit proposals, or who may subsequently be identified as qualified to do the work, and to enter into a contract for performance of the work with that contractor which he deems qualified by reason of responsibility, experience and capacity to perform the contract and whose proposal price he deems reasonable, and to order extra work up to the amount of 10% of the amount of the negotiated contract price.

(Board - 6/12/86)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the solicitation of proposals from a limited number of qualified foundation contractors on Contract LCC-705.006, Newark Legal and Communications Center, Foundations, is authorized; and it is further

RESOLVED, that the Committee on Construction is authorized to authorize the Executive Director, in his discretion: (a) to award the contract to the contractor who submits the lowest proposal, and who, in his opinion, is qualified by reason of responsibility, experience and capacity to perform the contract and whose proposal price the Executive Director deems reasonable, and to order extra work up to an amount of 10% of the amount of the proposal accepted; (b) to reject all proposals; or (c) to negotiate with one or more of the contractors who submit proposals, or who may subsequently be identified as qualified to do the work, and to enter into a contract for performance of the work with that contractor which he deems qualified by reason of responsibility, experience and capacity to perform the contract and whose proposal price he deems reasonable, and to order extra work up to the amount of 10% of the amount of the negotiated contract price.

(Board - 6/12/86)

The World Trade Department - The Teleport - Naming of Interior Roadways

It was reported that in order to forward the process of obtaining a unique postal zip code and permanent mailing address for tenants at The Teleport, it has become necessary to officially name The Teleport's primary interior roadway, tentatively named Teleport Drive. The roadway was constructed under Contracts TP-110.002, "Paving & Utilities 1A" and TP-110.006, "Paving & Utilities Phase 1B" and is nearing completion.

It was therefore recommended that the Board authorize the naming of the interior roadway of The Teleport as Teleport Drive.

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

RESOLVED, that the primary interior roadway of The Teleport be and it hereby is named Teleport Drive.

(Board - 6/12/86)

Engineering Department Structural Integrity Program - Authorization to Award "Call-In" Contracts

It was reported that during the fall of 1984 the Infrastructure Design Division was created to insure that the Structural Integrity Program is fully implemented at all Port Authority and PATH facilities. To date, as immediate structural integrity problems have been identified, they have been corrected by ordering extra work to existing contracts, by entering into supplemental agreements under existing contracts and by preparing new contracts. It is staff's opinion that these vehicles are time consuming and costly in responding to the structural integrity problems which require a quick response to insure public safety and/or to maintain essential facility operations. Accordingly, staff recommends that "call-in" contracts be entered into for handling all immediate structural integrity problems of all line departments when SEMAC forces are not available or do not have the proper expertise to perform the work.

These contracts will also provide necessary support to Engineering Department staff or professional advisory service firms retained by the Engineering Department during the performance of the structural integrity inspections at all Port Authority/PATH facilities, by providing construction services such as rigging, scaffolding, shoring and removal and restoration of building finishes for inspection access. Each contract will also contain separate fee schedules for assistance in scheduled structural integrity inspections and for making the required repairs on an immediate response basis, if required. These different fee schedules are required in order to reflect non-premium and premium rates for the different response time.

Because of the nature of the work, bids on these contracts will be solicited from New York and New Jersey contractors who are experienced and capable of performing the work; are known to have previously performed satisfactory work for the Port Authority and can respond with sufficient labor, equipment and materials to perform the work on a timely basis. Where possible, bids will be solicited from Minority Business Enterprises.

"Call-In" contracts will be prepared for every facility or group of facilities based upon the location and type of facility, and the ease of contract administration.

The successful bidder on each contract will be compensated at an amount equal to the net cost of the work plus a sliding fee based on the amount of the net cost of the work. Proposals will be compared, based on a weighted average fee to be computed using the sliding fee percentage inserted by the bidders in a fee schedule based on various amounts of net cost.

Since the contract provides for an immediate action response within 24 hours of an immediate action request, work under this contract may be performed during nighttime and weekend hours.

It was therefore recommended that the Board authorize the Chief Engineer to award "call-in" contracts for structural integrity work at various facilities, each not to exceed \$1 million, unless approved by the Executive Director, and, in any case, the total aggregate amount of all contracts not to exceed \$7 million.

(Board - 6/12/86)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Chief Engineer is authorized to award "call-in" contracts for structural integrity work at various facilities, each not to exceed \$1 million, unless approved by the Executive Director, and, in any case the total aggregate amount of all contracts not to exceed \$7 million; and it is further

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

Whereupon, the meeting was adjourned.

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES
Thursday, July 10, 1986

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MINUTES of meeting of The Port Authority of New York and New Jersey held Thursday, July 10, 1986, at the Port Authority offices, One World Trade Center, City, County and State of New York. (277)

PRESENT:

NEW JERSEY

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

NEW YORK

Robert F. Wagner, Vice-Chairman
James G. Hellmuth
Howard Schulman
John G. McGoldrick
H. Carl McCall

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, Superintendent of Police, Public Safety
Eugene J. Fasullo, Deputy Director of Engineering/Deputy Chief Engineer
Louis J. Gambaccini, Assistant Executive Director/Trans-Hudson Transportation
Frank Garcia, Deputy Director of Economic Development
Gene Gill, Director of General Services
Francis A. Gorman, Comptroller
John Hauptert, Acting Treasurer
Charles L. Hirsch, Executive Assistant to the Executive Director
Christine Johnson, Acting Assistant Director/Transportation Services, Planning and Development
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 and Budget
Katharine B. MacKay, Assistant Executive Director/Administration
Mark Marchese, Assistant Director, Information Services, Public Affairs
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
Rosemary Scanlon, Assistant Director of Planning and Development
Victor T. Strom, Director of Public Safety
Guy F. Tozzoli, Director of World Trade
Joseph L. Vanacore, Assistant Executive Director/Capital Programs
Barry Weintrob, Chief Financial Officer and Director, Finance Department
Kristina Weisenstein, Administrative Assistant
Marshal L. Wilcox, Jr., Assistant Chief Financial Officer

The meeting was called to order by the Chairman.

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of June 12, 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 July 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 July 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 July 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 July 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 - 7/10/86)

1986 Budget - January 1 through September 30, 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, March 13, 1986, April 10, 1986, and May 8, 1986, the Board's confirmation of the Executive Director's authority was extended, most recently through July 31, 1986. 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 Governors' 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 September 30, 1986.

It was therefore recommended that the Board confirm that the Executive Director is authorized through September 30, 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.

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 September 30, 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 - 7/10/86)

Port Authority World Trade Center Offices - 1986 Modular Workstation and Office Furniture Purchases

The purchase of approximately 700 workstations is required during the remainder of 1986 for among other reasons, the replacement of rented furniture, and that portion of the existing workstations which have been rendered unserviceable due to ordinary "wear and tear". At the same time, these purchases will facilitate the implementation of the downsizing of the Port Authority's World Trade Center offices in order to maximize the number of staff that can be accommodated. In light of the actual and projected increases in the number of staff located or to be located at The World Trade Center, the amount of space allocated to individual offices will be reduced from 170 square feet to 128 square feet for executive level staff (levels B-8 and above) and, from 100 square feet to 64 square feet for all other management and clerical staff. This downsizing of individual space standards will result in an average increase of 10 to 12% in the staffing capacity of each floor by adding approximately 20 workstations per floor.

The purchase of new space-saving modular workstations is integral to the implementation of the downsizing program. These modular units increase the efficient use of a given workspace because overhead files can be suspended from, and lateral files and work surfaces buttressed against, workstation panels. Experience with test modular workstations located in the Economic Development, General Services and World Trade Departments has confirmed the utility of this feature.

At present, the Port Authority's floors at The World Trade Center are in an "open office" configuration utilizing freestanding wall panels. The existing panels, which require supporting feet that protrude into the aiseways, are highly inefficient in that they cannot support shelves and other work surfaces. Also, the current freestanding desks and file storage units cannot physically fit into the new space standards of 128 and 64 square feet. Therefore, new workstations will have to be purchased.

The existing workstation panels and office furniture were purchased when Port Authority headquarters moved to The World Trade Center in 1973 and many units are in need of complete repair or replacement. Furthermore, the original manufacturer is no longer producing the existing panels so parts or replacements are not readily available. As new workstations are acquired, usable old partitions and freestanding furnishings will be distributed to other Port Authority offices where possible and appropriate, or they will be sold as surplus.

A committee of Port Authority staff experts headed by the Senior Consultant Architect was convened to evaluate a variety of modular workstation units. The office systems produced by sixteen different manufacturers were reviewed for their strength of construction, ease of maintenance, flexibility for varied configuration and aesthetics. In order to identify which of these products would meet the Port Authority's revised needs due to downsizing, during the past two years, staff conducted an evaluation through showroom and factory inspections, visits to other offices using various modular systems, and on-premises tests of selected brand-name workstations.

(Board - 7/10/86)

As a result of this evaluation, the committee has identified three manufacturers with acceptable product lines: All Steel, Corry-Jamestown Co. and Knoll-Zapf. The Port Authority will limit the solicitation of bids for the purchase of workstations to the authorized distributors of these manufacturers' workstations and such other manufacturers whose workstations are deemed acceptable by the selection panel or its successor in function.

The estimated cost of the purchase of the approximately 700 workstations required in 1986 is approximately \$4.6 million. Funds remain in the 1986 Budget to pay for these purchases. Further, the Port Authority will use its best efforts to see to it that MBEs and WBEs participate in the purchase program. A goal of 10% of the total purchase cost will be sought for MBE/WBE participation.

Approximately \$1.5 million has been expended since January 1986 for the purchase of 200 modular workstations for the Economic Development and Engineering Departments, as well as additional furnishings for reception areas and conference rooms. These purchases fell within expenditure levels which permitted authorization by the Executive Director and were undertaken to meet the need for workstations for new headquarters staff. The workstations which will be purchased over the remainder of 1986 will be used to downsize and refurbish four full floors in The World Trade Center (approximately 650 workstations) to relocate the Personnel Department's Operations Division and to create a Port Authority reception area for personnel applicants and other official visitors on the 44th floor sky lobby (approximately 50 workstations).

It was therefore recommended that the Board authorize the Executive Director to either award contracts during 1986 for the purchase and installation of approximately 700 modular workstations and additional conference room and reception area furnishings for Port Authority offices at The World Trade Center 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 contract and whose bid price the Executive Director deems reasonable, and to order extra work up to the amount of 10% of the bid accepted, or to reject all bids, at a total estimated expenditure of \$4.6 million.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized, in his discretion, to either award contracts during 1986 for the purchase and installation of approximately 700 modular workstations and additional conference room and reception area furnishings for Port Authority offices at The World Trade Center 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 contract and whose bid price the Executive Director deems reasonable, and to order extra work up to the amount of 10% of the bid accepted, or to reject all bids, at a total estimated expenditure of \$4.6 million; and it is further

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

(Board - 7/10/86)

Purchase of Owner Controlled Insurance Program - Workers' Compensation and Public Liability Insurance - All Port Authority and PATH Construction and Maintenance Contracts

It was reported that the current crisis in the world insurance marketplace has impacted heavily on the construction and maintenance industry such that contractors are experiencing both severe increases in premiums, which are generally passed through to owners in the overall costs of contracts, and, in some cases, an unavailability of the insurance required to bid for construction and maintenance contracts. These factors eliminate otherwise qualified contractors from consideration by project owners and developers and, in the Port Authority's case, may imperil its ability to meet its commitment to carry out the long-range Capital Program.

To address these problems, an interdepartmental task force was created to evaluate the potential of establishing an overall construction and maintenance insurance program. Recognizing that the Port Authority provided insurance for contractors as early as 1952 at the Lincoln Tunnel Third Tube Project, and that the Port Authority subsequently purchased similar insurance programs for the Rehabilitation Projects for LaGuardia and Newark International Airports, the initial World Trade Center Project, the Journal Square Transportation Center, the Consolidated Passenger Ship Terminal and the initial Bus Terminal Extension and subsequent Bus Terminal Extension and Modernization Projects, the task force concluded that the concept of an Owner Controlled Insurance Program was appropriate. Staff of EBASCO Risk Management Consultants, Inc. have indicated that they believe that this type of program is appropriate for the Port Authority.

Under the Owner Controlled Insurance Program, the Port Authority will purchase both public liability insurance, in total limits of \$75 million per occurrence, and statutory workers' compensation insurance on behalf of contractors, subcontractors and inspection firms engaged in work under all Port Authority and PATH construction, maintenance and inspection contracts advertised for bid or negotiated on or after July 1, 1986. Underwriters have indicated that coverage may be made available to an individual contractor, subcontractor or inspection firm engaged in work under a contract executed prior to July 1, 1986 in the event such contractor, subcontractor or inspection firm cannot complete work under the contract solely due to its inability to continue to obtain the insurance required by the contract.

The Owner Controlled Insurance Program permits underwriters to provide the appropriate coverages in substantial limits based on the large volume of aggregate premium generated by the construction and maintenance work under the Port Authority's Capital Program and due to the Port Authority's outstanding loss record achieved through its extensive safety and risk control programs. In addition, staff expects the Owner Controlled Insurance Program to generate substantial premium savings over contractor-provided insurance, even if it were available. It is conservatively estimated that, based on representative rates currently being paid by individual contractors and on the published rates of the rating organizations, that savings equivalent to 1.5% of payments to contractors can be realized, which is equivalent to approximately \$5 million annually, resulting from insurance mass purchasing, a centrally coordinated safety program, reductions in administrative costs and the elimination of litigation between contractors.

(Board - 7/10/86)

The Owner Controlled Insurance Program will also provide insurance protection under substantially more favorable terms and conditions than would be possible under contractor-provided insurance policies, where carriers have imposed far more restrictive terms, including shorter notice of cancellation provisions, the exclusion of previously covered perils, narrower definitions of covered events and limitations on the time available for filing claims. The Owner Controlled Insurance Program will be written on an occurrence basis, whereby the coverages will respond to losses occurring during the policy period without restriction as to the time a claim is filed, as opposed to the increasing amount of insurance contractors must purchase on a "claims-made" basis, which provides coverage only for losses occurring during and reported in the policy period, a restriction which could substantially increase the potential for an uncovered claim. In contrast, the insurers underwriting the Owner Controlled Insurance Program will provide coverage under a policy with terms and conditions tailored to the Port Authority's needs.

With the approval of the Executive Director, staff worked with broker, Hamond & Regine, Inc., who with broker, C.E. Heath & Co., Ltd. in London, has negotiated with various insurance carriers to secure firm proposals for the required coverages. As a result, the National Union Fire Insurance Company of Pittsburgh, Pennsylvania (National Union) has provided a firm proposal for statutory workers' compensation insurance, effective July 1, 1986 for an indefinite term (subject to rights of cancellation), with premium based on standard New York and New Jersey Workers' Compensation Manual Rules and Rates in effect during the initial eighteen-month period, to be paid at a rate for the initial eighteen months of the program of up to \$2 per \$100 of contract payments actually made during the eighteen-month period, subject to an annual retrospective rating adjustment which could reduce the premium rate based on favorable loss experience. An initial deposit premium of \$1,666,667 is required, as well as quarterly deposit premiums thereafter, based on projected contract payments in each ensuing quarter. Staff estimates that, based on projected contract payments during the first eighteen months of coverage, the premium for the eighteen-month period will not exceed \$8.7 million.

National Union will also provide primary public liability insurance, in a limit of \$1 million per occurrence each insured, subject to an aggregate limit of \$5 million per occurrence all insureds combined, effective July 1, 1986 for an indefinite term (subject to rights of cancellation), at a premium rate for the initial eighteen months of the program of up to \$1.11 per \$100 of contract payments actually made during the eighteen-month period, subject to an annual retrospective rating adjustment which could reduce the rate based on favorable loss experience. An initial deposit premium of \$775,000 is required, as well as quarterly deposit premiums thereafter, based on projected contractor payments in each ensuing quarter. Staff estimates that, based on projected contract payments during the first eighteen months of coverage, the premium for the eighteen-month period will not exceed \$4.9 million.

Both the workers' compensation and primary public liability rates proposed by National Union for the Owner Controlled Insurance Program compare favorably with the rates currently being charged for similar coverages under The World Trade Center-Bus Terminal Expansion projects, which are \$1.72 for workers' compensation and \$1.918 for primary public liability, respectively.

(Board - 7/10/86)

In addition to statutory workers' compensation and primary public liability insurance, National Union has also provided a firm proposal for public liability insurance in limits of \$3 million per occurrence, aggregate for all insureds combined, in excess of \$1 million of primary coverage, effective July 1, 1986 for an indefinite term (subject to rights of cancellation), at a premium cost for the initial year of the program of \$1.5 million. The premium cost for this coverage will be reviewed annually in light of the exposures identified in, and the volume of, the construction, maintenance and inspection contracts to be let in each ensuing year and in light of the loss experience developed to that point.

National Union is a member of the American International Group (AIG) and has been providing coverage for construction activities at The World Trade Center and Bus Terminal projects since January 1, 1982. In addition, AIG companies have provided Port Authority purchased insurance programs for the initial World Trade Center-Hudson Tubes project and for the Journal Square Transportation Center project. AIG companies hold a policyholders' rating of A+ (Excellent) and a financial size category of XV (on a scale of I to XV) in the 1985 Best's Insurance Reports (Property-Casualty edition).

Finally, Hamond & Regine, Inc. and C.E. Heath & Co., Ltd. have also provided a firm proposal from Lloyd's Underwriters and other London insurers to provide public liability insurance in limits of \$71 million per occurrence, aggregate for all insureds combined, in excess of \$4 million of underlying coverage, effective July 1, 1986 for an indefinite term (subject to rights of cancellation), at a premium rate for the initial eighteen months of the program of \$1.76 per \$100 of contract payments actually made during the eighteen-month period, subject to deposit premiums of \$700,000, \$2,750,000 and \$2,750,000 for the six-month periods beginning July 1, 1986, January 1, 1987 and July 1, 1987, respectively, and which results in an aggregate minimum premium for the eighteen-month period of \$6.2 million. Staff estimates that, based on projected contract payments for the initial eighteen months of coverage, the premium for the eighteen-month period will not exceed \$7.5 million. This premium rate will be reviewed at the end of the initial eighteen-month period in light of the exposures identified in, and the volume of, the construction, maintenance and inspection contracts to be let in the ensuing period and in light of loss experience developed to that point.

The workers' compensation and public liability insurance coverages provided by National Union provide for cancellation by either the Port Authority or the insurers upon 120 days' written notice of cancellation. The \$71 million of excess public liability insurance provided by Lloyd's Underwriters and other London insurers is also subject to cancellation on 120 days' written notice by either the Port Authority or the insurers; however, these insurers have agreed that coverage provided to any contractor, subcontractor or inspection firm prior to the issuance of any notice of cancellation would continue in force until the completion of that contractor's, subcontractor's or inspection firm's work regardless of the effective date of the cancellation stated in the notice. This provision assures that the Port Authority's obligation to provide insurance under executed contracts would be fulfilled even in the event that \$71 million of excess public liability coverage under the Owner Controlled Insurance Program might be cancelled.

(Board - 7/10/86)

Recommendation was made that the Board authorize the purchase of workers' compensation and public liability insurance, under an Owner Controlled Insurance Program, on behalf of contractors, subcontractors and inspection firms engaged in work under all Port Authority and PATH construction and maintenance and inspection contracts, where insurance is normally required, through brokers, Hamond & Regine, Inc. and C.E. Heath & Co., Ltd., as follows:

1. Workers' Compensation Insurance covering contractors and subcontractors engaged in work under construction, maintenance and inspection contracts from National Union Fire Insurance Co. of Pittsburgh, Pennsylvania (National Union), effective July 1, 1986 for an indefinite term (subject to rights of cancellation), with premium based on standard New York and New Jersey Workers' Compensation Manual Rules and Rates in effect during the initial eighteen-month period, to be paid at a rate of up to \$2 per \$100 of contract payments actually made during the eighteen-month period, at a total cost for the initial eighteen months of coverage in the total estimated amount of \$8.7 million;

2. Public Liability Insurance providing primary coverage in a limit of \$1 million per occurrence each insured, subject to an aggregate limit of \$5 million per occurrence for all insureds combined, from National Union, effective July 1, 1986 for an indefinite term (subject to rights of cancellation), at a premium rate for the initial eighteen months of coverage of up to \$1.11 per \$100 of contract payments actually made during the eighteen-month period, at a total cost for the initial eighteen months of coverage in the total estimated amount of \$4.9 million;

3. Public Liability Insurance providing coverage in a limit of \$3 million per occurrence, aggregate for all insureds combined, in excess of \$1 million primary coverage, from National Union, effective July 1, 1986 for an indefinite term (subject to rights of cancellation), at a premium cost for the initial year of coverage of \$1.5 million; and

4. Public Liability Insurance providing coverage in a limit of \$71 million per occurrence, aggregate for all insureds combined, in excess of \$4 million of underlying coverage, from Lloyd's Underwriters and other London insurers, effective July 1, 1986 for an indefinite term (subject to rights of cancellation), at a premium rate for the initial eighteen months of coverage of \$1.76 per \$100 of contract payments actually made during the eighteen-month period, at a total cost for the initial eighteen months of coverage in the total estimated amount of \$7.5 million.

Approved.

(Board - 7/10/86)

**Kennedy International Airport - Buckeye Pipe Line Company Extension of License Agreement
AY-280 and Lease AYA-196**

It was reported that on September 9, 1965, the Board authorized the Executive Director to enter into a nine-year license agreement with the Buckeye Pipe Line Company ("Buckeye") granting it permission to construct and operate two pipelines at Kennedy International Airport. Both twelve-inch pipelines originate in Linden, New Jersey, and extend across Staten Island and Brooklyn to the bulk fuel farm at the airport where they now terminate. One of the pipelines carries virtually all the jet aircraft fuel coming into the airport; with a small amount arriving by barges. The license agreement would have permitted Buckeye to extend the other pipeline, which has not been used, through the airport along its northern boundary and into Nassau County. Buckeye has never exercised this right. This license agreement has been extended once since 1965 and now expires on December 31, 1987. Buckeye now wishes to extend the other pipeline through the airport, following a routing along the shoreline of Bergen Basin and the airport's undeveloped southern and eastern boundaries and into Nassau County. Buckeye expects to invest approximately \$11 million in the pipeline extension and use it for the transportation of gasoline, diesel fuel and domestic heating oil.

For a 20-year extension of the license, the fee would be increased on January 1, 1988 from the current \$121,656 per year to \$325,000 per year for five years with fee adjustments for three subsequent five-year periods thereafter in proportion to the change in the Consumer Price Index for All Urban Consumers (All Items - seasonally unadjusted) ("CPI").

On September 9, 1965, the Board also authorized the lease to Buckeye of a site at the airport consisting of 0.588 of an acre on which it constructed Building No. 157 used in connection with the pipeline operation and Building No. 154 used for sample testing. The current lease rental of \$14,940 per year would be increased to an annual ground rental of \$15,876 and an annual building rental of \$10,452 on January 1, 1988 for five years with adjustments for three subsequent five-year periods thereafter in proportion to changes in the CPI.

In addition to the foregoing rental and fee, Buckeye would pay the Port Authority an annual through-put fee of \$.02 per barrel of fuel passing through the airport into Nassau County. This fee would be adjusted every five years in proportion to the change in the CPI. Buckeye expects to average 9,782,000 barrels of fuel through-put annually during the first five years of operation. The annual through-put fee on this volume would be \$195,640. For the second five years Buckeye forecasts an annual through-put of 12,775,000 barrels, which would realize the Port Authority an annual through-put fee of \$255,500 (before the CPI adjustment). In the tenth year and thereafter Buckeye forecasts an annual through-put of up to 18,200,000 barrels, on which an annual through-put fee of \$364,000 would be due to the Port Authority (before the CPI adjustment).

If Buckeye does not commence construction of the extension before December 31, 1988, the license and lease agreements would terminate on December 31, 1992. Amendments of the license and lease may be accomplished by preparing them in restated form.

It was therefore recommended that the Executive Director be authorized, for and on behalf of the Port Authority, to enter into agreements with the Buckeye Pipe Line Company.

(Board - 7/10/86)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into agreements at Kennedy International Airport with the Buckeye Pipe Line Company amending License Agreement No. AY-280 and extending its term from its current expiration date of December 31, 1987 to December 31, 2007 and amending Lease No. AYA-196 and extending its term from its current expiration date of December 31, 1987 to December 31, 2007, all on the terms set forth above; and it is further

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

(Board - 7/10/86)

LaGuardia Airport - Taxiway CC - Paving and Utilities - Contract LGA-220.031 - Award

It was reported that the Board, at its meeting on March 13, 1986, authorized a project at LaGuardia Airport for the construction of Taxiway CC at an amount estimated at \$3.6 million, including payments to contractors, an allowance for extra work and engineering, administrative and financing expenses. The award of Contract LGA-220.031 falls within the scope of this authorization.

Contract LGA-220.031 includes the construction of pavement, taxiway lighting, drainage and guidance signs, and the removal and relocation of FAA Aircraft regulators and associated equipment and New York Telephone ducts. The telephone work is not relocation of which the contractor would bear the cost but installation of new and removal of existing ducts for the convenience of the Authority for which the Authority has traditionally paid.

The contract also provides for the excavation, removal and replacement of unsuitable material on a net cost basis estimated at roughly \$100,000.

A portion of the work will be performed during two 48-hour weekend shutdowns of Taxiways "E" and "G".

The contract includes a provision that the bidder 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 May 22, 1986:

	Lump Sum Amount
Willets Point Contracting Corp. Flushing, New York	\$2,492,000
Anthony Grace & Sons, Inc. Whitestone, New York	2,572,000
The Briar Contracting Corporation Peekskill, New York	2,872,318
Acme Skillman Construction Co., Inc. Maspeth, New York	3,423,000
ENGINEER'S ESTIMATE	\$2,600,000

(Board - 7/10/86)

Willetts Point Contracting Corp. 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 the Executive Director to award Contract LGA-220.031, Taxiway CC, Paving and Utilities, LaGuardia Airport to Willetts Point Contracting Corp., the low bidder, at its bid price in the amount of \$2,492,000 plus an authorization of \$249,000 for extra work and a provision for net cost work.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to award Contract LGA-220.031, Taxiway CC, Paving and Utilities, LaGuardia Airport to Willetts Point Contracting Corp., the low bidder, at its bid price in the amount of \$2,492,000 plus an authorization of \$249,000 for extra work and a provision for net cost work.

(Board - 7/10/86)

Newark International Airport - United Parcel Service Co. - Lease for Parcel Distribution Air Facility

It was reported that United Parcel Service Co. (UPS) has been operating at Newark International Airport since 1982. UPS does not have a leasehold of its own and is being handled by Butler Aviation-Newark, Inc. at the north end of the airport. The UPS operation has grown steadily to the point where UPS estimates it will handle 60,000 tons of cargo at Newark International Airport in 1986. UPS has expressed a desire for an airport site for the development of a parcel distribution air facility to meet this increasing activity.

Negotiations have been substantially completed with UPS for a lease of a site of approximately 28 acres in the south development area of the airport where it would develop, construct and operate a parcel distribution air facility. UPS has estimated that it will take approximately six months to complete construction of said facility representing a construction investment of approximately \$11 million and the lease would so require, but the Executive Director, in his discretion, would be authorized to extend the outside date of the completion of construction for a period of up to six months. The term of the lease would expire 25 years after completion of construction or December 31, 2011, whichever date first occurs, subject to the aforesaid extension of up to six months at the discretion of the Executive Director.

Effective when UPS first uses the premises, but no later than January 1, 1987 or July 1, 1987 if the Executive Director has extended the date for completion of construction as aforesaid, UPS will pay an initial annual ground rental of approximately \$852,935 consisting of a fixed amount of \$210,000 (the constant factor) and a variable amount of \$642,935 (the Airport Services factor). The constant factor of the annual ground rental is initially based on \$7,500 per acre and will be increased approximately 20% every five years after ground rental commences. Accordingly, during the second five-year period the constant factor will be increased to \$252,000 based on \$9,000 an acre; during the third five-year period it will be increased to \$308,004 based on \$11,000 an acre; during the fourth five-year period it will be increased to \$363,996 based on \$13,000 an acre; and during the final five-year period it will be increased to \$447,996 based on \$16,000 an acre. The aforesaid annual ground rentals are based on approximately 28 acres and will be adjusted based on actual measurement of the site. The Airport Services factor, which is subject to annual adjustment, is based on the Airline Master Lease adjustment which for the calendar year 1985 amounts to approximately \$23,000 per acre. In addition, UPS will pay flight fees and fuel gallonage fees in accordance with the Airline Master Lease formulas.

Since these Master Leases expire on December 31, 1998 and UPS's lease goes beyond that date, provision is made to negotiate new flight fees and fuel gallonage fees and, failing agreement, for payment based on the Port Authority's Schedule of Charges. UPS will have complete responsibility for the operation, maintenance and repair of the premises and provide property insurance.

Pursuant to the resolution of the Board, adopted at its meeting on November 8, 1984, the UPS lease will also contain provisions covering Affirmative Action/Equal Employment Opportunity and the use of Minority Business Enterprises and Women Owned Business Enterprises.

(Board - 7/10/86)

UPS will be required to procure and maintain throughout the term of the letting under the lease a contract of guaranty from United Parcel Service of America, Inc., the parent of UPS, wherein United Parcel Service of America, Inc., will guarantee the performance by UPS of all terms and conditions of the lease.

The Port Authority will provide paving and utilities to the perimeter of the site, including an access road and taxiway, underground utility systems for water, sanitary and storm drainage, and underground duct systems for electrical power distribution and communications. In order to meet UPS's expedited construction schedule, UPS will perform the foregoing work and the Port Authority will reimburse UPS for its costs as defined. The Port Authority expects to provide approximately 20,000 tons of lime-cement-flyash (LCF) under current Contract NIA-110.025 to UPS to accomplish the taxiway work.

An overflow auto parking area, restricted service road and various utility lines are located within the proposed site. In order to accomplish its development of the site, UPS would relocate the parking lot and restricted service road at its expense to other locations on the airport and pay for the relocation of the utility lines by the appropriate utility companies.

It was therefore recommended that the Executive Director be authorized, for and on behalf of the Port Authority, to enter into an agreement of lease with United Parcel Service Co. (UPS) covering approximately 28 acres of land at Newark International Airport, all in accordance with the terms set forth above.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board hereby authorizes the Executive Director, for and on behalf of the Port Authority, to enter into an agreement of lease with United Parcel Service Co. (UPS) covering approximately 28 acres of land at Newark International Airport on which United Parcel Service Co. would construct and operate a parcel distribution air facility on the terms set forth above; the form of the agreement to be subject to the approval of General Counsel or his designated representative.

(Board - 7/10/86)

Newark International Airport - Butler Aviation-Newark, Inc. - Aircraft Service Center - Surrender of Lease AN-998 - New Lease ANA-273 for Hangar 12

It was reported that the Board, at its meeting on December 9, 1982, authorized the Executive Director to enter into an agreement of lease with Butler Aviation-Newark, Inc., (hereinafter called "Butler") covering the letting of a site of approximately 37 acres of land at Newark International Airport on which Butler would design, construct and operate a major Aircraft Service Center (ASC), and under which the Port Authority would make payments of up to \$40 million for Butler's and approved subcontractor's construction, with revisions authorized by the Board, at its meeting of February 14, 1985.

Butler Aviation-Newark, Inc., a wholly-owned subsidiary of Butler Aviation International, Inc., is a fixed-base operator at Newark International Airport and provides full maintenance and repair of general aviation aircraft and aircraft parking and storage at Hangar 12 at the airport under Lease AN-267 now held on a month-to-month basis. The ASC was predicated on the economic environment at Newark International Airport as envisioned in 1981 when negotiations initially commenced, which included the established general aviation customer base at the Hangar 12 premises as well as reasonably expected future growth for corporate aviation at the airport.

Since the execution of Lease AN-998 in November 1983, Newark International Airport has experienced a spectacular growth of airline traffic. The heightened pace of activity has worsened flight delays at Newark International Airport. The Operations Committee, at its meeting on December 13, 1984, authorized the institution of a peak period flight fee surcharge effective February 1, 1985. The latest Port Authority ten-year projection of general aviation activity predicts a flat 35 thousand movements annually, which would represent a containment of general aviation at its 1982 levels. Butler feels the ASC project is no longer economically viable and tentative agreement has been reached for a surrender of Lease AN-998, and staff has agreed to accept said surrender.

Under terms of the proposed surrender agreement, Butler will not be reimbursed by the Port Authority for any costs associated with the design of the ASC, and it will lease the site preparation work in place. In addition, Butler has advised that its executed sublease agreement with Exxon Corporation will be surrendered by agreement between Butler and Exxon. The surrender would be effective as of January 1, 1986 and Butler would be relieved of its rental obligations under the lease retroactive to September 1, 1985. The annual ground rental consisted of a fixed amount of \$166,452 based on \$4,500 per acre (the constant factor) and a variable amount of \$849,351 (based on the final 1984 Airport Services factor).

Negotiations have been substantially completed with Butler for the surrender of the existing Hangar 12 Lease AN-267 and for a new lease (ANA-273) for the Hangar 12 site comprising approximately 11.413 acres of land at Newark International Airport commencing January 1, 1986 and expiring August 31, 2014, subject to termination by the Port Authority after January 1, 1991. Under the new lease Butler will pay an initial annual ground rental of \$324,266 consisting of a constant factor based on \$5,000 per acre and a variable amount which is subject to annual adjustment based on the Airport Services formula under the Airline Master Leases at the airport. The constant factor of the annual rental will be increased effective January 1, 1996 to \$7,000 per acre and increased again effective January 1, 2006 to \$8,500 per acre.

(Board - 7/10/86)

In addition to the annual ground rental, Butler will pay a percentage rental starting at 5% of specified gross receipts from its general aviation activities and escalating over the term of the lease to 15% for the last five years (2010-2014) of the lease. Butler will also pay fuel gallonage fees and aircraft lubricant fees escalated as set forth in the lease. Butler will be issued a separate privilege permit granting it permission to perform certain services for air carriers other than general aviation. The permit, which will be subject to mutual termination on 30 days' notice, will require Butler to pay a fee of 5% of gross receipts to the Port Authority.

Hangar 12 is one of the oldest structures at the airport and the new lease will provide for Butler's demolition of Hangar 12 and related facilities and construction of a new general aviation hangar on the site at an estimated construction cost of \$6.0 million. Butler will occupy Hangar 12 and provide fixed based operator services at that facility until the new hangar is constructed. It is contemplated that the new hangar will be a versatile structure that would meet the needs of Butler's fixed base operator activities at the airport but which could be converted by the Port Authority in the future upon termination or expiration of Butler's new lease into a commuter air terminal, cargo building, or other appropriate use. Under terms of the new lease, in the event the Port Authority exercises its right to terminate the lease after January 1, 1991, the Port Authority will reimburse Butler for the unamortized balance of the cost of the construction work up to \$6.0 million amortized on a straight line basis over the term of the lease from the earlier of completion of construction or January 1, 1989.

Pursuant to the resolution of the Board, adopted at its meeting on November 8, 1984, the lease will also contain provisions covering Affirmative Action/Equal Employment Opportunity and the use of Minority Business Enterprises and Women Owned Business Enterprises.

Butler will have sole and complete responsibility for the operation, maintenance and repair of the premises and provide property insurance.

Butler Aviation-Newark, Inc. will be required to procure and maintain throughout the term of the letting under the lease a contract of guaranty from Butler International, Inc., the company which wholly-owns Butler Aviation International, Inc., (the parent of Butler Aviation-Newark, Inc.) wherein Butler International, Inc., will guarantee the performance by the lessee of all terms and conditions of the lease. In the event there is a change in the said relationships of these three companies at any time during the term of the letting, the Port Authority may require substitution of other forms of security.

It was therefore recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into agreements with Butler Aviation-Newark, Inc., all in accordance with the foregoing.

(Board - 7/10/86)

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 enter into a surrender of Lease AN-998 effective January 1, 1986 with Butler Aviation-Newark, Inc., which lease covers the letting of a site of approximately 37 acres of land at Newark International Airport upon which an Aircraft Service Center was to have been built, and to enter into a new Lease ANA-273 with Butler Aviation-Newark, Inc., for the Hangar 12 site comprising approximately 11,413 acres of land including Hangar 12 at Newark International Airport on which Butler will construct and operate a new general aviation hangar and to enter into a surrender agreement with Butler for the existing Hangar 12 Lease AN-267, with the terms and provisions of the foregoing to be as outlined below; the form of said agreements to be subject to the approval of General Counsel or his designated representative.

(Board - 7/10/86)

Kennedy International Airport - Pan American World Airways, Inc. - New Hangar Leases

It was reported that at its meetings on June 14 and July 12, 1984, the Board authorized the Executive Director to enter into a lease with Pan American World Airways, Inc., covering Hangars 14, 16 and 17 and related ancillary buildings and site areas at Kennedy International Airport. Said lease has not been executed although Pan American has continued in occupancy and negotiations on the specific terms and form of that lease have continued on a regular basis since then and were recently concluded. A revised agreement has been arrived at as follows.

The prior authorization was for a fixed two-year term effective July 1, 1984 with a right in Pan American to renew for two years effective July 1, 1986. This would now be a fixed four-year term from July 1, 1984 through June 30, 1988. As before, the rental is \$5.5 million per year (\$458,333 per month) with \$228,333 per month deferred during the first two years of the term to be repaid during the last two years with deferrals to accrue and be repaid at the Citibank prime interest rate in effect on July 1, 1984. As of June 1986 the deferred rentals, which have accrued interest at the annual rate of 13%, amount to \$6,247,166. These monies are to be paid monthly, effective July 1, 1986, in the amount of \$291,917, including interest at the annual rate of 13% which would become additional rental payable under Pan American's Major Maintenance Base lease at the Airport through June 30, 1988.

As with the prior authorization, Pan American will have the right during the last two years of the term to surrender designated portions of the property. They have, in fact, already advised of their intention to surrender Hangar 14 and its related site area effective July 31, 1986. This surrender, when effective, will reduce the monthly basic rental by approximately \$210,000.

The prior authorization provided that the Port Authority would do a study of the utilization of the property and determine the best future use and, if that use were for an airline purpose, Pan American would have had the right to negotiate a new lease with a minimum term of 25 years if the use were for passenger terminal purposes and ten years for hangar purposes. The Aviation Department has determined that the property will be used for hangar and cargo purposes for at least the next ten years. Pan American would have the right to negotiate a new lease or leases for all or part of the premises for its own use for hangar and cargo purposes, said lease or leases to be effective July 1, 1988 for a minimum term of ten years. In order to exercise this right, Pan American must continue in occupancy of at least one of the three hangars forming a part of the premises through June 30, 1988 instead of the two out of three hangars or major portion requirements heretofore imposed and must not be in breach of a substantial obligation of any of its major agreements (as defined in the lease), instead of any of its agreements, as formerly imposed, with the Port Authority at any of our airports. If Pan American exercised this right to negotiate, the parties agree to negotiate in good faith as to all the terms thereof and any such new lease would be subject to the approval of the Board.

The prior authorization provided that, should the parties agree to all the terms and conditions of any new lease except financial terms, Pan American would have had the right for up to five years after the close of negotiations to match the financial terms agreed to with any other airline or tenant if said financial terms yield less to the Port Authority than had been required from Pan American, which provisions would be continued.

(Board - 7/10/86).

This matching right would now extend to December 31, 1993. Any portion of the premises surrendered by Pan American during the last two years of the term of the lease now being authorized could not be leased to another tenant for a firm term extending beyond July 31, 1988 while Pan American had negotiating or matching rights. In lieu of provisions regarding control, ownership and corporate changes of Pan American previously contemplated, each party would have the right to terminate the lease or the matching right should Pan American's available passenger seats at Kennedy International, LaGuardia and Newark International Airports in any calendar year after 1986 decline to less than 50% of an agreed upon number representing an average of available seats for the three airports for certain preceding calendar years and not be rectified.

It was therefore recommended that the Executive Director be authorized for and on behalf of the Port Authority to enter into an agreement of lease with Pan American World Airways, Inc., at Kennedy International Airport, all in accordance with the foregoing.

Whereupon, the following resolution was unanimously adopted, Commissioner Schulman abstaining:

RESOLVED, that the Board authorize the Executive Director for and on behalf of the Port Authority to enter into a lease with Pan American World Airways, Inc., for Hangars 14, 16 and 17 and related ancillary buildings and site areas at Kennedy International Airport on the terms hereinafter set forth including the following: (1) a four-year lease term from July 1, 1984 through June 30, 1988 at an annual rental of \$5,500,000; (2) a right in Pan American to surrender designated portions of the premises during the two-year period July 1, 1986 through June 30, 1988; (3) a right in Pan American to negotiate a new longer term lease or leases effective July 1, 1988 for the use of all or part of the premises for hangar and cargo use, said lease or leases to be subject to the approval of the Board and (4) a right in Pan American through December 31, 1993, in the event agreement is reached on all of the terms and conditions of the new lease or leases except financial provisions, to match the financial terms agreed to with any other tenant, if said financial terms yield less to the Port Authority than what was required from Pan American; the form of the agreement to be subject to the approval of General Counsel or his designated representative.

(Board - 7/10/86)

Employees' Savings Plan

It was reported that on December 13, 1984, the Board adopted the New York State Deferred Compensation Plan for employees of the Port Authority and of the Port Authority Trans-Hudson Corporation and participation by employees began in October 1985. This plan was established in conformance with Section 457 of the Internal Revenue Code of 1954, as amended (the Code). Preliminary steps have also been taken to qualify the Plan in accordance with Section 401(k) and related sections of the Code. On February 14, 1986, an application was filed with the Internal Revenue Service (the IRS) for a determination of the initial qualification of the Plan. The Plan's content is based on similar governmental plans that have been approved by the IRS and on discussions with several of these governmental agencies (such as the New York State Power Authority and the City of New York).

Under either a Section 457 plan or a Section 401(k) plan, compensation deferred and all earnings thereon are not subject to Federal income tax, enabling employees to reduce taxable income during peak earning years and to set aside these monies in a savings plan. However, under current law, Section 401(k) plans have several distinct advantages over Section 457 plans which make them a more suitable vehicle for deferral of compensation. These currently include more favorable tax treatment of plan disbursements (withdrawals, rollover provisions and ten-year forward averaging), loan provisions, possible employer contributions and a higher maximum annual amount that may be deferred. Accordingly, a Section 401(k) plan offers employees an important benefit as an element of an employee savings plan.

The House of Representatives, in its tax reform bill known as H.R. 3838, would limit Section 401(k) plans in the public sector to those plans submitted to the IRS by November 6, 1985. The recently announced Senate Finance Committee tax reform measure would limit formation of new governmental Section 401(k) plans to those adopted before March 1, 1986. It is, of course, possible that, if these dates are not changed, the Port Authority would be precluded from offering the Plan to its employees. In addition, the Plan will not be implemented until a favorable determination of the qualification of the Plan under Section 401(k) and related sections of the Code is made by the IRS.

After adoption of the Plan by the Board, and after approval of the Plan by the IRS, any eligible employee could voluntarily choose to participate in the Plan or, thereafter, to cease participation for future compensation. All employees would be eligible to participate except those employees who are represented for purposes of collective negotiations.

The Plan provides for appointment of a Plan Committee of not less than three persons who would be responsible for general administration of the Plan and carrying out its provisions. Such members will be employees of the Port Authority. They would serve without additional compensation for such services. Members would serve two-year terms and be subject to removal for cause. In carrying out its responsibilities, the Plan Committee is to establish rules for the administration of the Plan. The Committee may retain such services as it may require to carry out the Plan and may allocate among the members or delegate to others all or a portion of its duties. Such members of the Committee and such other persons to whom such duties are delegated shall be indemnified from the funds of the Plan, to the extent they are not otherwise indemnified as employees of the Port Authority, for expenses and liabilities arising out of the Plan except due to the individual's own fraud or bad faith.

(Board - 7/10/86)

All amounts contributed in accordance with the Plan are to be transferred to the trustee to be held, managed, invested and reinvested in accordance with the provisions of a trust agreement. The trustee would be responsible for administration of the funds transferred by the Port Authority and payments of benefits under the Plan, and would provide investment options, and recordkeeping, administrative and reporting services.

A staff evaluation committee reviewed submissions from 24 firms which expressed interest in acting as trustee for the Plan. On the basis of criteria used for an initial screening, such as the size of the company, experience with Section 401(k) plans and recordkeeping, administrative and marketing services provided, the following seven companies were considered for final selection as the trustee:

The Dreyfus Trust Company, New York, New York
Fidelity Investment Institutional Services, Boston, Massachusetts
I.D.S. Trust Company, Minneapolis, Minnesota
T. Rowe Price Investment Services, Inc., Baltimore, Maryland
Putnam Financial Services, Inc., Boston, Massachusetts
Scudder Fund Distributors, Inc., Boston, Massachusetts
The Vanguard Group of Investment Companies, Valley Forge, Pennsylvania

On the basis of a review of final proposals and meetings with five of these companies, it is recommended that The Dreyfus Trust Company be appointed as the trustee. The selection of The Dreyfus Trust Company was based largely on the system capabilities provided by the Martin E. Segal Company, a firm with extensive experience in the employee benefits field that Dreyfus uses to handle the recordkeeping, administrative and reporting services for the Plan. While the fees charged are somewhat higher than the other finalists, the Port Authority believes that the capabilities afforded by the Martin E. Segal Company system, as well as the flexibility of being able to use their system with any investment vehicle or family of funds, justifies the added cost. Dreyfus also offers a suitable choice of funds, with good performance records.

The Port Authority will pay for the administrative costs of the Plan, which are initially estimated at between \$35,000 and \$45,000 annually. This is based on an estimated initial enrollment of 2,000 participating employees of the 4,500 employees who would be eligible to join the Plan.

It was therefore recommended that the Board:

1. adopt The Port Authority of New York and New Jersey Employees' Savings Plan for participation by employees of The Port Authority of New York and New Jersey and of Port Authority Trans-Hudson Corporation;
2. appoint The Dreyfus Trust Company as trustee for the Plan, with duties to include providing investment options, and recordkeeping, administrative and reporting services, with the Port Authority to pay the fees for these services, presently estimated at between \$35,000 and \$45,000 annually; and

(Board - 7/10/86)

3. authorize the Executive Director to take all action necessary and desirable on behalf of the Port Authority and PATH to implement the Plan, including appointment of a Plan Committee subject to the approval of the Chairman of the Committee on Operations; the form of any agreement related to the implementation of the Plan to be subject to the approval of General Counsel or his authorized representative.

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

RESOLVED, that The Port Authority of New York and New Jersey Employees' Savings Plan be and it hereby is adopted for participation by employees of The Port Authority of New York and New Jersey and Port Authority Trans-Hudson Corporation; and it is further

RESOLVED, that The Dreyfus Trust Company be and it hereby is appointed as trustee for the Plan, with duties to include providing investment options, and recordkeeping, administrative and reporting services, with the Port Authority to pay the fees for these services presently estimated at between \$35,000 and \$45,000 annually; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized to take all action necessary and desirable on behalf of the Port Authority and PATH to implement the Plan, including appointment of a Plan Committee subject to the approval of the Chairman of the Committee on Operations; the form of any agreement related to the implementation of the Plan to be subject to the approval of General Counsel or his designated representative.

Lincoln Tunnel - New York Approach - Rehabilitation of Bridges over the New York Expressway and Dyer Avenue - Contract LT-268

It was reported that this contract provides for the rehabilitation of the bridges at 34th Street, 35th Street, 37th Street and 38th Street that cross over the New York Expressway and the bridges at 37th Street, 38th Street and 39th Street that cross over Dyer Avenue. The bridges were constructed by the Port Authority as part of the work of building the New York Expressway and Dyer Avenue connections to the Lincoln Tunnel. The seven bridges to be rehabilitated serve the purpose of carrying the local city street traffic above and across the depressed New York Expressway and Dyer Avenue, Lincoln Tunnel connections. Maintenance of the structure of these bridges is the Port Authority's responsibility. The rehabilitation work includes replacement of roadway bridge slabs on both the Expressway and Dyer Avenue bridges and replacement of sidewalks, approach slabs and some piers, abutments and backwalls on the Expressway bridges.

In order to minimize interference with vehicular and pedestrian traffic on city streets as well as vehicular traffic on the New York Expressway and Dyer Avenue, the contract provides that work may be performed during nighttime hours.

The contract provides for the following items of work to be performed on a net cost basis at an amount roughly estimated at \$325,000: the removal of loose concrete in areas outside of the limits shown on the contract drawings, repairs to water lines, injection sealing of cracks in concrete, temporary support of existing utilities and provision of communication ducts.

The contract includes a provision that the contractor will meet a goal for Minority Business Enterprise participation of 5% for firms owned and controlled by minorities and 1% for firms owned and controlled by women.

Bids were solicited from contractors who, in response to a publicly advertised notice of solicitation for prequalification, submitted prequalification information and were found prequalified. The following bids were received on June 24, 1986:

	Estimated Total Amount
DeFoe Corp. Mt. Vernon, New York	\$ 8,989,615
Karl Koch Erecting Co., Inc. Carteret, New Jersey	10,158,495
Perini Corporation Hastings-on-Hudson, New York	10,256,678
Slattery Associates, Inc. Maspeth, New York	12,178,480
Petracca and Sons, Inc. Jamaica, New York	14,478,550
Bellezza Company, Inc. South Kearny, New Jersey	16,385,850
ENGINEER'S ESTIMATE	\$12,000,000

(Board - 7/10/86)

DeFoe Corp. 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 to repair the bridges over the New York Expressway and Dyer Avenue approaches to the Lincoln Tunnel at an expenditure presently estimated at \$17.5 million, including payments to contractors, allowances for extra work and net cost work, engineering, administrative and financing expenses; and

2. the Executive Director to award Contract LT-268, Repair to Bridges over the New York Expressway and Dyer Avenue, New York Approach, Lincoln Tunnel, to DeFoe Corp., the low bidder, in the total estimated amount of \$8,989,615, to order extra work up to the amount of \$900,000, and to order net cost work.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorizes: (1) a project to repair the bridges over the New York Expressway and Dyer Avenue approaches to the Lincoln Tunnel at an expenditure presently estimated at \$17.5 million, including payments to contractors, allowances for extra work and net cost work, engineering, administrative and financing expenses and (2) the Executive Director to award Contract LT-268, Repair to Bridges over the New York Expressway and Dyer Avenue, New York Approach, Lincoln Tunnel, to DeFoe Corp., the low bidder, in the total estimated amount of \$8,989,615, to order extra work up to the amount of \$900,000, and to order net cost work.

(Board - 7/10/86)

The World Trade Department - The Teleport - Lease with Nomura Securities International, Inc.

It was reported that tentative agreement has been reached, subject to Board approval, with Nomura Securities International, Inc., a New York based securities broker for the leasing of approximately 22,000 rentable square feet on the second floor of the Telecenter Building for an initial ten-year term at a basic rent of \$23 per square foot for an approximate annual rent of \$505,000 during the first five years of the term and a basic rent of \$28 per square foot for an approximate annual rent of \$615,000 during the second five years of such term. Nomura will also pay a proportionate share of all increases in common Teleport operating and maintenance costs. Nomura will pay for electricity and for chilled water. The space will be used as a data processing center and for support offices.

The term of the letting of the lease may be extended for up to two successive five-year periods at the then fair market rent. The lease will grant Nomura the right to add to the leased premises a small area outside of the Telecenter Building for the installation of an auxiliary diesel generator at a fair market rental. The tenant will also have the right to lease space on the first floor of the Telecenter Building should it become available and to lease a site at The Teleport on a long-term basis for the construction of its own building should a site be available, in each case at fair market rentals.

The tenant will have a limited right to assign the lease and to sublet portions of the premises. The Port Authority will grant the tenant a rent credit equivalent to the cost of demolishing the interior of the premises to be let and, in addition, will grant the tenant a rent credit equivalent to the lesser of the cost of modifying the existing HVAC system serving the premises or the sum of \$15,000. The Port Authority will pay The Lansco Corporation a brokerage commission in connection with the transaction at current market rates.

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

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 lease with Nomura Securities International, Inc., for approximately 22,000 rentable square feet of office space in the Telecenter Building at The Teleport for an initial ten-year term with options to extend such term for two successive five-year periods; and it is further

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

(Board - 7/10/86)

The World Trade Center - Fund for Regional Development - Lease with Lasser Marshall, Inc.

It was reported that subject to approval by the Board, staff has reached agreement with Lasser Marshall, Inc., a British-owned currency exchange broker dealing in foreign and domestic currencies, principally on behalf of American and foreign financial institutions, for the leasing of approximately 40,000 rentable square feet of office space comprising the entire 34th floor of Two World Trade Center, vacated by the State of New York.

It is anticipated that the term will commence on August 1, 1986. The rent for years one-two would be at the rate of \$28 per rentable square foot per year; for years three-five, at the rate of \$30 per rentable square foot per year; for years six-ten, at the rate of \$34 per rentable square foot per year; and for years eleven-fifteen, at the rate of \$37 per rentable square foot per year. Payment of rent would commence nine months after the commencement date. This period includes time for the tenant to reconstruct the space. Lasser Marshall would also pay additional charges for cleaning and electricity and additional rent to cover increases in operating costs and payments in-lieu-of taxes. If The World Trade Center is sold, the tenant would be protected from major initial real estate tax increases resulting from the sale.

The space would be delivered in its "as is" condition. Lasser Marshall would receive an allowance of \$22 per rentable square foot toward the cost of reconstructing the space and installing a sprinkler system. Lasser Marshall will have the right to sublease portions of the space with a 50/50 sharing with the Fund for Regional Development of any sub-rent profits resulting therefrom.

Lasser Marshall has just advised that they need up to an additional 40,000 rentable square feet of space. The precise unit of space has not yet been determined but, if included in the lease from the Fund for Regional Development, such space will be leased on the same rental terms and schedule, although the commencement date may be later than the commencement date for the 34th floor space. If the additional space turns out to be other than Fund for Regional Development space such additional space will be covered by a lease from the Port Authority on substantially the same terms and conditions as the proposed lease from the Fund for Regional Development.

There will be a real estate brokerage commission payable to Cushman & Wakefield, Inc. on this transaction in an amount not to exceed the rates approved by the Board at its meeting of August 11, 1977.

It was therefore recommended that the Board authorize the Executive Director, for and on behalf of the Fund for Regional Development, to enter into a lease with Lasser Marshall, Inc. upon the terms set forth above.

(Board - 7/10/86)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director, for and on behalf of the Fund for Regional Development, to enter into a fifteen-year lease with Lasser Marshall, Inc. for approximately 40,000 rentable square feet of office space vacated by the State of New York in Two World Trade Center and possibly for up to an additional 40,000 rentable square feet of Fund for Regional Development space, and if the aforesaid 40,000 rentable square feet of space are not part of the lease from the Fund for Regional Development, to enter into a lease on behalf of the Port Authority, upon the terms set forth above; and it is further

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

(Board - 7/10/86)

The World Trade Department - Authorizations with Respect to Lease with Seven World Trade Company

It was reported that the Board, at its meeting on May 8, 1980, authorized the Executive Director to negotiate and enter into a lease agreement with Silverstein Properties, Inc., for the leasing of the air rights above the Con Edison electrical sub-station (the Ground Lease). The Ground Lease provides for Seven World Trade Company, a limited partnership with Silverstein Development Corp. as a general partner, to finance, design and construct a first class office building, designated as 7 World Trade Center, of no less than one million square feet for which Seven World Trade Company was to pay the Port Authority \$150,000 upon execution of the Ground Lease, and an annual rental during the development and construction period of \$150,000. After occupancy, Seven World Trade Company's annual rental would be equal to the greater of \$150,000 or \$6.75 per occupied rentable square foot (the operating period rent). In addition, Seven World Trade Company's rental would include 40% of the net cash flow after deducting an amount equal to the operating period rent.

Subsequently, on December 10, 1981, the Board authorized, among other things, General Counsel to acquire, by condemnation, with the consent of The City of New York, fee title to and easements in certain property necessary for public use for the construction of the proposed 7 World Trade Center building and for overhead pedestrian connections to facilitate pedestrian traffic in and about The World Trade Center area, including an easement within Vesey Street to permit the construction of a bridge across Vesey Street that would connect the site of the 7 World Trade Center building to The World Trade Center, as well as an easement within Washington Street to accommodate the landing of a bridge across Barclay Street to connect the site of the Irving Trust Building to the 7 World Trade Center site.

The Board, on March 10, 1983, authorized the Executive Director to execute on behalf of the Port Authority an amendment to the Ground Lease, among other things, to provide that the Port Authority's right to terminate for failure to commence construction be postponed until July 1, 1984, that the lessee may commence construction subsequent to the Port Authority's approval of the lessee's plans and specifications which were to be submitted in stages, for paving and maintenance by the lessee of a strip of property for use as a public pedestrian easement, and to provide additional easement areas on Vesey, Washington and Barclay Streets. The resolution also directed that the Executive Director or General Counsel do all things necessary to acquire either privately, by condemnation or eminent domain, the rights to air space and an area for supporting columns for the deck within Vesey Street and air space and an easement within Washington and Barclay Streets for supporting columns for the pedestrian bridge.

Negotiations between Seven World Trade Company and Drexel Burnham Lambert Group, Inc. (DBL) have been substantially completed and they expect to enter into an agreement (the Agreement) shortly, subject to Port Authority approval, primarily for the subletting by DBL of the entire building known as 7 World Trade Center on a net basis, i.e., DBL will be responsible for the arrangement of all financing and payment of all debt service as well as the payment of all costs of operating and maintaining the building plus Ground Lease payments to the Port Authority, payments to cover increases in the payments in-lieu-of taxes, and net rental payments to Seven World Trade Company. The Agreement contemplates a sublease between Seven World Trade Company and DBL to be prepared and executed by the parties in the next several months (the Sublease). Port Authority approval of the Sublease would be in the form of a Consent to Sublease Agreement to be executed by Seven World Trade Company, DBL and the Port Authority.

As a condition of moving forward on this arrangement, Seven World Trade Company and DBL have requested the Port Authority to approve the Agreement and to agree to approve the Sublease provided that in the opinion of the Executive Director, it conforms in substance to the approved principles of the Agreement and its material terms conform to and are consistent with the Ground Lease. The Ground Lease would be amended to provide that the lessee will be permitted to secure temporary and permanent financing of the building from sources other than domestic institutional lenders with such financing limited to a gross amount of \$600 million. In addition, there may be a number of other appropriate amendments to the Ground Lease, primarily in connection with the leasehold financing.

DBL or a controlled subsidiary or affiliate has the option to purchase a major equity interest in Seven World Trade Company. The Port Authority has no objection to this arrangement and would be approving it. If the financing contemplated is securitized all prospectus, placement memoranda and other such documentation would be submitted to the Port Authority for its review to determine if the references therein to the Port Authority and the Ground Lease are accurate.

It was therefore recommended that the Board authorize the Committee on Finance to authorize the Executive Director, on behalf of the Port Authority, to enter into such agreements and consents, give the appropriate approvals and exercise the appropriate reviews, all in accordance with the foregoing.

Whereupon, the following resolution was adopted, Commissioner English voting "no":

RESOLVED, that the Board authorize the Committee on Finance to authorize the Executive Director, for and on behalf of the Port Authority to:

- (1) approve the Agreement between Seven World Trade Company and Drexel Burnham Lambert Group, Inc. which would cover some of the general principles of a formal sublease agreement (the Sublease) to be prepared and executed by the parties at a later date, under which Drexel Burnham Lambert Group, Inc. would sublease the entire building now known as 7 World Trade Center;
- (2) execute one or more appropriate amendments to the lease between the Port Authority and Seven World Trade Company (the Ground Lease) to permit the lessee to finance 7 World Trade Center through sources other than institutional lenders, both domestic and foreign, and to make other modifications in the Ground Lease so as to accommodate to the Sublease and the financing;
- (3) enter into a Consent to Sublease Agreement with Seven World Trade Company and Drexel Burnham Lambert Group, Inc. provided, in the opinion of the Executive Director, the Sublease conforms in substance with the approved principles described in the Agreement and its material terms conform to and are consistent with the Ground Lease;
- (4) approve the Option Agreement (the Option Agreement) between Seven World Trade Company and Drexel Burnham Lambert Group, Inc. for the acquisition of a major equity interest in Seven World Trade Company and
- (5) review the final offering documents submitted in connection with any syndication or securitization involving the financing of 7 World Trade Center to determine if the references therein to the Port Authority and the Ground Lease are accurate; and it is further

RESOLVED, that the form of all agreements entered into by the Executive Director and approvals granted by the Executive Director be subject to the approval of General Counsel or his designated representative.

(Board - 7/10/86)

Enlarge Foreign-Trade Zone No. 49 by Expansion or the Establishment of a Subzone to Include the Northville Industries Corporation Facility in Linden, New Jersey

It was reported that Northville Industries is involved in the transport, storage, blending and sale of refined liquid petroleum products and crude oil. It has one facility in Linden, New Jersey; five facilities in Long Island, New York and is a shareholder in oil terminals on the Caribbean island of Bonaire and in Panama. The total capacity of its domestic and international facilities is over 23.6 million barrels.

The Northville Linden, New Jersey facility with a current capacity of 1.8 million barrels handles home heating oil, residual fuel oil, motor gasoline, kerosene, diesel fuel and jet fuel. It serves markets which include commercial airline companies, public utilities, major trading companies, wholesalers, gasoline distributors and home heating oil dealers.

One of the current activities at Linden involves gasoline blending which would be greatly expanded under zone status. Gasoline blending involves the mixing of imported and domestic components to produce finished gasoline which then is marketed in the New York/New Jersey metropolitan region and New England under various independent brands. Under Foreign-Trade Zone status, duty payments on the foreign components could be paid at the lower duty rate available to importers of finished gasoline. This would lower duty payments and promote higher utilization of domestic components through the substitution of blended gasoline for imported finished gasoline. Without zone status, the incentive for gasoline blending at Linden would be diminished and much of this activity would likely be handled at off-shore facilities, thereby jeopardizing existing jobs.

In addition, Foreign-Trade Zone status would enable Northville and its customers to defer duty on imported petroleum products and eliminate duty on re-exported products which would create a totally new export market. Potential export destinations may include Canada, Panama, South America and Europe.

Potential regional benefits of zone status include: increased tonnage to the Port due to the potential construction of a new, privately financed \$8.5 million facility with a 700,000 barrel capacity; increased use of domestic gasoline components; creation of a minimum of four permanent jobs and 85 temporary construction jobs; retention of 20 existing jobs; less costly blended jet fuel piped directly from the Linden facility to regional airports and provision of a more competitive source of fuel.

Under Foreign-Trade Zones Board regulations, the Port Authority, as grantee of Foreign-Trade Zone No. 49, is the only party authorized to apply for expansion of the Zone. Therefore, Northville has requested that the Port Authority submit an application for zone expansion or subzone establishment on its behalf. Applicable regulations permit the enlargement of the existing zone either by expansion or the establishment of a subzone. Presently the interpretation of the regulations leaves unclear which alternative is appropriate, hence authority is being requested for either. As grantee, the Port Authority does have ultimate responsibility to U.S. Customs for all zone facilities.

Northville has agreed to enter into an appropriate agreement with the Port Authority which will insure that the site will be operated by it without cost, expense, or risk of loss to the Port Authority.

(Board - 7/10/86)

The Board approved a similar recommendation for the Carteret, New Jersey, facility owned by GATX Terminals Corporation at its May 9, 1985 meeting.

It was therefore recommended that the Board authorize the Executive Director to file an application with the Foreign-Trade Zones Board of the United States Department of Commerce for the expansion of Foreign-Trade Zone No. 49, which consists of 2,100 acres at the Port Newark/Elizabeth-Port Authority Marine Terminal, to include the Northville Industries facility in Linden, New Jersey or in the alternative to establish that facility as a subzone.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is hereby authorized to file an application with the Foreign-Trade Zones Board of the United States Department of Commerce for the expansion of Foreign-Trade Zone No. 49, which consists of 2,100 acres at the Port Newark/Elizabeth-Port Authority Marine Terminal, to include the Northville Industries facility in Linden, New Jersey or in the alternative to establish that facility as a subzone.

Whereupon, the meeting was adjourned.

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Wednesday, July 30, 1986

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Digital Microwave Network among Kennedy International, Newark International
and LaGuardia Airports and The World Trade Center

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MINUTES of special meeting of The Port Authority of New York and New Jersey held Wednesday, July 30, 1986 at the Port Authority offices, One World Trade Center, City, County and State of New York.

PRESENT:

NEW JERSEY

Philip D. Kaltenbacher, Chairman
 Jerry Fitzgerald English
 William K. Hutchison
 Henry F. Henderson, Jr.
 Robert Van Buren

NEW YORK

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

Stephen Berger, Executive Director
 Patrick J. Falvey, General Counsel/Assistant Executive Director
 Doris E. Landre, Secretary
 Robert J. Aaronson, Director of Aviation
 Louis J. Gambaccini, Assistant Executive Director/Trans-Hudson Transportation
 Charles L. Hirsch, Executive Assistant to the Executive Director
 Lillian C. Liburdi, Director of Management and Budget
 Katharine B. MacKay, Assistant Executive Director/Administration
 Mark Marchese, Assistant Director, Information Services, Public Affairs
 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
 Martin E. Robins, Director of Planning and Development
 Joseph L. Vanacore, Assistant Executive Director/Capital Programs
 Barry Weintrob, Chief Financial Officer and Director, Finance Department
 Kristina Weisenstein, Administrative Assistant
 George Giardelli, Project Manager, Walsh, Lowe and Associates, Inc.

The meeting was called to order by the Chairman.

The Secretary reported that the meeting was duly called in accordance with the By-Laws.

(Board - 7/30/86)

Digital Microwave Network among Kennedy International, Newark International and LaGuardia Airports and The World Trade Center

It was reported that the Port Authority, as previously reported to the Committee on Operations, at its meeting on January 9, 1986, is operating with outdated and inefficient technology and limited capacity with its existing telecommunications equipment and transmission systems especially at the Port Authority's three airports. The existing airport telecommunications system limits the Port Authority's ability to satisfy the current voice and data communications needs of Port Authority facilities. The Port Authority now holds licenses from the Federal Communications Commission (FCC) to operate microwave radio stations (the "Network") at each of the three airports and The World Trade Center in a hub configuration. Walsh, Lowe and Associates, Inc., the telecommunications professional services firm retained by the Port Authority to perform an assessment of the Port Authority's overall telecommunications needs, is of the opinion that the proposed Network would provide early benefits and enhancements to the Port Authority's telecommunications network. Further, the Network can be rapidly implemented and can operate independently, but would become an integral part of the new Port Authority network to be recommended by the consultant. In addition, the Air Cargo Fast Flow ("ACFF") system approved by the Board, at its meeting on February 13, 1986, would utilize the Network to provide primary ACFF transmission services for data communications. This service would enhance the marketability of the ACFF system to potential users. It would also provide a level of security and redundancy in case of the failure of the telephone landlines serving one of the Port Authority's airports.

FCC regulations permit the Port Authority to offer capacity on the Network to other eligible users, which include most airport tenants, on a "for profit" basis, in addition to using the Network for the communications needs of the Port Authority. The FCC requires the Network to be in operation by March 30, 1987, or the licenses will be automatically cancelled by the FCC.

In November 1985, a Request for Proposal (RFP), to engineer, furnish, install, test, operate, maintain and market the Network was sent to seventeen firms, six of whom responded. A multi-department evaluation committee reviewed the proposals and interviewed three of the six companies. The evaluation committee determined at the conclusion of this process that none of the proposals were sufficiently responsive to the RFP.

Subsequently, Aeronautical Radio, Inc. ("ARINC") and TDX Systems, Inc. were contacted to determine if each would be interested in submitting a proposal. ARINC was the only firm that responded. ARINC is the only firm that is willing to perform all the technical and marketing services sought under the RFP.

Staff has negotiated an arrangement with ARINC, headquartered in Maryland, under which ARINC would engineer, furnish, install and test the Network at a cost not to exceed \$2.1 million plus an additional annual cost for ARINC's operation, maintenance and marketing of the Network. Such costs with respect to the first year of the term are now estimated to be \$380,000 and could range up to \$500,000 annually. The agreement would have a term of five years.

(Board - 7/30/86)

It was therefore recommended that the Board adopt the following resolution.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize a project providing microwave service among Kennedy International, Newark International and LaGuardia Airports and The World Trade Center using a microwave network system under authorized Federal Communications Commission (FCC) licenses and authorize the Executive Director, for and on behalf of the Port Authority, to enter into an agreement with Aeronautical Radio, Inc. for a five-year period, for among other things, the engineering, furnishing, installation, testing, operation, maintenance and marketing of such microwave network on the terms generally set forth above, at an initial expenditure not to exceed \$2.1 million plus yearly recurrent expenditures for operation, maintenance and marketing now estimated to range from \$380,000 to \$500,000 annually over the period, a portion of which expenditures would be offset by reductions in current and future Port Authority expenditures as well as sums that may be received from charges for the use of excess network capacity by others; and it is further

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

Whereupon, the meeting was adjourned.

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Thursday, August 14, 1986

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THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Thursday, August 14, 1986

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MINUTES of meeting of The Port Authority of New York and New Jersey held Thursday, August 14, 1986, at the Port Authority offices, One World Trade Center, City, County and State of New York.

PRESENT:

NEW JERSEY

Philip D. Kaltenbacher, Chairman
 Jerry Fitzgerald English
 William K. Hutchison
 Henry F. Henderson, Jr.
 Robert Van Buren

NEW YORK

William J. Ronan
 James G. Hellmuth
 John G. McGoldrick

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, Superintendent of Police, Public Safety
 Gene Gill, Director of General Services
 Francis A. Gorman, Comptroller
 John Hauptert, Acting Treasurer
 Charles L. Hirsch, Executive Assistant to the Executive Director
 Richard R. Kelly, Director of Rail Transportation
 James J. Kirk, Port Director
 Phillip LaRocco, Director, Economic Development
 Lillian C. Liburdi, Director of Management and Budget
 Cornelius J. Lynch, Deputy Director of World Trade
 Mark Marchese, Assistant Director, Information Services, Public Affairs
 Rino M. Monti, Director of Engineering/Chief Engineer
 John R. Moran, Assistant Director of Audit
 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
 Theresa A. Potente, Assistant Secretary
 Lloyd D. Schwalb, Principal Information Officer, Public Affairs
 Victor T. Strom, Director of Public Safety
 Joseph L. Vanacore, Assistant Executive Director/Capital Programs
 Barry Weintrob, Chief Financial Officer and Director, Finance Department
 Kristina E. Weisenstein, Administrative Assistant
 Marvin Weiss, Director, Office of Minority Business Development
 Marshal L. Wilcox, Jr., Assistant Chief Financial Officer

The meeting was called to order by the Chairman.

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of July 10, 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 August 14, 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 meetings on July 18, 1986 and August 14, 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 August 14, 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 August 14, 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 - 8/14/86)

Port Jersey Properties - Payment In-Lieu-Of Taxes - Cities of Bayonne and Jersey City

It was reported that the Board, at its meetings on February 11, 1982, November 10, 1982, April 14, 1983, May 10, 1984 and July 11, 1985, authorized the payment, for each of the years 1982-1985, to the Cities of Bayonne and Jersey City, New Jersey, of the amounts representing the real estate taxes assessed on the Greenville and Port Jersey properties. The development of these properties is being pursued and an in-lieu-of tax agreement has been deferred. In the interim, it is recommended that payment be made to the Cities of Bayonne and Jersey City of an amount equal to the assessed real estate taxes against the Port Jersey properties for the year 1982, the year of purchase of these properties, in the approximate amount of \$104,000 and \$406,000, respectively.

It was therefore recommended that the Board authorize payment for the year 1986 to the Cities of Bayonne and Jersey City, New Jersey, in connection with the Port Jersey properties purchased from Harborland Corporation and Teachers Insurance and Annuity Association of America, in the approximate amounts of \$104,000 and \$406,000, respectively, which are equal to the real estate taxes assessed on the properties for the year 1982.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director be and he hereby is authorized to make payment for the year 1986 to the Cities of Jersey City and Bayonne in connection with Port Jersey properties purchased from Harborland Corporation and Teachers Insurance and Annuity Association of America of an amount representing the real estate taxes due for the year 1982.

(Board - 8/14/86)

Greenville Property - Payment In-Lieu-Of Taxes - City of Jersey City

It was reported that the Board, at its meetings on January 14, 1982, November 10, 1982, April 14, 1983, May 10, 1984 and July 11, 1985, authorized the payment, for each of the years 1981-1985, to the Cities of Jersey City and Bayonne, New Jersey, of the amounts representing the real estate taxes assessed on the Greenville and Port Jersey properties, respectively. Pending the ultimate disposition of the Greenville property, an in-lieu-of tax agreement has been deferred. In the interim, it is recommended that payment be made to the City of Jersey City for the year 1986 of an amount equal to the real estate taxes assessed against the Greenville property for the year 1981, the year of purchase of this property, in the approximate amount of \$489,000.

It was therefore recommended that the Board authorize the payment for the year 1986 to the City of Jersey City, New Jersey, in connection with the Greenville property acquired from the Penn Central Corporation in the approximate amount of \$489,000, which is equal to the real estate taxes assessed on the properties for the year 1981.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director be and he hereby is authorized to make payment for the year 1986 to the City of Jersey City in connection with the Greenville properties acquired from the Penn Central Corporation of an amount representing the real estate taxes due for the year 1981.

(Board - 8/14/86)

New Jersey ConRail Relocation Project - Northern Branch Improvements-Port Authority Participation

It was reported that with the creation of the Hudson River Waterfront Development Committee in 1983, Governor Kean directed the New Jersey Department of Transportation (NJDOT) to undertake a transportation study of the waterfront under the overall direction of this Committee. In November 1985, NJDOT completed a Draft Transportation Plan that addresses many of the waterfront's transportation problems, including congestion on the trans-Hudson facilities. Specifically, the plan called for the development of a bus and light-rail transitway and a land service road in a general north-south direction along the waterfront, using in part the right-of-way of the ConRail River Route and the Weehawken Tunnel.

To implement this plan the State must acquire the ConRail River Route and the Weehawken Tunnel now used by ConRail in its freight operations. Further, to relocate ConRail's freight operations from the waterfront to west of the Palisades, the state must upgrade the Northern Branch, which will require the acquisition of certain properties to provide for the relocation. Improvements to the Branch are required to accommodate the added freight train traffic resulting from the relocation (from four to ten daily, two-way trains) and to connect the line to the complex ConRail yards it will serve (Croxtan, North Bergen, Oak Island, Portside and South Kearny). NJDOT estimates that the relocation and related projects will cost approximately \$70 million. To finance part of this cost, New Jersey Transit submitted a grant application for \$20 million in Section 3 discretionary funds to the Federal Urban Mass Transportation Administration on May 30, 1986. The expected \$20 million grant will be used to acquire the River Route and Weehawken Tunnel rights-of-way.

To fund the remainder of the project's costs, the New Jersey Governor's Office has requested that the Port Authority provide up to \$50 million in connection with the relocation for improvements to be made to ConRail's Northern Branch rail freight line between North Bergen Yard and Marion Junction. Major elements of the Branch improvement project consist of: new connections to North Bergen Yard; the elimination of two, or possibly three grade crossings; improved connections to Croxtan Yard and a new westbound connection to ConRail's Passaic and Harsimus Branch at Marion Junction which will provide improved access to ConRail's South Kearny Yard.

The Northern Branch project will provide benefits to this port with more direct routing to Croxtan and South Kearny Yards and the provision of a second high clearance route to Buffalo and the Midwest for "double-stack" container rail cars and auto-rack cars. Marine carriers have established major double-stack terminals at Croxtan and South Kearny yards, both of which will be served by the improved Northern Branch. The new efficient double-stack technology is important to maintain this port's competitive position as a "load center" for large container movements. In addition, the grade crossing eliminations north of Croxtan Yard, as a part of the project, will assure safer, uninterrupted operations for all train movements to that yard, South Kearny, and the Oak Island and Portside yards near the seaports in Newark and Elizabeth.

(Board - 8/14/86)

The project also has the potential for improving regional passenger transportation. The implementation of the waterfront transitway plan by NJDOT will provide improved public transit access to the major waterfront development sites along the Hudson. In addition, the movement of trans-Hudson commuters may potentially be improved by routing commuter buses onto the transitway from the north through the Weehawken Tunnel to the Lincoln Tunnel and to Hoboken Terminal. These bus operations would improve trans-Hudson bus service for certain markets in eastern Bergen and northern Hudson counties.

NJDOT, in consultation with ConRail engineers and retained professionals, estimates the total cost of the project will be \$70 million. Estimates for various elements of the project are not complete since final designs are still being developed. Under the proposed agreement, the Port Authority, subject to any necessary certifications, would provide funds made available for New Jersey projects by the 1984 tolls increase, an amount not to exceed \$50 million for design, engineering, environmental analysis, construction contract and engineering costs. NJDOT will be responsible for the design and execution of the improvements, as well as for obtaining any additional funds required to complete the project including funds for real estate acquisition. The agreement would also provide that the Port Authority not have responsibility for the maintenance or operation of the project.

New Jersey's share of funds made available by the 1984 tolls increase is \$137.5 million. Of this, the Board authorized \$27 million in September 1985 for the Route 169-Bayonne Bridge Connection, \$1.9 million for the New Jersey Transit Park-Ride Lots in January 1986, \$2.5 million for the rehabilitation of the Doremus Avenue Bridge in February 1986 and \$2 million for the Route 495 Resurfacing and Safety Improvements in March 1986. With up to \$50 million authorized for Northern Branch improvements, \$54.1 million remains available for other New Jersey projects.

It was therefore recommended that the Board authorize the following, subject to the ability of the Port Authority to make necessary certifications including those necessary prior to the issuance of Port Authority Consolidated Bonds:

1. a project for the design, engineering, environmental analysis and construction phases to improve the Northern Branch line from North Bergen Yard to Marion Junction for ConRail freight operations at a total cost to the Port Authority not to exceed \$50 million; and
2. the Executive Director to enter into an agreement with the New Jersey Department of Transportation (NJDOT) to undertake the project at a total cost to the Port Authority not to exceed \$50 million from the funds made available for New Jersey projects by the 1984 tolls increase.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that, subject to the ability of the Port Authority to make necessary certifications including those necessary prior to the issuance of Port Authority Consolidated Bonds, a project for the design, engineering, environmental analysis and construction phases to improve the Northern Branch line from North Bergen Yard to Marion Junction for ConRail freight operations at a total cost to the Port Authority not to exceed \$50 million is authorized; and it is further

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RESOLVED, that, subject to the ability of the Port Authority to make necessary certifications including those necessary prior to the issuance of Port Authority Consolidated Bonds, the Executive Director is authorized to enter into an agreement with the New Jersey Department of Transportation (NJDOT) to undertake said project at a total cost to the Port Authority not to exceed \$50 million from the funds made available for New Jersey projects by the 1984 tolls increase; and it is further

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

(Board - 8/14/86)

LaGuardia, Kennedy International and Newark International Airports - Agreement with Aviation Development Council - Funding for New York and New Jersey Air Services Programs

It was reported that funding for a pilot project aimed at stimulating local purchasing and associated job development by the aviation industry at LaGuardia and Kennedy International Airports was first approved by the Executive Director in November 1983 and renewed in September 1985. The Port Authority contracted with the Queens County Overall Economic Development Corporation (QCOEDC) to establish the Air Services Development Office. Two agreements to fund the Office were made covering the periods from May 1984 through April 1985 and May 1985 through June 1986 for \$187,212 and \$146,798, respectively. The current contract expired on July 1, 1986.

The idea for an office dedicated to this purpose grew out of the experience of Port Authority staff during the construction of the Delta terminal at LaGuardia Airport, when full-time staff was assigned to assure that purchases and hiring related to the project took place in Queens to the maximum extent possible.

The mandate of the Air Services Development Office was to make the aviation industry more aware of the broad range of goods and services of interest to them available in Queens and to familiarize Queens business people with the opportunities and methods for selling their products to the aviation industry. The work of the Air Services Development Office is guided by an advisory committee made up of representatives of the aviation industry, the Port Authority and the Queens business and civic communities. The particular focus was the small business person with much to offer, but without the resources to pursue what might appear to be "long shot" opportunities. By working with the airlines and local business people, staff hoped to expand the number of people who had a real chance to benefit from the economic activity at the airports, and thus develop a real stake in the continued economic vitality of the airports.

The program has had significant achievements. In June 1985 the Office published the **Passport to Productivity and Profitability** which listed over 1,100 Queens businesses indexed by the type of product they sell. Last month an expanded **Passport** directory was published with over 1,700 Queens businesses listed. Meetings and seminars have received strong support from the airlines and have attracted hundreds of Queens business people. Over the past year the Air Services Development Office has been involved in more than 30 contracts awarded to Queens companies totalling over \$3 million, many of them small contracts to first-time bidders. In addition, the process has stimulated a greatly increased participation by Queens businesses in the Port Authority bidding procedures; Port Authority contracts awarded to Queens businesses in 1985 rose from \$2.8 million in 1984 to \$5.8 million in 1985.

Based on the accomplishment of the pilot project in Queens, staff recommends that the Queens project be extended for three years as a major focus of the Port Authority's efforts to expand economic ties between airport and community. In addition, staff is recommending that a similar program be established for communities around Newark International Airport, using the Queens project as a model. With plans to undertake major capital improvements at all three airports over the next few years, staff feels that these programs will broaden the base of community support for necessary improvements. The cost of the program will not exceed \$250,000 per year.

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Staff is proposing that the program be administered through the Aviation Development Council. Over the years, the Aviation Development Council has been an active partner with the Port Authority in building constructive relationships between the airports, their airline tenants and the surrounding communities. A direct link with the Aviation Development Council would serve to enhance the Air Services Development Office's relationship with the New York aviation community and provide an excellent resource toward the implementation of a similar program in New Jersey. QCOEDC will continue to provide the service for LaGuardia and Kennedy International Airports. A suitable New Jersey-based group will be designated to serve Newark International Airport.

It was therefore recommended that the Board authorize:

1. the continuation of a program in New York and the development of a program in New Jersey to expand access to economic opportunities among Kennedy International, Newark International and LaGuardia Airports, the aviation industry and businesses located in the communities in the vicinity of the airports, at a cost not to exceed \$250,000 per year; and
2. the Executive Director to enter into an agreement with the Aviation Development Council to oversee and administer these programs over this three-year period.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorizes: (1) the continuation of a program in New York and the development of a program in New Jersey to expand access to economic opportunities among Kennedy International, Newark International and LaGuardia Airports, the aviation industry and businesses located in the communities in the vicinity of the airports, at a cost not to exceed \$250,000 per year and (2) the Executive Director to enter into an agreement with the Aviation Development Council to oversee and administer these programs over this three-year period; the form of the agreement to be subject to the approval of General Counsel or his authorized representative.

LaGuardia Airport - Pan American World Airways, Inc. - Lease Covering Premises in the Marine Air Terminal and Construction of Extension Thereto

It was reported that Pan American World Airways, Inc. recently agreed to acquire, pending approval by the Federal government, certain slots and other rights of New York Airlines, Inc. at LaGuardia Airport and desires to operate a shuttle service to and from the airport. In discussions with Pan American, Aviation staff originally suggested that the Port Authority would accept a surrender from New York Airlines of two of its four gate positions at Finger No. 2 and related facilities and then lease the same to Pan American under a month-to-month Airport Lease substantially similar to the nine such leases in effect with the Basic Lessee Airlines at LaGuardia Airport.

Pan American has now advised, however, that since the two gate positions at Finger No. 2 it proposed to lease can only accommodate narrow-bodied jet aircraft, the said gate positions cannot be used by Pan American for the shuttle service. Pan American desires instead to locate its entire shuttle service at the Marine Air Terminal, while maintaining its four non-shuttle daily flights from Port Authority gate positions at Finger No. 3 pursuant to its Use Agreement. Therefore, Aviation staff now recommends that the Port Authority enter into a month-to-month Airport Lease with Pan American whereby Pan American would lease a minimum of approximately 4,000 square feet of available passenger handling facilities and office space in the Marine Air Terminal, a multi-occupancy building, at an annual rental of approximately \$72,000, which facilities and space Pan American, at its own expense, would renovate. The said annual rental for premises in the Marine Air Terminal would be subject to adjustment from time to time in relation to Port Authority costs for such expenses as janitorial services, maintenance and utilities related to the common areas in the Marine Air Terminal.

The lease would also cover the letting of approximately 7½ acres of existing paved area adjacent to the Marine Air Terminal upon which Pan American, at its own expense, would construct two wide-body and two narrow-body gate positions, a taxiway, a blast fence and a passenger terminal extension to the Marine Air Terminal for its exclusive occupancy consisting of related hold rooms, passenger loading and baggage handling facilities. Pan American would pay an initial rent for the four gate positions of approximately \$330,000 per year at the Airport Lease rate of \$2 per square foot per year which rate would escalate on August 1, 1988 to \$2.20. In the event the aforesaid taxiway of approximately 118,000 square feet is leased to Pan American for its exclusive use, Pan American would pay rent therefor of approximately \$59,000 per year at the Airport Lease rate of \$0.50 per square foot per year which rate would escalate on August 1, 1988 to \$0.75. In the event the said taxiway is not leased to Pan American for its exclusive use and the Port Authority designates said taxiway as part of the public aircraft facilities, the Port Authority would reimburse Pan American for the construction thereof in an amount not to exceed \$1.2 million. The passenger terminal extension would be built on approximately 44,000 square feet of existing paved area and Pan American would pay rental therefor of approximately \$22,000 at the Airport Lease rate of \$0.50 per square foot per year. Pan American would, therefore, pay a total rental of approximately \$483,000 per year subject to finalization based upon actual measurement of the premises and a determination to lease said taxiway for Pan American's exclusive use. Pan American would have an initial rent-free period of up to 75 days but not to extend beyond November 15, 1986 for construction purposes.

In recognition of Pan American's substantial investment in an area of the airport that the Port Authority is anxious to develop, as well as the risk to Pan American associated with the start up of service at this location, the Port Authority will give Pan American an incentive rental

credit for a period of up to three years. The annual rental credit would be \$200,000 subject to a downward adjustment in the second and third rental years of \$50,000 per year for every 250,000 passengers carried by Pan American from this location, in the respective years, in excess of 1.5 million. After three years Pan American would pay the full rentals in effect at that time.

Pan American would also perform certain frontage roadway and parking lot realignment work, as defined, in connection therewith for which the Port Authority would reimburse Pan American in an amount of approximately \$1 million. In addition, the Port Authority would expend approximately \$1 million on certain roadway and parking lot modifications to accommodate such operations at the Marine Air Terminal and the extension thereto, as well as to provide alternate access to the employee parking lot, fuel storage facility and consolidated cargo facility. Authorization for said Port Authority work would be sought as appropriate. Approximately 75% of such roadway work would be recoverable through the flight fee formula.

Pan American would have complete responsibility for the operation, maintenance and repair of the extension, gate positions, ramp, taxiway (if leased exclusively) and blast fence, as well as its exclusive areas in the Marine Air Terminal, excepting the maintenance of the supporting structural frame, roof and exterior of the exterior walls in said Terminal, which the Port Authority would maintain along with the common areas in the Marine Air Terminal. Pan American, at its sole cost, would furnish and install all needed equipment to bring utilities to and for use in the extension and pay for metered usage both in the extension and the Marine Air Terminal. If Pan American uses hot water from the boiler servicing Hangar No. 7 to heat the extension, Pan American would pay a separate charge for such use based on consumption and the Port Authority's cost of furnishing hot water. Alternatively, Pan American would heat the extension by electricity and pay the metered charges therefor.

The capital construction work to be performed by Pan American would require an estimated investment of approximately \$9 million. In certain events, including the Port Authority terminating the lease or not offering to extend the term of the lease other than for cause, the Port Authority would pay Pan American for its then unamortized capital investment (not including any personal property of Pan American), as said investment is defined in the lease, which in no event would exceed \$9 million or \$7.8 million if the Port Authority reimburses Pan American for the taxiway as aforesaid, on a straight-line basis without interest based on amortization periods commencing upon the completion date, as defined, of the aforesaid Pan American construction work as follows: (i) with respect to the extension, an amortization period of 20 years and (ii) with respect to the gate positions, ramp, taxiway (if leased exclusively) and blast fence, an amortization period of fifteen years. There would be no such obligation in the event Pan American terminates the lease or does not agree to extend the term of the letting under the lease. The Port Authority would be responsible for property insurance on the multi-occupancy Marine Air Terminal while Pan American would be responsible for property insurance on its exclusive premises in the extension.

In connection with the proposed lease with Pan American, it is anticipated that for operation convenience Butler Aviation-LaGuardia, Inc., the fixed-base operator, would relocate from a significant portion of the Marine Air Terminal ramp and the aircraft parking and storage areas to ramp area south of Pan American's proposed premises for Butler's scheduled commuter operations and to remote paved area for its general aviation corporate operations and its parking and storage of aircraft. Authorization, if required, would be sought from the Board for any revisions to Butler's lease necessitated by the foregoing. It is now anticipated that any loss of revenue to the Port Authority under this Butler agreement would be offset in part by an increase in revenue due to locating Pan American in the Marine Air Terminal.

(Board - 8/14/86)

It was therefore recommended that the Executive Director be authorized, for and on behalf of the Port Authority, to enter into an agreement of lease with Pan American World Airways, Inc. covering certain premises in the Marine Air Terminal and adjacent paved land at LaGuardia Airport, all in accordance with the terms set forth above.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board hereby authorizes the Executive Director, for and on behalf of the Port Authority, to enter into a month-to-month airport lease with Pan American World Airways, Inc. covering certain premises in the Marine Air Terminal at LaGuardia Airport and adjacent paved land upon which Pan American will construct a passenger terminal extension and related facilities, the lease to provide for buying out Pan American's unamortized capital investment, as defined, in certain circumstances; all of the foregoing on the terms set forth above; the form of the agreement to be subject to the approval of General Counsel or his designated representative.

(Board - 8/14/86)

Kennedy International Airport - Building No. 88 - Central Examination Facility for Bonded Container Shipments - Lease with Hudson General Corporation

It was reported that pursuant to Board authorization in October 1961, Emery Air Freight Corporation constructed Air Cargo Service Building No. 88 and related facilities on a site of approximately 2.075 acres at Kennedy International Airport and their lease has expired. With the designation of Kennedy International Airport as a Foreign Trade Zone, Building No. 88 had been set aside for possible use by a Foreign Trade Zone operator. It has been used on occasion for storage of Port Authority property and was rented temporarily in 1985 to an in-flight caterer of in-bond liquor supplies.

The continued increase in volume experienced by bonded container station operators and the number of such operators located off-airport has resulted in inefficient assignment of personnel and increased cost for U.S. Customs in providing inspectors at these off-airport facilities. As part of a national policy of centralizing examination facilities for bonded container shipments, Customs has requested that the Port Authority lease an on-airport facility (Building No. 88) to an operator who would handle these shipments for Customs' examination. The off-airport bonded container companies would be able to truck cargo to Building No. 88 for inspection by Customs thereby substantially reducing the need for off-airport Customs' inspections.

Letters were sent in April to the Port Authority's six cargo handling permittees: Allied, American World Aviation, AMR Services, Hudson General, Servair and Triangle Aviation soliciting those interested to submit certain information including proposed staffing, company qualifications, method of imposing user charges and the amount of such charges, and an estimate of required capital investment, which would be evaluated by Port Authority staff to select a prospective lessee for the Building No. 88 facility. Responses were received from all but American World Aviation. A committee consisting of Port Authority staff members with input from U.S. Customs evaluated the material submitted and selected Hudson General. Negotiations have been substantially completed with Hudson General Corporation for an eighteen month lease for Building No. 88 effective on or about September 15, 1986 at the following rentals:

Approximate Annual Rentals

	Ground Rental (Approximately 2.075 acres)	Building Rental (Approximately 25,919 sq. ft.)	Total Approximate Annual Rental
Months 1 - 3*	\$22,825 (\$11,000 per acre)	\$97,196 (\$3.75 per sq. ft.)	\$120,021
Months 4 - 18	\$45,650 (\$22,000 per acre)	\$194,393 (\$7.50 per sq. ft.)	\$240,043

*Rentals reduced to reflect three-month start-up period.

(Board - 8/14/86)

In addition to the above, Hudson General will pay a fee of 5% of gross receipts arising after January 1, 1987.

Hudson General Corporation may be required to make certain modifications to the premises to prepare it for its intended use at an estimated investment of no more than \$350,000. In such event, the Port Authority would be obligated to pay to Hudson General its unamortized actual cost of construction written off over a seven year period upon expiration or earlier termination of the lease without cause. Any such payment will be recouped from successor tenants of the Building No. 88 facility.

Hudson General Corporation will have complete responsibility for the operation and maintenance of the building, including utilities as well as responsibility to insure the premises in accordance with the terms of the lease.

Since this centralized bonded container facility is a new concept for an on-airport operation, it was decided to proceed on an eighteen-month experimental basis during which time the daily operations, user fees and other aspects of the project could be properly evaluated and a plan developed for the future leasing and operation of the facility. Customs representatives have advised that Building No. 88 could simultaneously be used as a Foreign Trade Zone facility should the need arise.

It was therefore recommended that the Executive Director be authorized, for and on behalf of the Port Authority, to enter into an agreement with Hudson General Corporation at Kennedy International Airport, all in accordance with the foregoing.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into a lease agreement with Hudson General Corporation at Kennedy International Airport effective on or about September 15, 1986, for Building No. 88 and associated ground area for an eighteen month period to operate a central facility for the on-airport examination by U.S. Customs of bonded container shipments all in accordance with the foregoing; the form of the agreement to be subject to the approval of General Counsel or his designated representative.

(Board - 8/14/86)

**Kennedy International Airport - Agreements with the Wing Building Lessees and Bloomingdale's,
(Federated Department Stores, Inc.) - East Wing Building Common Lounge Area**

It was reported that negotiations are substantially complete with the Wing Building lessees and Bloomingdale's, (Federated Department Stores, Inc.) the New York based department store, to operate a 1,100-square foot boutique and sell, at retail, its signature items (products which bear the Bloomingdale's name). The boutique will be constructed by the Port Authority at its expense and will be located on the second floor of the East Wing Building in the common lounge area covered by the Wing Building leases and will continue for a period of approximately one year. This venture will serve as a test for consumer service opportunities, for the type of items involved, for the Kennedy Central Terminal Area Redevelopment project. Also, as part of the test, an estimated four kiosks of approximately 700 square feet may be constructed by the Port Authority contiguous to the Bloomingdale's area, and each would continue in operation for a period of approximately one year, to determine the viability of small high quality consumer service operations at Kennedy International Airport.

Bloomingdale's, at its cost, has agreed to provide concept and design work for the Bloomingdale's space and kiosks and will submit said plans to the Port Authority for construction. The Port Authority will be obligated to construct the required improvements for Bloomingdale's at an estimated project cost of \$350,000 and may be required to construct the kiosks at an estimated project cost of \$160,000 including construction contracts, engineering, administrative and financial expenses. Bloomingdale's staff will also assist the Port Authority with technical advice for the identification of appropriate consumer service tenants for the kiosks and for merchandising and marketing of its type of consumer service products in the airport environment.

Bloomingdale's has expressed a desire to have its store operational prior to the winter holiday season and has accelerated its design for development of the space. Accordingly, in order to meet their target schedule, staff deems it prudent to negotiate and enter into a supplemental agreement for the work hereunder with W.J. Barney Corporation who is presently performing similar work under Contract JFK-110.060A, Interline Baggage Conveyor System, Miscellaneous Building Alterations.

The following arrangement including percentage fees against annual gross receipts has been negotiated with Bloomingdale's:

- 13% of gross receipts on the first \$400,000
- 14% of gross receipts from \$400,000 to \$600,000
- 15% of gross receipts from \$600,000 to \$800,000
- 16% of gross receipts from \$800,000 to \$1 million
- 17% of gross receipts from \$1 million to \$1.5 million
- 18% of gross receipts from \$1.5 million to \$2 million
- 18.5% of gross receipts from \$2 million to \$3 million
- 19% of gross receipts over \$3 million

(Board - 8/14/86)

During the test period the space used by Bloomingdale's and the kiosks will continue to be part of the common area under the Wing Building leases and the Wing Building lessees will continue to pay the fees and charges associated therewith under the Wing Building leases, except for certain cleaning charges. The Wing Building lessees will have continuing approval over this operation and use of the common lounge area during the test period. If the Port Authority and the Wing Building lessees and Bloomingdale's or other concessionaires agree to continue this operation after the initial test period, it is anticipated that the Port Authority will be entering into long-term arrangements with the Wing Building lessees which would include a fee sharing or other similar arrangement and which would be covered by appropriate agreements with the Wing Building lessees.

It was therefore recommended that the Executive Director be authorized, for and on behalf of the Port Authority, to enter into agreements with Bloomingdale's, (Federated Department Stores, Inc.) the Wing Building lessees and W.J. Barney Corporation at Kennedy International Airport, all in accordance with the foregoing.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board hereby authorizes the Executive Director to:

- (1) enter into agreements with the Wing Building lessees, Bloomingdale's, (Federated Department Stores, Inc.) and other operators for the operation of an approximate 1,100-square foot boutique selling, at retail, Bloomingdale's signature items in the East Wing Building common lounge area and an estimated four additional kiosks with other operators for a test period of approximately one year with the Port Authority to be obligated to construct the required improvements for Bloomingdale's and may be obligated to construct the kiosks for other concessionaires, at an estimated project cost of \$510,000 and
- (2) negotiate and enter into a Supplemental Agreement with W.J. Barney Corporation under Contract JFK-110.060A, International Arrivals Building Interline Baggage Conveyor System, Miscellaneous Building Alterations, for the construction of retail sales space to accommodate Bloomingdale's, Inc., at a cost not to exceed \$275,000; and it is further

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

(Board - 8/14/86)

Newark International Airport - Payment to Delta Air Lines, Inc.

It was reported that Delta Air Lines, Inc. ("Delta") leases four of the nine aircraft gate positions in Flight Station 3 of Terminal B at Newark International Airport under Lease AN-542. Under the lease, Delta is jointly and severally obligated, with its co-lessee of the remaining five gates in Flight Station 3, to maintain, replace and repair the non-exclusive areas of the Flight Station and the Connector leading to the Flight Station. When it became necessary to replace badly worn carpeting in the Flight Station and the Connector, Delta was unable to obtain a firm commitment from its co-lessee to share in the cost of the work.

In the interest of getting the worn and unsafe carpeting replaced, Delta was encouraged by Port Authority staff to proceed with the re-carpeting and was further told that the Port Authority would assume responsibility to pay Delta for 5/9's of the cost if Delta was unable to obtain payment from its then co-lessee, Pan American World Airways, Inc. Delta subsequently replaced the carpeting but was unable to obtain payment from said co-lessee for its *pro rata* share of the cost.

The Board, at its meeting on September 13, 1984, among other things, authorized the Executive Director to enter into various agreements involving the same Flight Station in Passenger Terminal B, it being deemed beneficial to the Port Authority at the time to concur in the departure of Pan American World Airways, Inc. from the airport and to arrange for the presence of New York Airlines, Inc. in the Pan American space in Terminal B. The aforesaid *pro rata* share of the cost of replacing the carpeting in the Flight Station was not included in the various financial arrangements which took place in the settlement with Pan American and New York Airlines, and staff does not deem it appropriate at this time to seek reimbursement for the said share of the cost from Delta's current co-lessee in Terminal B. Accordingly, with the aforesaid assurance having been made to Delta, authorization is requested for payment by the Port Authority to Delta in the amount of \$90,434 as a share of the cost Delta incurred in replacing the Flight Station and Connector carpeting.

It was therefore recommended that the Executive Director be authorized, for and on behalf of the Port Authority, to pay Delta Air Lines, Inc. the sum of \$90,434, in accordance with the foregoing.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board hereby authorizes the Executive Director, for and on behalf of the Port Authority, to pay Delta Air Lines, Inc. the sum of \$90,434.

(Board - 8/14/86)

Kennedy International Airport - Baggage Cart Rental Service - Authority to Perform Improvements

It was reported that baggage cart rental services are provided at 33 U.S. airports. Some European airports have cart rental services as well. Negotiations are substantially complete with a baggage cart rental service company to permit it to install its baggage cart rental service in the International Arrivals Building after completion of the Improvement Program and in such other terminals where the lessee airline has agreed with the company to accept this service. Eastern and TWA are currently disposed not to accept the baggage cart rental service operation while the other Central Terminal Area unit terminal airlines have indicated their acceptance.

As part of the program, the Port Authority is willing to construct certain necessary improvements to the unit terminal frontage to allow for the movement of the carts from the terminal to the parking lots. These improvements will be limited to those airline unit terminals where the lessee airline has agreed to accept the baggage cart rental service during the first year of operation, otherwise, the lessee airline will be required to perform its own terminal frontage improvement if it elects to join the program after the first year. The improvements are also beneficial to handicapped persons using these unit terminals.

It is currently estimated that the cost of these improvements will be \$1.1 million, including payments to contractors, an allowance for extra work and engineering, administrative and financing expenses. Although negotiations with the baggage cart rental service company are substantially complete, authority to enter into an agreement is being held in abeyance until such time as certain labor relations matters concerning Port Authority employees represented by an employee organization have been clarified. It is felt that the required improvements, however, should proceed in order to minimize delay in implementation of the program when appropriate.

It was therefore recommended that the Board authorize a project for performing improvements as needed and requested by the unit terminal airlines in the Central Terminal Area at Kennedy International Airport for future baggage cart rental operations at an estimated total project cost of approximately \$1.1 million, including payments to contractors, an allowance for extra work and engineering, administrative and financing expenses.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that a project for performing improvements as needed and requested by the unit terminal airlines in the Central Terminal Area at Kennedy International Airport for future baggage cart rental operations at an estimated total project cost of approximately \$1.1 million, including payments to contractors, an allowance for extra work and engineering, administrative and financing expenses is authorized.

(Board - 8/14/86)

All Vehicular Crossings - New Tolls Registration System - Project Authorization and Authority to Purchase and Install Equipment

It was reported that the tolls registration equipment presently in use at the three Staten Island Bridges and the Holland and the Lincoln Tunnels has been in operation since the 1930's. The sole source supplier of this electro-mechanical equipment, Taller-Cooper, is no longer in business and replacement parts, when needed, must be custom fabricated or salvaged from equipment remaining from the conversion to one-way tolls in 1970. It is projected that within three to five years, replacement parts will be unavailable. The tolls equipment at the George Washington Bridge was installed in 1962 and it also has become difficult and costly to maintain.

The present system also requires that data first be sent to Management Information Services Department for data conversion and processing and then audited manually by the Finance Department. The entire tolls audit process typically takes about four weeks to complete.

Due to the age, technical obsolescence and lack of replacement parts for the existing tolls equipment, staff determined that a new tolls registration system for use at all Port Authority vehicular crossings is required. The new system will provide state of the art methods of toll collection, revenue control and deviation analyses, statistical traffic data gathering and management of the Port Authority's toll barrier operations. It will also provide an interface for direct data transmission to the Port Authority's data processing staff at The World Trade Center, and support future expansion, accommodating other interrelated systems such as Automatic Vehicle Identification (AVI).

The new system will improve the accuracy and speed of the auditing process. Instant audits at the toll lane and plaza levels will be available based on the real time information.

The existing system has a remaining useful life of no more than five years. Staff estimates that investing in new equipment now as opposed to five years hence will result in present value savings of about \$2 million due to reduced staffing, operating and maintenance costs.

Therefore, a Request for Proposals (RFP) was prepared and publicly advertised, with four responses received on March 13, 1986, ranging in price from \$2.8 million to \$12.7 million.

Another proposal was received and was deemed non-responsive. Subsequently, one of the proposals was eliminated as a result of failure to meet pre-determined criteria established by staff.

The following proposals were evaluated:

Vendor	Location	Price	Monthly Maintenance Price*
1. AGS Computers, Inc.	Jericho, Long Island New York	\$2,859,636	\$10,216
2. Cubic Western Data	San Diego, California	\$3,534,524	\$14,200

*1986 Dollars

(Board - 8/14/86)

Vendor	Location	Price	Monthly Maintenance Price*
3. TDC Electronics (Compagnie de signaux et d'entreprises electriques)	New York, New York (Paris)	\$6,614,749	\$19,516
STAFF ESTIMATE		\$8,400,000	\$24,000

*1986 Dollars

An interdepartmental evaluation committee, composed of representatives from the Engineering, Management Information Services, General Services, and Tunnels, Bridges and Terminals Departments, was established to intensively analyze and evaluate the proposals in the following categories: (a) technical ability to design and provide the system; (b) price; (c) quality of equipment; (d) ease of access to the vendor's production facility and availability on a day-to-day basis of the vendor's engineering and support personnel for this project; (e) proven performance of the equipment proposed and of prior systems of similar scope and complexity; (f) compliance with the terms, conditions, and other provisions of the RFP; and (g) the vendor's ability to, in a timely manner, furnish the system described in the RFP. Further, as part of the evaluation process, the evaluation committee interviewed the vendors and visited their facilities.

Based on Cubic Western Data's demonstrated ability to provide the system which best meets the aforementioned criteria and the Port Authority's needs well into the future, the Evaluation Committee recommended the tolls registration system proposed by Cubic Western Data.

Cubic Western Data has over fifteen years of experience in computerized revenue collection systems. They have installed computer based fare collection systems for such agencies as the Bay Area Rapid Transit (BART), Oakland, California and Metropolitan Atlanta Rapid Transit Authority (MARTA), Atlanta, Georgia. The Evaluation Committee inspected, at Cubic Western Data's facilities, similar tolls registration systems currently being installed on both the Ohio and Massachusetts Turnpikes. Finally, Cubic Western Data already maintains a Port District regional maintenance facility.

It was therefore recommended that the Board authorize:

1. a project to furnish and install new, modernized tolls registration systems at six vehicular crossing facilities: Bayonne Bridge, Goethals Bridge, Outerbridge Crossing, Holland Tunnel, Lincoln Tunnel, and George Washington Bridge at a total project cost not to exceed \$9.3 million, consisting of up to \$4.0 million for equipment purchase, an estimated \$3.5 million for installation, and an estimated \$1.8 million for associated engineering, staff, and financial costs;

(Board - 8/14/86)

2. the Executive Director to enter into an agreement with Cubic Western Data to furnish tolls registration systems for all six vehicular crossing facilities, at a compensation not to exceed \$3.6 million for equipment purchase, exclusive of an authorization of \$400,000 for extra work;

3. the Executive Director to negotiate with and award to Cubic Western Data, or to publicly advertise and award contracts to the lowest qualified bidder(s) or to reject all bids and employ staff for site preparation and installation of the system at all six vehicular crossings at an estimated cost not to exceed \$3.2 million, exclusive of an authorization of \$320,000 for extra work; and

4. the Executive Director to enter into an agreement with Cubic Western Data to perform nine years of maintenance commencing one year after the final acceptance of each facility's tolls registration system at a monthly compensation not to exceed \$14,200 per month for all facilities, not including escalation, exclusive of an authorization of \$150,000 for extra work over the life of the contract.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorizes: (1) a project to furnish and install new, modernized tolls registration systems at six vehicular crossing facilities: Bayonne Bridge, Goethals Bridge, Outerbridge Crossing, Holland Tunnel, Lincoln Tunnel, and George Washington Bridge at a total project cost not to exceed \$9.3 million, consisting of up to \$4.0 million for equipment purchase, an estimated \$3.5 million for installation, and an estimated \$1.8 million for associated engineering, staff, and financial costs; (2) the Executive Director to enter into an agreement with Cubic Western Data to furnish tolls registration systems for all six vehicular crossing facilities, at a compensation not to exceed \$3.6 million for equipment purchase, exclusive of an authorization of \$400,000 for extra work; (3) the Executive Director to negotiate with and award to Cubic Western Data, or to publicly advertise and award contracts to the lowest qualified bidder(s) or to reject all bids and employ staff for site preparation and installation of the system at all six vehicular crossings at an estimated cost not to exceed \$3.2 million, exclusive of an authorization of \$320,000 for extra work and (4) the Executive Director to enter into an agreement with Cubic Western Data to perform nine years of maintenance commencing one year after the final acceptance of each facility's tolls registration system at a monthly compensation not to exceed \$14,200 per month for all facilities, not including escalation, exclusive of an authorization of \$150,000 for extra work over the life of the contract; and it is further

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

(Board - 8/14/86)

TRANSCOM - Agreement with the Departments of Transportation for the States of New York and New Jersey and the City of New York

It was reported that an important finding of the Planning and Development Department's Trans-Hudson task force was that the region's transportation congestion problems would be further aggravated by \$7 billion of planned transportation construction during the next five years and that the operational response to this reduction in service levels was complicated by the fragmented network of agencies responsible for management of the transportation network. Clearly, what was required was a quantum increase in coordination, communication and advanced operational planning among the historically independent jurisdictions. Consequently, the Port Authority called together the heads of the major transportation entities in the region in December 1984, including both highway and transit agencies. This meeting led to the formation of the Transportation Operations Coordinating Committee (TRANSCOM) – an informal consortium of sixteen transportation agencies in the New York/New Jersey metropolitan region.

Since inception TRANSCOM has embarked upon a series of projects to demonstrate the impact of improved coordination and communication of the region's traffic management. The agreement will permit the establishment of four projects:

- **Alpha-Numeric Paging System** – permits real-time information concerning conditions affecting traffic in the region to be communicated simultaneously to all entities on the system;
- **Special Coordinated Operation Plans** – pre-establishment of diversionary, alternate route operating plans for each major regional road segment or transportation facility so as to expedite and improve the quality of response to incidents;
- **Highway Construction Coordination** – creation of computerized data bank of all major highway construction and maintenance in the region, thereby permitting planners and operators of the respective agencies to avoid simultaneous activities on parallel or intersecting road segments; and
- **TRANSCOM Center** – a facility to receive, transmit and process real-time information through advanced technological means.

Further, with appropriate funding and support, TRANSCOM's evolution can be accelerated to incorporate more advanced technology to manage the region's traffic management problems, as is done in such metropolitan areas as Los Angeles, Chicago, London and Tokyo.

The TRANSCOM Center has played an important role in recent special events such as traffic coordination of the New Jersey Waterfront Marathon and the Liberty Weekend activities, as well as in many day-to-day traffic situations. These TRANSCOM activities have been enthusiastically embraced not only by the participating agencies, but by regional private and non-profit transportation related entities, the press, and Federal officials, including the Federal Highway Administration. It is noteworthy that not only have the participating agencies been actively involved in TRANSCOM's planning, but five of those agencies (the New Jersey Department of Transportation (NJDOT), the New York Department of Transportation (NYSDOT), the New York City Department of Transportation (NYCDOT), New Jersey Transit and the New Jersey State Police, in addition to the Port Authority) have donated or committed staff to support TRANSCOM operations.

(Board - 8/14/86)

In consideration of the enthusiasm and the apparent need for the TRANSCOM concept and program, the four agencies primarily responsible for highway transportation in the region, i.e., NJDOT, NYCDOT, NYSDOT and the Port Authority have agreed to enter into an agreement that would formally establish TRANSCOM and provide for a distribution of TRANSCOM's cost among the signatory agencies.

In support of TRANSCOM's first year, the two State Departments of Transportation have committed to provide project funds in the amount of \$157,000 each, made available through the New Jersey Transportation Coordinating Council and the New York Metropolitan Transportation Council, from Federal Highway Administration funds. Additionally, as part of their contributions, NYSDOT, NJDOT and NYCDOT will provide at least one staff member each to TRANSCOM. When staff contributions from two other participating agencies are included, the non-Port Authority contributions in the first year are estimated to be at least \$625,000.

While the first year Port Authority share is to be authorized at \$900,000, \$400,000 of that amount represents anticipated contributions from additional non-DOT agencies that are expected to become signatories to the agreement during the first year. As those agencies become signatories and make contributions to TRANSCOM, the Port Authority's contribution will be reduced accordingly. For subsequent years, the agreement would provide for each signatory agency to review the TRANSCOM effort and to make contributions based on that review.

By the end of the three-year period, it is expected that TRANSCOM will become a permanent regional institution based on the benefits to be derived during this demonstration period and will be able to attract increases in support from all parties for continued expansion of its operating programs.

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

1. enter into an agreement with the Departments of Transportation of the States of New York (NYSDOT) and New Jersey (NJDOT) and the City of New York (NYCDOT), which will formally establish the Transportation Operations Coordinating Committee ("TRANSCOM"), for a term of three years, the Port Authority's share of TRANSCOM costs not to exceed \$900,000 in the first year, \$600,000 in the second year and \$700,000 in the third year; and

2. execute amendments to the agreement as appropriate to include additional transportation agencies as signatories.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorizes the Executive Director to: (1) enter into an agreement with the Departments of Transportation of the States of New York (NYSDOT) and New Jersey (NJDOT) and the City of New York (NYCDOT), which will formally establish the Transportation Operations Coordinating Committee ("TRANSCOM"), for a term of three years, the Port Authority's share of TRANSCOM costs not to exceed \$900,000 in the first year, \$600,000 in the second year and \$700,000 in the third year and (2) execute amendments to the agreement to include additional transportation agencies as signatories; the form of the agreement and amendments to be subject to the approval of General Counsel or his authorized representative.

(Board - 8/14/86)

George Washington Bridge - Rehabilitation of Bridges over the Trans-Manhattan Expressway - Broadway and Wadsworth Avenue Bridges - Project Authorization and Award of Contract GWB-208

It was reported that the Board, at its meeting on November 8, 1984, authorized the Executive Director to award Contract GWB-207. Contract GWB-207 was the first of several contracts to provide for repair of the Broadway and Wadsworth Avenue Bridges. The work under Contract GWB-207 in the approximate amount of \$2.5 million has been completed.

The second contract, Contract GWB-208, provides for the resupport of utilities to brackets installed under Contract GWB-207, removal of remaining deteriorated soffit slabs, replacement of sidewalks on the bridges, fireproofing of utilities, and for new roadway lighting for the Trans-Manhattan Expressway under the Broadway and Wadsworth Avenue bridges.

In addition, Contract GWB-208 provides for the removal of loose concrete from the underside of the Broadway, Wadsworth Avenue, St. Nicholas Avenue and Audubon Avenue bridges, the patching of the spalled areas at the Broadway and Wadsworth Avenue bridges, and the closing of traffic lanes, to permit such work to be done, all on a net cost basis presently estimated at roughly \$80,000.

A portion of the work under this contract will be performed during nighttime weekday and weekend hours so as to minimize interference with traffic flow and essential facility operations.

A portion of the cost for resupporting the utilities will be reimbursed by the utility companies.

Contract GWB-208 was publicly advertised and the following bids were received on July 8, 1986:

	Classified Work	Unclassified Work	Estimated Total Amount
Beaver Concrete Breaking Co., Inc. Corona, New York	\$1,181,254	\$2,705,700	\$3,886,954
A.J. Pegno Construction Corp. College Point, New York	825,030	3,107,484	3,932,514
Bellezza Company, Inc. South Kearny, New Jersey	662,958	3,292,210	3,955,168
Jana Construction Co., Inc. Scarsdale, New York	1,337,460	2,850,000	4,187,460

(Board - 8/14/86)

	Classified Work	Unclassified Work	Estimated Total Amount
Karl Koch Erecting Co., Inc. Carteret, New Jersey	\$1,329,297	\$3,049,609	\$4,378,906
Acme Skillman Construction Co., Inc. Maspeth, New York	2,442,998	3,407,002	5,850,000
ENGINEER'S ESTIMATE			\$4,750,000

Beaver Concrete Breaking Co., Inc. 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 to rehabilitate the bridges over the Trans-Manhattan Expressway at Broadway and Wadsworth Avenue at an expenditure presently estimated at \$13.6 million, including payments to contractors, allowances for extra work and net cost work, and engineering, administrative and financing expenses; and

2. the Executive Director to award Contract GWB-208, George Washington Bridge, Bridges over the Trans-Manhattan Expressway, Broadway and Wadsworth Avenue Bridges Repairs to Beaver Concrete Breaking Co., Inc., the low bidder, in the estimated total amount of \$3,886,954, plus an authorization of \$388,000 for extra work and a provision for net cost work.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that a project to rehabilitate the bridges over the Trans-Manhattan Expressway at Broadway and Wadsworth Avenue at an expenditure presently being estimated at \$13.6 million, including payments to contractors, allowances for extra work and net cost and engineering, administrative and financing expenses, is authorized; and it is further

RESOLVED, that the Executive Director is authorized to award Contract GWB-208, George Washington Bridge, Bridges over the Trans-Manhattan Expressway, Broadway and Wadsworth Avenue Bridges Repairs to Beaver Concrete Breaking Co., Inc., the low bidder, at its bid price in the estimated total amount of \$3,886,954 plus an authorization of \$388,000 for extra work and a provision for net cost work.

(Board - 8/14/86)

The World Trade Department - The Teleport - Contract TP-110.014 - Radio Frequency Interference Shield and Antenna Infield - Settlement of Claims and Additional Extra Work

It was reported that the Board, at its meeting on May 10, 1984, authorized the Executive Director to award Contract TP-110.014, Radio Frequency Interference Shield and Antennae Infield to the qualified contractor submitting the lowest proposal. The Executive Director, on June 13, 1984, authorized award of Contract TP-110.014 to D'Annunzio Constructors Corporation (now known as D'Annunzio Brothers, Inc.) at its proposal price of \$4,255,000, exclusive of an authorization for extra work up to the amount of \$430,000 and exclusive of net cost work. On November 27, 1984, the Executive Director delegated to the Director, World Trade Department, the authority to order all authorized extra work under the contract.

Subsequently, the Board, at its meeting on December 13, 1984, authorized the Executive Director to enter into Supplemental Agreement No. 1 under Contract TP-110.014 in the estimated amount of \$600,000 which required the contractor to remove from the site unsuitable materials excavated from the antennae infield at The Teleport. In addition, on June 13, 1985 the Director, World Trade Department, authorized an increase in extra work under Contract TP-110.014 from \$430,000 to \$680,000 for various items of work required by the Port Authority's ongoing structural integrity program and for additional grading of the antennae infield and rock excavation.

Contract TP-110.014 required the contractor to construct the antenna shield wall and perform other site work, including installation of storm drainage, and provision of access roadways at The Teleport.

On August 5, 1985, D'Annunzio Constructors Corporation (now known as D'Annunzio Brothers, Inc.) submitted a claim against the Port Authority in the approximate amount of \$1 million. The basis of the claim was for additional costs alleged to have been incurred by the contractor as a result of deficiencies in the contract design relating to metal siding and precast concrete panels, disruptions to the progress of the work caused by unsuitable materials and the ordering of items of work by the Port Authority which were considered to be extra work by the contractor. After a thorough review and evaluation some of the contractor's claims were dismissed, but a portion of these claims was determined to be valid, and after negotiations, a tentative settlement, subject to Board approval, has been reached with D'Annunzio Brothers, Inc. in the amount of \$389,122, of which \$189,185 constitutes payment for extra work. An additional \$40,878 in payment for extra work not within the contractor's claim, is required to be authorized for miscellaneous field changes.

To date, approximately \$5,273,000, has been expended under Contract TP-110.014. The work required by the contractor has been substantially completed and only punch list items and the submission of as-built drawings is required.

The Executive Director, on July 29, 1986, authorized the Director, World Trade Department, to pay D'Annunzio Brothers, Inc., \$217,750 out of a total of \$242,750, which was allocable to work already performed but not payable until final payment under Contract TP-110.014. D'Annunzio Brothers, Inc. signed a claims release of all claims under the contract prior to payment of the \$217,750, which was conditioned upon the Board's approval of the proposed settlement.

(Board - 8/14/86)

It was therefore recommended that the Board authorize:

1. the Executive Director to enter into an agreement for the settlement of all claims by D'Annunzio Brothers, Inc., against the Port Authority arising out of Contract TP-110.014, Radio Frequency Interference Shield and Antenna Infield and for payment to D'Annunzio Brothers, Inc., of a total of \$389,122 in settlement of all such claims, of which \$189,185 constitutes payment for extra work; and
2. additional compensation for extra work in the amount of \$40,878 under Contract TP-110.014.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorizes: (1) the Executive Director to enter into an agreement for the settlement of all claims by D'Annunzio Brothers, Inc., against the Port Authority arising out of Contract TP-110.014, Radio Frequency Interference Shield and Antenna Infield and for payment to D'Annunzio Brothers, Inc., of a total of \$389,122 in settlement of all such claims, of which \$189,185 constitutes payment for extra work, the form of the agreement to be subject to the approval of General Counsel or his authorized representative and (2) additional compensation for extra work in the amount of \$40,878 under Contract TP-110.014.

(Board - 8/14/86)

George Washington Bridge Bus Station - General Cleaning - Contract PSE-452-1

It was recalled that the Board, at its meeting on June 10, 1982, authorized award of Contract PSE-362 to Motley's Shampooing Company, the lowest bidder, at its bid price of \$915,600, exclusive of a 20% allowance for extra work. The contract contained provision for two one-year renewal options; said options were exercised by the Director, Tunnels, Bridges and Terminals, in June 1984 and June 1985.

Contract PSE-362 expired on June 30, 1986. Due to changes in the bid documents, the bid opening was postponed until June 20, 1986. An interim agreement was reached with Motley's Shampooing Company to extend the current contract for three months, under the same terms and conditions, to provide uninterrupted service until a new contract is awarded.

Contract PSE-452-1 was publicly advertised and bids were solicited from 43 vendors. On June 20, 1986, the following bids were received:

Vendor Name	Price
Motley's Shampooing Company Newark, New Jersey	\$1,057,868
Dunn & Sons Maintenance Corp. Plainfield, New Jersey	1,239,764
Urban Cleaning Contractors, Inc. Pelham Manor, New York	1,274,251
See Clear Maintenance Corp. New York, New York	1,407,370
Hispanic Maintenance Services, Inc. White Plains, New York	1,436,678
Control Building Services, Inc. Secaucus, New Jersey	1,449,481
Ebon Services International, Inc. Newark, New Jersey	1,692,201
Nelson Maintenance Services, Inc. Yonkers, New York	1,723,961
LeRoy & Sons International Co., Inc. Hollis, New York	1,961,566
STAFF ESTIMATE	\$1,430,000

(Board - 8/14/86)

It has been determined that Motley's Shampooing Company, a minority contractor, meets all of the contractual requirements and is qualified to perform the work. Motley's Shampooing Company has performed satisfactorily on other Port Authority janitorial services contracts. Staff therefore recommends that the Board award Contract PSE-452-1, George Washington Bridge Bus Station, General Cleaning, to Motley's Shampooing Company, in the estimated amount of \$1,057,868, exclusive of a 10% extra work allowance.

The contract is subject to extension for one two-year period. The contract price during the extension period is subject to adjustment based on mutually agreed to cost increases related to labor and materials subject to Audit verification. The price adjustments for non-labor costs will be established as of the beginning of the extension period for the entire term and will be computed based on changes in the Consumer Price Index for the costs of such services. Labor costs are subject to annual escalation based on the increase for the cost of such services contained in the Local 32BJ union agreement in effect on January 1 of each year.

It was therefore recommended that the Board authorize the Executive Director to award Contract PSE-452-1 to Motley's Shampooing Company on the terms and conditions outlined above.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize: (1) the Executive Director, for and on behalf of the Port Authority, to award Contract PSE-452-1, George Washington Bridge Bus Station, General Cleaning, to Motley's Shampooing Company, a minority contractor, the lowest bidder, at its total estimated bid price of \$1,057,868, exclusive of a 10% extra work allowance, for a two-year term commencing October 1, 1986 and (2) the Executive Director to extend the contract, at his discretion, for one additional two-year period. The compensation due to the contractor for non-labor related costs will be adjusted at the commencement of the renewal period based upon changes in the Consumer Price Index for the costs of providing such services; labor-related costs are subject to annual escalation based upon the costs of such services contained in the agreement with Local 32BJ in effect on January 1 of each year; and it is further

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

(Board - 8/14/86)

**George Washington Bridge - Upper Level Rehabilitation - Main Span Expansion Joints - Contract
GWB-110.078A - Increase In Extra Work Authorization**

It was reported that on May 10, 1984, the Committee on Construction authorized the award of Contract GWB-110.078A to Dynamic Painting Corp., the low bidder, at its bid price in the total estimated amount of \$1,151,913, plus an authorization of \$120,000 for extra work. The contract provides for the rehabilitation of the finger-type expansion joints and associated drainage systems of the upper level roadway at the New York and New Jersey towers of the George Washington Bridge.

As part of the contractor's operations at the site, the contractor was required to remove the existing finger-type expansion joints and install temporary roadway plates. The expansion joints could then be inspected, repaired or replaced as required. A number of problems developed resulting in increased cost and extra work. The first was that the facility experienced operating problems with the roadway plates in place while the finger joints were being repaired or replaced. Traffic would brake before crossing the plates which slowed traffic and caused unacceptable delays. The contractor was directed to remove the roadway plates and install temporary expansion joints. This resulted in extra work estimated at \$265,000.

Also, as the rivets which held a supporting angle for the expansion joints in place were removed, it became apparent that unforeseeable differential stresses had distorted the rivets and made the rivets extremely difficult to remove. In addition, when the rivets were removed the holes were found to be distorted making it impossible to install the new high strength bolts to hold the new supporting angle for the new or rehabilitated expansion joints without reaming the holes and installing larger high strength bolts. This resulted in extra work estimated at \$226,000.

Also nine other miscellaneous changes resulted in extra work estimated at \$146,000.

Based on limited field observations of the expansion joints prior to bids being received, the contract anticipated that 20% of the expansion joints would be replaced under the contract and 80% would be rehabilitated. It was not possible to determine the amount of deterioration of the expansion joints without removal and inspection of the joints. When the joints were removed, it was determined that they could not be rehabilitated and would require 100% replacement instead of the 20% originally anticipated. Since this was a major change in scope and it was not economical or efficient to continue work as originally planned it was decided to cancel the remainder of the contract and pay the contractor the estimated amount of \$193,000 for the expansion joints, drainage piping, and supporting angles already fabricated but not installed. A new contract will be prepared which will provide for the replacement of the expansion joints where feasible utilizing the material purchased under Contract GWB 110.078A.

The cancellation of Contract GWB-110.078A will result in reduction in the original estimated expenditure under Contract GWB-110.078A, for other than extra work from \$1,151,913 to an estimated total amount of \$545,534, as well as the requested increase in the extra work authorization from \$120,000 to \$830,000.

It was therefore recommended that the Board authorize an increase in the authorization for extra work under Contract GWB-110.078A, Upper Level Rehabilitation, Main Span Expansion Joints, with Dynamic Painting Corp., from \$120,000 to \$830,000, an increase of \$710,000.

(Board - 8/14/86)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize an increase in the authorization for extra work under Contract GWB-110.078A, Upper Level Rehabilitation, Main Span Expansion Joints, with Dynamic Painting Corp., from \$120,000 to \$830,000, an increase of \$710,000.

(Board - 8/14/86)

The World Trade Center - Leases with New York Shipping Association, Inc. and NYSA-ILA Fringe Benefits Escrow Fund and Extension of Lease with Insurance Services Office

It was reported that, subject to approval by the Board, staff has reached agreement with New York Shipping Association (Shipping Association), an association for negotiating, underwriting and implementing collective bargaining agreements among various labor organizations on behalf of steamship carriers and other waterfront employers and with the NYSA-ILA Fringe Benefits Escrow Fund (Escrow Fund), a joint labor/management trust fund which manages and administers the collection and investment of employer contributions paid by steamship carriers in the Port of New York, for employee benefits provided by the Longshore Collective Bargaining agreements for the Port of New York, for the leasing of a total of approximately 80,000 rentable square feet of office space comprising the 19th floor (to be leased to the Escrow Fund) and the 20th floor (to be leased to the Shipping Association) of Two World Trade Center. Mr. Anthony J. Tozzoli, former director of the Port Department, is currently the president of the New York Shipping Association, Inc., and has informed General Counsel that he has not been involved in the negotiation of these leases.

The lease with the Escrow Fund will provide that this tenant will occupy approximately 30,000 rentable square feet of space during the initial 5-7 years of the term, after which the balance of 10,000 square feet will be added to the leased space for the balance of the term at the rental rates then payable under the Escrow Fund lease.

Both leases provide that the rent for the five-year period following the rent commencement date will be at the rate of \$27 per rentable square foot per year; for the following five years, at the rate of \$33 per rentable square foot per year; for the following five years at the rate of \$36 per rentable square foot per year. The tenants would also pay additional charges for cleaning and electricity and additional rent to cover increases in operating costs and payments in-lieu-of taxes. Both leases will commence on February 1, 1987 and the rent commencement date will be on the earlier of five months after the lease commencement date or the date on which the tenants commence business operations in the space which includes time for the tenants to reconstruct their respective spaces. The leases would provide the tenants with the right, exercisable jointly, to extend their leases for an additional five-year period at fair market rental. The spaces would be delivered "as is" with an allowance equal to \$30 per rentable square foot payable toward the combined cost of the reconstruction performed on both floors. If the Port Authority fails to make the spaces available to the tenants on February 1, 1987 and as a result the tenants are required to extend their current leases which expire on April 30, 1987, the Port Authority will be responsible for the difference between the rentals payable by the tenants during an extension period of not more than one year and the rentals the tenants would pay in The World Trade Center for a similar period following the rent commencement date.

The leases will provide each tenant with the right to sublease portions of their respective spaces and may further provide for up to a 50/50 sharing of any sub-rent profits resulting therefrom.

(Board - 8/14/86)

The current occupant of the space to be covered by the two leases, Insurance Services Office (I.S.O.), has a substantial computer installation on the 20th floor which includes raised floors, special air conditioning, and a number of other items. Since the Shipping Association intends to also install a major computer operation on this floor, I.S.O. has agreed to leave in the premises most of its computer-related installation which will be usable by the Shipping Association. This was a major consideration in the Shipping Association's determination to move to the Trade Center. In consideration of I.S.O. leaving its computer-related installation in the space, it has been agreed that I.S.O. will be relieved of its obligation to restore its premises. Staff has also agreed that if I.S.O. is required to remain in its premises beyond January 31, 1987, the expiration date of its lease, I.S.O. will pay basic rent at the rate of \$23 per rentable square foot per year for the first two months of such period, at the rate of \$30 per rentable square foot per year for the third month, and at the rate of \$70 per rentable square foot per year thereafter. In addition, I.S.O. would pay additional rent to cover increases in operating costs (with a base date of January 1, 1987) and payments in-lieu-of taxes (with a tax base equal to the annual per rentable square foot factor for the tax year commencing July 1, 1987). Authorization is therefore requested to supplement the I.S.O. lease to provide for a six-month extension of the lease upon the foregoing rental arrangements and to relieve I.S.O. of its obligation to restore its premises.

There will be a real estate brokerage commission payable to Kenneth D. Laub & Co., Inc. on the Shipping Association and Escrow Fund leases not to exceed the rates approved by the Board at its meeting of August 11, 1977. Payment of the commission may be deferred for a period not to exceed 36 months at which time it would be paid together with simple interest at a fixed rate equal to the annual discount yield rate of the thirteen week Treasury Bill.

It was therefore recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into a lease with the New York Shipping Association, Inc., and to enter into a lease with the NYSA-ILA Fringe Benefits Escrow Fund and to enter into an agreement with Insurance Services Office extending its lease at The World Trade Center, upon the terms set forth above.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into leases with the New York Shipping Association, Inc., and the NYSA-ILA Fringe Benefits Escrow Fund, each for approximately 40,000 rentable square feet of office space in Two World Trade Center, for a term of approximately fifteen years and five months with an option to extend for an additional five-year period upon the terms set forth above; and it is further

RESOLVED, that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into an agreement extending the lease with Insurance Services Office, the current lessee of the space, for a six-month period, upon the terms set forth above; and it is further

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

(Board - 8/14/86)

Agreement with Hofstra University to Provide Engineers from China

It was reported that at the request of the People's Republic of China, through the China Association of Science and Technology, Hofstra University has sponsored a program for placing senior Chinese engineers in programs with high technology firms to provide these engineers with experience in American group research and design techniques. Because the People's Republic of China has established as one of its priorities the development of its seaport and airport facilities, it has requested placement of two highly qualified senior engineers with the Port Authority so that they may obtain valuable training and experience which they will be able to utilize in the modernization and expansion of seaport and airport facilities in the People's Republic of China.

These engineers would be provided with an individual intern program within the Engineering Department so that they will be able to gain as much experience in the design and construction of port facilities as possible within the one-year period. The program would include work in engineering design, project management, construction management and materials quality assurance.

Since the engineers are senior engineers with considerable experience in engineering, it is anticipated that they will make a valuable contribution to Port Authority projects.

It was therefore recommended that the Board authorize the Chief Engineer to enter into an agreement with Hofstra University to provide two senior engineers from the People's Republic of China, through the China Association of Science and Technology, to participate in a one-year intern program in the Engineering Department, in an amount not to exceed \$57,000.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Chief Engineer is authorized to enter into an agreement with Hofstra University to provide two senior engineers from the People's Republic of China, through the China Association of Science and Technology, to participate in a one-year intern program in the Engineering Department, in an amount not to exceed \$57,000; said agreement to be subject to approval as to form by General Counsel or his designated representative.

Whereupon, the meeting was adjourned.

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Wednesday, September 24, 1986

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MINUTES of special meeting of The Port Authority of New York and New Jersey held Thursday, September 24, 1986, at the Port Authority offices, One World Trade Center, City, County and State of New York.

PRESENT:

NEW JERSEY

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

NEW YORK

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

Stephen Berger, Executive Director
Patrick J. Falvey, General Counsel/Assistant Executive Director
Doris E. Landre, Secretary
Sidney Frigand, Assistant Executive Director/Government, Community & Public Affairs
Louis J. Gambaccini, Assistant Executive Director/Trans-Hudson Transportation
Katharine B. MacKay, Assistant Executive Director/Administration
Mark Marchese, Assistant Director, Information Services, Public Affairs
Hugh O'Neill, Assistant Executive Director/Policy Planning and Business Development
David Z. Plavin, Assistant Chief Financial Officer
Morris Sloane, Deputy Director of Aviation
Joseph L. Vanacore, Assistant Executive Director/Capital Programs
Barry Weintrob, Chief Financial Officer and Director, Finance Department
Kristina E. Weisenstein, Administrative Assistant

The meeting was called to order by the Chairman.

The Secretary reported that the meeting was duly called in accordance with the By-Laws.

(Board - 9/24/86)

**Aviation Department - Newark International Airport - People Express Airlines, Inc. -
Authorization to Amend Leases**

It was reported that People Express Airlines, Inc. is constructing a passenger terminal facility at Newark International Airport pursuant to an agreement of lease authorized by the Board at its meeting on March 15, 1984 with the final details being given approval by the Committee on Finance at its meeting on January 10, 1985. It was further reported that the Port Authority entered into another lease with People Express Airlines, Inc. covering the construction of an annex building at the North Passenger Terminal at the Airport pursuant to a lease dated as of May 1, 1986. This lease did not require authorization of the Board or Committee because the annex was constructed by People Express at its own expense and the annual rental was within the authority of the Executive Director under the By-Laws.

People Express in view of its financial difficulties stemming in large part from the purchase of Frontier Airlines by its parent has asked the Port Authority for certain changes in both leases. It is recommended that certain items such as loading bridges and personal property items involving heating and power at the gate positions, which under the terms of the Terminal C lease were to be provided at People's expense and remain People's property but could be purchased by the Port Authority at the expiration of the term, would now become part of the construction work for which funds are provided by the Port Authority subject to the \$175 million limitation of the Terminal C lease. These items are estimated to cost approximately \$8.85 million and would immediately become Port Authority property. In addition, People Express has advised that it did not anticipate the large cost of Terminal C liability insurance which is part of the costs paid for by the Port Authority subject to the \$175 million limitation of the Terminal C lease, the estimated amount over their budget being approximately \$2 million. It is further recognized that the roof of Terminal C, including the portion not leased to People Express, requires repairs the cost of which is estimated not to exceed \$2.5 million and it would be reasonable, in the opinion of staff, that all of said cost shall be borne by the Port Authority. This lease requires People Express to furnish security in the amount of \$9,500,000 to support its obligation to indemnify the Port Authority on its termination or in case of a challenge with respect to the arrangement whereby the Port Authority will be placing into the flight fee and fuel fee cost centers at the Airport certain expansions of the fuel system and the public aircraft facilities required to serve People's Terminal C facility. The amount of these costs has now been determined as \$6,500,000 and it is proposed that the security requirement be reduced accordingly.

It is also recommended that the Port Authority pay People Express the cost of construction of the annex to the North Terminal of approximately \$3,500,000. Originally People Express had intended to stage its Terminal C construction so that its transcontinental flights could operate out of Terminal C during construction, which operation was performed for a time under a separate lease of interim facilities at Terminal C. This turned out to be an undesirable plan for completing Terminal C and the annex was built to handle these flights. The cost of construction of the annex would become part of the cost of the construction work under the Terminal C lease

(Board - 9/24/86)

and subject to its \$175 million limitation. The term of the annex lease would be month-to-month as long as People Express was the tenant under the Terminal C lease and under the lease covering the North Passenger Terminal dated January 1, 1983 at which People Express is presently operating and which expires on April 30, 1991. In any event the annex lease would terminate within ninety days after completion of the construction work under the Terminal C lease and the Port Authority would not have the right to terminate the annex lease prior to said date, except for default of People Express. If People Express terminates its month-to-month annex lease or upon its termination as provided above and the Port Authority actually leases or permits another or others to use the annex, all or part of the net rental for the annex building can be credited to the amount payable by People under the Terminal C lease which is attributable to the cost of the construction of the annex.

The foregoing changes are proposed to help complete the Terminal C construction. They would also have a beneficial effect on People's current cash situation.

It was therefore recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into agreements supplementing the leases with People Express Airlines, Inc. at Newark International Airport on the terms set forth above.

Whereupon the following resolution was adopted, Commissioner Schulman voting "no":

RESOLVED, that the Board authorize the Executive Director for and on behalf of the Port Authority to enter into agreements supplementing the lease with People Express Airlines, Inc. covering Terminal C at Newark International Airport and the lease with People Express covering the annex at the North Passenger Terminal at Newark International Airport, on the terms set forth above; the form of the agreement to be subject to the approval of General Counsel or his designated representative.

Whereupon, the meeting was adjourned.

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

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MINUTES

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MINUTES of meeting of The Port Authority of New York and New Jersey held Thursday, October 16, 1986, at the Port Authority offices, One World Trade Center, City, County and State of New York.

PRESENT:

NEW JERSEY

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

NEW YORK

Robert F. Wagner, Vice-Chairman
 William J. Ronan
 James G. Hellmuth
 John G. McGoldrick

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
 John J. Collura, Assistant Director, Finance
 Henry DeGeneste, Superintendent of Police, 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
 John Hauptert, Acting 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
 Philip LaRocco, Director, Economic Development
 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, Deputy Chief Financial Officer
 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, Assistant Executive Director/Capital Programs
 Barry Weintrob, Chief Financial Officer and Director, Finance Department
 Kristina E. Weisenstein, Administrative Assistant
 Marshal L. Wilcox, Jr. Assistant Chief Financial Officer

The meeting was called to order by the Chairman.

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of September 11, 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 October 16, 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 October 16, 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 October 16, 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 October 16, 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 - 10/16/86)

**Newark International Airport - Central Terminal Area Roads - Interim Improvements -
Amendment to Project Authorization and Award of Contract NIA-110.030**

It was reported that the Board at its meeting on December 12, 1985, authorized a project for the construction of interim roadway improvements within the Central Terminal Area at Newark International Airport at a total project cost estimated at \$3.6 million and authorized the Executive Director to award Contract NIA-110.030 to the lowest qualified bidder subject to the approval of the Committee on Construction. Subsequently, detailed contract design and in-depth analyses of field conditions resulted in significant required increases in certain areas of construction; additional signing was required and added to the project scope; and additional premium time cost required to maintain an extremely tight completion schedule so as to complete in time for anticipated 1987 traffic demands was included in the project. Based on low bids received for Contract NIA-110.030 and the estimated cost of probable follow-on work, the project authorization required amendment from the previous value of \$3.6 million to \$5.6 million.

Contract NIA-110.030 provides for the construction of an additional express lane in the Central Terminal Area and other related modifications to provide additional capacity to the roadway system. The contract also provides for removal of unsuitable materials to be performed on a net cost basis presently estimated at roughly \$40,000.

The contract includes a provision that the bidder 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.

This contract was publicly advertised and the following bids were received on October 10, 1986:

	Classified Work	Unclassified Work	Estimated Total Amount
Bellezza Company, Inc. South Kearny, New Jersey	\$ 48,512	\$3,509,629	\$3,558,141
Crisdel Group, Inc. South Plainfield, New Jersey	\$ 41,184	\$4,252,488	\$4,293,672
Palmer Constructing, Inc. Jersey City, New Jersey	\$119,730	\$4,500,000	\$4,619,730
Onorato Construction, Inc. Orange, New Jersey	\$ 39,630	\$4,855,191	\$4,894,821
Schiavone Construction Co. Secaucus, New Jersey	\$ 60,900	\$4,892,000	\$4,952,900
Engineer's Estimate			\$4,200,000

(Board - 10/16/86)

Bellezza Company, Inc. submitted the lowest bid and was determined by the Chief Engineer to be qualified to perform the contract.

It is anticipated that an additional contract(s) at an estimated cost of \$300,000 may be required for the installation of traffic signals and related improvements at several intersections. This work was initially expected to be included in Contract NIA-110.030 but was removed in order to maintain the project schedule and its later schedule will not jeopardize the effectiveness of the improvements to be constructed under that contract.

The Board, at its meeting on January 10, 1985, authorized the Chief Engineer to retain professional firms to prepare contract documents and perform post-award contract work for Port Authority projects. Pursuant to this authorization, on February 21, 1986 the Chief Engineer entered into an agreement with VEP Associates, Inc., to prepare Contract NIA-110.030 at a compensation estimated at \$216,000. Under this authorization, payments were subsequently increased by the Chief Engineer to \$235,000 on March 19, 1986, to \$250,000 on August 11, 1986 and to \$286,000 on August 14, 1986 to provide for the required changes in the construction and project scope. To provide for additional changes in project scope and for increased involvement during the construction phase, it is recommended that compensation payable to VEP Associates, Inc., be increased from \$286,000 to an amount not to exceed \$400,000.

It was therefore recommended that the Board authorize:

1. a. an amendment to the project authorization for the construction of interim roadway improvements within the Central Terminal Area at Newark International Airport which increases the project authorization from a total project cost estimated at approximately \$3.6 million to approximately \$5.6 million including payments to contractors, an allowance for extra work, and engineering, administrative and financing expenses;

2. b. the award of Contract NIA-110.030 to Bellezza Company, Inc., the low bidder, at its bid price in the amount of \$3,558,141 exclusive of an authorization for extra work in the amount of \$360,000 and a provision for net cost work;

3. c. the Executive Director to award additional publicly advertised contract(s) for work complementary to that under Contract NIA-110.030 to the lowest qualified bidder(s), 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 bid(s) accepted, or to reject all bids; and

2. an increase in authorized payments to VEP Associates, Inc., from \$286,000 to an amount not to exceed \$400,000.

(Board - 10/16/86)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorizes an amendment to the project authorization for the construction of interim roadway improvements within the Central Terminal Area at Newark International Airport which increases the project authorization from a total project cost estimated at approximately \$3.6 million to approximately \$5.6 million including payments to contractors, an allowance for extra work, and engineering, administrative and financing expenses; the Executive Director to award Contract NIA-110.030 to Bellezza Company, Inc., the low bidder, at its bid price in the amount of \$3,558,141, exclusive of an authorization for extra work in the amount of \$360,000 and a provision for net cost work; the Executive Director in addition to any powers he may have with respect to such contract(s) under the By-Laws, to award additional publicly advertised contract(s) for work complementary to that under Contract NIA-110.030 to the lowest qualified bidder(s), 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 bid(s) accepted, or to reject all bids; and the form of said contract(s) to be subject to the approval of General Counsel or his authorized representative; and an increase in authorized payments to VEP Associates, Inc., from \$286,000 to an amount not to exceed \$400,000.

(Board - 10/16/86)

Port Newark - Naporano Iron and Metal Co. - New Lease

It was reported that Naporano Iron and Metal Co. is primarily a processor and exporter of scrap metal and has been a tenant at Port Newark since 1983. Presently, it has a work force of 300, of which 73% are minorities. The company is currently leasing approximately 5½ acres at three locations at Port Newark and pays approximately \$90,000 per year for its leased areas. Naporano has been expanding its capability to process scrap for export at its plant in the City of Newark. Additional acreage at Port Newark will allow Naporano to consolidate its export activities for a more efficient operation.

It is proposed that the Port Authority enter into a lease with Naporano for approximately nine upland acres adjacent to Berths 10 and 12 for a term of 20 years beginning on or about December 1, 1986 at an annual rental of \$196,695 plus an additional rent based on the amount of scrap metal discharged to or from Port Newark per year. The base rental will escalate every 2½ years by one-half of the increase in the Consumer Price Index, with each increase being no less than 5% and no more than 10%. Naporano will have a preferential right to berth one vessel at Berths 10 and 12 and will have the right and obligation to perform certain construction improvements to the upland including paving, utility and other related improvements necessary, with a lump-sum reimbursement by the Port Authority of up to \$150,000.

The lease will provide the Port Authority and Naporano each with a conditional right to terminate the letting at the end of the fifth, tenth and fifteenth years. The Port Authority can terminate the lease if Naporano does not accept the Port Authority's offer to relocate Naporano to alternative comparable space. If Naporano is relocated, the Port Authority must pay Naporano up to \$50,000 for making improvements. Naporano can terminate the lease upon payment of \$150,000, \$125,000 and \$100,000 at the end of the fifth, tenth, and fifteenth years, respectively.

The lease also provides that if the passage of an Export Control Regulation limits the tonnage exported by the lessee, the Port Authority will discuss possible surrender of a portion of the premises subject to future Board approval.

It was therefore recommended that the Board authorize the Executive Director, on behalf of the Port Authority, to enter into a lease with Naporano Iron and Metal Co. on the terms and conditions outlined above.

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 lease with Naporano Iron and Metal Co. at Port Newark for approximately nine acres of upland adjacent to Berths 10 and 12 and a preferential right to berth one vessel at Berths 10 and 12 on the terms and conditions set forth above; and it is further

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

(Board - 10/16/86)

Air Cargo Fast Flow - Extension of the Operation of the Automated Cargo Clearance Enforcement Processing Technique System (ACCEPT); Extension of Pan American Airways Professional Services

It was reported that the Automated Cargo Clearance Enforcement Processing Technique (ACCEPT), a regional system intended to expedite the flow of import cargo by identifying low-risk shipments that may be released without physical examination, was authorized for design, implementation and operation by the August 9, 1984 Committee on Operations, and the September 13, 1984 Board, at an estimated total expenditure of \$1,513,000. ACCEPT was to operate for approximately eighteen months after actual start-up (which occurred in the Spring of 1985), and be phased out with the implementation of the larger, more comprehensive automated cargo clearance and release system known as Air Cargo Fast Flow (ACFF), with its link to the national Automated Commercial System (ACS) under development by U.S. Customs.

At this point both ACFF and ACS are projected to become operational during 1987. Therefore, at a recent meeting with U.S. Customs Commissioner vonRaab, he requested that the Port Authority extend the operation of regional ACCEPT to ensure smooth transition to the national ACS and the Port Authority's ACFF system.

In addition, via two separate authorizations, one on August 1, 1983 by the Executive Director, and the second on March 8, 1984 by the Committee on Operations, the Port Authority entered into an agreement with Pan American World Airways to obtain the services of Pan Am technical experts to assist the Port Authority in various elements related to the development of ACFF functional requirements specifications, preparation of the associated ACFF Request for Proposals, and other technical support, for a total compensation estimated at \$35,000. Said funds are now nearly expended. Continued involvement of Pan American staff expertise in the review of the highly technical design documents being prepared by our consultant for ACFF, Arthur Andersen & Co., is deemed essential by staff.

Therefore, authorization is requested to extend the operational period of regional ACCEPT for up to 24 months within previously authorized expenditures and to make additional payments of up to approximately \$50,000 under the aforementioned agreement with Pan American to provide technical support.

It was therefore recommended that the Board authorize:

1. the extension of the operations period for up to 24 months for the Automated Cargo Clearance Enforcement Processing Technique (ACCEPT), and the Executive Director to extend all associated contracts and agreements required to support ACCEPT, all within the previously authorized funds for ACCEPT; and
2. additional payment under an agreement between Pan American World Airways and the Port Authority of up to approximately \$50,000 for Pan American to continue providing technical support during the design of Air Cargo Fast Flow (ACFF), funds for said payments having been included within the previously authorized expenditures for ACFF.

(Board - 10/16/86)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorizes: (1) the extension of the operations period of up to 24 months for the Automated Cargo Clearance Enforcement Processing Technique (ACCEPT), and the Executive Director to extend all associated contracts and agreements required to support ACCEPT, all within the previously authorized funds for ACCEPT; and (2) additional payment under an existing agreement between Pan American World Airways and the Port Authority of up to approximately \$50,000 for Pan American to continue providing technical support during the design of Air Cargo Fast Flow (ACFF), funds for said payments having been included within the previously authorized expenditures for ACFF.

(Board - 10/16/86)

Port Authority Bus Terminal - Federal Express Corporation - New Lease

It was reported that Federal Express Corporation is a major provider of world-wide delivery services. Tentative agreement has been reached with Federal Express for the leasing of premises in the Port Authority Bus Terminal for the operation of a document and package express delivery service facility. The premises to be leased consist of 1,200 square feet of space on the second floor of the South Wing that the tenant will receive in its "as is" condition. The tenant will undertake, at its sole cost, all space preparation work necessary to prepare the premises for its operations, which includes but is not limited to new flooring, wall surfaces, ceiling, duct work, lighting, identification signing, HVAC and a smoke purge system. The letting will be for a term expiring on the day preceding the tenth anniversary of the day payment of rental commences.

Payment of rental will commence no later than 120 days after the space has been made available to the lessee for space preparation work. The tenant will pay an annual basic rental at the rate of \$72,000 for the first five years and at the rate of \$80,000 thereafter. In addition, the tenant will pay for chilled water for air conditioning purposes at a rate of \$3.17 per square foot, subject to annual escalation in accordance with the Consumer Price Index. The tenant will also pay separately for metered electricity.

The Port Authority shall have the right to terminate the letting without cause on six months' prior written notice in which event the Port Authority would reimburse the tenant for the unamortized portion of the space preparation costs described herein, subject to a limitation on such costs in the amount of \$100,000. A security deposit will not be required.

This office will accept both documents and packages. The tenant has the right to place an antenna on the roof of the Bus Terminal if, in the future, it elects to offer electronic facsimile transmission services. This service is expected to benefit both the terminal's commuting population and the business community in the area.

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

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorized the Executive Director, for and on behalf of the Port Authority, to enter into a ten-year lease with Federal Express Corporation at the Port Authority Bus Terminal for the operation of a document and package express delivery service, on the terms and conditions set forth herein; and be it further

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

(Board - 10/16/86)

New York City Passenger Ship Terminal - Piers 40, 88, 90, 92 and 94 - Award of Operating, Cleaning and Maintenance Contract

It was reported that the Board, at its meeting on May 13, 1971, approved the terms and conditions under which the Port Authority would participate in the construction and operation of a passenger ship terminal under an agreement with the City of New York. The agreement authorized the expenditure of funds by the Port Authority for the operation, cleaning and maintenance of the terminal. Proposals for the furnishing of the supervision, labor, equipment and certain materials and supplies necessary to operate, clean and maintain the New York City Passenger Ship Terminal were publicly advertised and on August 28, 1986 the following bids were received:

Temco Service Industries, Inc., New York, New York	\$4,220,134
Hispanic Maintenance Svcs., Inc., White Plains, New York	\$4,689,218
International Service System, Inc., New York, New York	\$4,994,265
STAFF ESTIMATE	\$4,263,102

Urban Cleaning Contractors, Inc., Pelham Manor, New York, submitted an incomplete bid which was deemed unresponsive.

The low bidder, Temco Service Industries, Inc., is qualified to carry out the requirements of this contract. Temco was awarded a similar contract for the New York City Passenger Ship Terminal in 1974, when the facility opened, and again in 1981. Each time, the contract was competitively bid.

It was therefore recommended that the Board authorize the Executive Director to award a contract for the operating, cleaning and maintenance of Piers 40, 88, 90, 92 and 94 to Temco Service Industries, Inc. on the terms and conditions outlined above.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director to: (1) award a three-year contract, effective November 1, 1986, for the operating, cleaning and maintenance of Piers 40, 88, 90, 92 and 94 at the New York City Passenger Ship Terminal to Temco Service Industries, Inc., the lowest bidder, at its total estimated bid price of \$4,220,134, exclusive of an extra work allowance of \$422,013, subject to annual escalation; and (2) extend the contract for one additional two-year period under the same terms and conditions; and it is further

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

(Board - 10/16/86)

Port Authority Bus Terminal - Improvement and Modernization - South Wing - Operations and Maintenance Facility - Contract BT-190.056 - Award

It was reported that the Board, at its meeting on August 13, 1981, authorized a new project for additional items of work to improve and modernize the Port Authority Bus Terminal, at an estimated cost of \$36.5 million. The award of Contract BT-190.056 falls within the scope of this authorization.

Contract BT-190.056 provides for the modernization and renovation of approximately 50,000 square feet of basement area of the South Wing of the Port Authority Bus Terminal. The basement was originally constructed primarily as a storage and mechanical equipment room area; however, over the years, office, locker, kitchen and employee work areas were constructed along with associated mechanical support systems to serve these areas. The modernization and rehabilitation of the basement area is intended to create a more comfortable working environment for tenant and Port Authority employees, as well as to upgrade the storage and mechanical support functions. The contract also provides for repairs and adjustments to certain existing sprinkler fire protection piping systems to be performed on a net cost basis, presently estimated at roughly \$15,000.

The contract includes a provision that the contractor will meet a goal of Minority Business Enterprises participation of 4% for firms owned and controlled by minorities.

The contract was publicly advertised and bids were received on September 23, 1986. Subsequent to the receipt of bids, staff was advised by insurance underwriters that the insurance to be provided by the Port Authority under the contract pursuant to the newly placed Owner Controlled Insurance Program does not include coverage for certain risks. It may be necessary, therefore, for the contractor to obtain coverage for such risks. Pending a determination of the best method for resolving the problem and the bidding of a revised contract, if necessary, authorization to award is being requested at this time, so as not to unduly delay performance of the work.

It was therefore recommended that the Board authorize the Executive Director, in addition to any powers he may have with respect to such contract under the By-Laws, either to award Contract BT-190.056, the Port Authority Bus Terminal, Improvement and Modernization, South Wing, Operations and Maintenance Facility, or a revised version of Contract BT-190.056, in the case of either contract 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 an amount of 10% of the bid accepted and to order net cost work; or to reject all bids on either or both contracts.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director, in addition to any powers he may have with respect to such contract under the By-Laws, either to award Contract BT-190.056, the Port Authority Bus Terminal, Improvement and Modernization, South Wing, Operations and Maintenance Facility, or a revised version of Contract BT-190.056, in the case of either contract 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 an amount of 10% of the bid accepted and to order net cost work; or to reject all bids on either or both contracts.

(Board - 10/16/86)

George Washington Bridge - Rehabilitation of LX Ramps - Contract GWB-217 - Award

It was reported that Contract GWB-217 provides for the installation of three additional steel girders underneath each span of Ramps LX1 and LX2. The LX Ramps, constructed around 1960, connect the lower level of the George Washington Bridge with the Trans-Manhattan Expressway in New York. The girders will strengthen the decks of the ramps and will make it possible, under a future contract presently scheduled to start in the spring of 1988, to replace the concrete deck slab one lane at a time, thereby permitting traffic to be maintained in one lane of each two-lane ramp. Without the additional girders the ramps would have to be completely closed to traffic for a period of up to two years to permit replacement of the concrete decks. Appropriate authorization, as required, will be sought for the contract to replace the concrete decks of the LX Ramps. In addition, Contract GWB-217 provides for maintenance of traffic and work area protection to be performed on a net cost basis presently estimated at roughly \$200,000.

A portion of the work under this contract will be performed during nighttime hours so as to minimize interference with traffic and essential facility operations.

The contract was publicly advertised and the following bids were received on September 23, 1986:

	Lump Sum Amount
USX Corporation Iselin, New Jersey	\$2,059,000
Karl Koch Erecting Co., Inc. Carteret, New Jersey	2,148,000
A.J. Pegno Construction Corp. College Point, New York	2,150,350
B & B Welding, Inc. College Point, New York	2,800,000
Bellezza Company, Inc. South Kearny, New Jersey	2,849,876
The Hallen Construction Co., Inc. Island Park, New York	2,864,000
Jana Construction Co., Inc. and Car-Mar Construction Corp. a joint venture Scarsdale, New York	3,233,000
ENGINEER'S ESTIMATE	\$2,500,000

(Board - 10/16/86)

USX Corporation 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 the Executive Director to award Contract GWB-217, George Washington Bridge, Repairs to LX Ramps, to USX Corporation (formerly United States Steel Corporation), the low bidder, at its bid price in the amount of \$2,059,000, to order extra work up to the amount of \$210,000 and to order net cost work.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to award Contract GWB-217, George Washington Bridge, Repairs to LX Ramps, to USX Corporation (formerly United States Steel Corporation), the low bidder, at its bid price in the amount of \$2,059,000, to order extra work up to the amount of \$210,000 and to order net cost work.

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The World Trade Department - International Trade Program - Authorization to Accept a Grant for Investment and Export Promotion Services from the Investment Promotion Council - Government of the Dominican Republic

It was reported that in June 1986 the Port Authority conducted a trade mission to the Dominican Republic in conjunction with the Greater Newark Chamber of Commerce. The Chamber, subsequent to participation in the trade mission, suggested that the Port Authority consider applying for a grant offered by the Investment Promotion Council (IPC) of the Government of the Dominican Republic to develop programs to promote investment and export opportunities. The IPC has received a grant from the United States Agency for International Development to strengthen the capacity of the Dominican Republic to compete in the international economy.

The International Market Research Division, through its International Business Development Group (IBDG), provides customized market development assistance to business and governments. The Port Authority would provide IPC with technical assistance in four major areas: improvements in the business climate, data collection, export development services, and investment promotion and investor services. Services under the grant will be provided by existing Port Authority staff and through agreements with associated firms which include Checci & Co., Inc., specialist in international development; IDEA, Inc., a specialist in non-traditional manufacturing and service sector export and investment promotion; the Greater Newark Chamber of Commerce, which has experience in promoting investments in the Dominican Republic; and COPADESA, a Dominican firm that will assist in the area of regulatory reform.

Staff has determined that acceptance of this grant from the IPC would help to further the goals of the International Trade Program and its activities. The grant would pay for the cost of providing assistance plus a fee to the Port Authority for its services.

It was therefore recommended that the Board authorize the Executive Director to accept a grant in the amount of approximately \$2 million from the Investment Promotion Council for the provision by the Port Authority, through the International Market Research Division, of technical assistance for the development of investment and export promotion services and to enter into appropriate agreements with third parties in connection with such grant.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to accept a grant in the amount of approximately \$2 million from the Investment Promotion Council for the provision by the Port Authority, through the International Market Research Division, of technical assistance for the development of investment and export promotion services and to enter into appropriate agreements with third parties in connection with such grant; and it is further

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

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The World Trade Department - International Trade Program - Authorization to Accept a Grant from The New York State Department of Agriculture and Markets Under the Agricultural Research and Development Grants Program

It was reported that the New York State Department of Agriculture and Markets requested XPORT, the Port Authority Trading Company, to develop an agribusiness export initiative to assist New York State companies in expanding their markets, diversifying production and improving their competitive position. XPORT was invited to submit a grant application under the Agricultural Research and Development Grants Program to financially assist in this effort. One of the five sectors targeted for export development by XPORT is food and agricultural products. The New York State agribusiness export initiative is consistent with XPORT's current strategy of fortifying its export expansion program.

XPORT will assist New York State in demonstrating the feasibility of export expansion throughout New York's agribusiness industries by using improved marketing techniques, new product development and innovative organizational arrangements and services. XPORT is committed to encouraging export of regional foods. XPORT has sold New York/New Jersey agricultural products in Japan, Europe, Hong Kong, Singapore, the Caribbean and other regions. It is anticipated that this grant will result in additional market promotion and development in Japan, the Middle East, the Caribbean and other regions identified as strong markets for these products. The New York Agricultural Research and Development grant would allow XPORT to substantially expand its work on behalf of New York State food and agricultural producers.

It was therefore recommended that the Board authorize the Executive Director to accept a grant in the amount of \$25,000 from the New York State Department of Agriculture and Markets under its Agricultural Research and Development Grants Program.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to accept a grant in the amount of \$25,000 from the New York State Department of Agriculture and Markets under its Agricultural Research and Development Grants Program.

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Public Safety Department - Retention of Professional Management Services - Kirkwood Consulting Associates, Inc.

It was reported that, in order to establish better working relationships and to permit more effective communications, both members of the uniformed police force and senior police management staff must join together and build upon areas of common concern to create mutually beneficial solutions to identified problems.

In light of the current labor-management climate within police ranks, staff has re-examined traditional approaches to solving workplace problems. It is felt that a participative labor-management approach, which has proven to be very successful in other areas, would foster better working relationships and serve to improve the quality of work life within the police ranks. Utilizing a neutral third party to introduce such change should assure that a mutually agreeable process is established. The recommended approach has been reviewed with each of the four police unions.

For the past several months, staff of the Public Safety Department, assisted by the Personnel Department, have interviewed seven outside professional management service firms, seeking to identify that firm which has demonstrated competency in this field and has the right combination of labor relations/organization development/conflict management experience and skills.

Of these, Kirkwood Consulting Associates, Inc., Pittsburgh, Pennsylvania, has been selected as the best qualified firm to undertake this assignment. Mr. John Kirkwood, President, has an excellent background in labor-management relations, as demonstrated by his relevant industrial experience. An examination of his references reveals an expertise, exceptional experience and a history of successful resolution of labor-management problems.

The first phase of this initiative consisted of a \$10,000 authorization approved by the Executive Director on July 14, 1986, to engage Kirkwood Consulting Associates, Inc., to assess the feasibility of establishing a labor-management participative program between members of the uniformed police force and senior police managerial staff. This phase has now been completed.

As a result of this assessment, the Public Safety Department has determined that a full-scale cooperative effort directed by Kirkwood will help minimize barriers that now adversely affect attitudes and relationships between members of the uniformed police force and senior police managerial staff.

Under the proposed authorization, Kirkwood Consulting Associates, Inc., will create voluntary teams comprised of members of the uniformed police force and senior police managerial staff who will be trained in problem-solving. The first series of workshops will be held at Newark International Airport where three to four teams will train for one to three days. The selection of manageable problem areas, investigation of possible solutions, monitoring of results and planning of additional follow-up activity will complete this phase of the program. This process is based on

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the concept that involving employees in problem identification and solution will impact positively on the quality of work life and attitudes toward the organization. It is estimated that this second phase will require approximately nine weeks to implement. Kirkwood's compensation will be approximately \$75,000, with additional reimbursement for Kirkwood and members of his staff of about \$25,000 for necessary out-of-pocket expenses.

The third phase will involve monitoring of team activity, presentation of recommended solutions to Port Authority management, and the development of appropriate in-house expertise to enable Port Authority personnel to expand the process to other facilities. It is estimated that this third phase will require approximately four weeks to implement. Kirkwood's compensation will be approximately \$35,000 with additional reimbursement for Kirkwood and members of his staff of about \$15,000 for necessary out-of-pocket expenses.

It was therefore recommended that the Board authorize the Executive Director to enter into an agreement with Kirkwood Consulting Associates, Inc., on the terms and conditions outlined above.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to enter into an agreement with Kirkwood Consulting Associates, Inc., for the performance of professional management services to implement a Comprehensive Labor Management Participative Program between the members of the uniformed police force and senior police managerial staff in an amount not to exceed \$150,000; and it is further

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

Finance Department - Authorization of Investment Contracts

It was reported that to assist in the Port Authority's debt management, staff recommended that the Board authorize the Executive Director, from time to time, to use operating funds of the Port Authority in transactions involving United States Treasury and other, municipal securities. This program would be undertaken with the assistance of Prudential-Bache Securities Inc., within the amounts recommended, with the intention of using the gain, if any, on futures contract transactions on the Chicago Board of Trade (CBOT) as a revenue enhancement reducing the financial effect of refunding, if appropriate, at a price of 103%, the \$100 million Consolidated Bonds, Forty-ninth Series, Due 2017, 10 $\frac{1}{4}$ %, at October 1, 1987, the first call date for such Bonds. Similarly, losses, if any, on such futures contract transactions would in effect increase the refunding costs, but would most likely be more than offset by the effect of lower interest rates at the time of sale of the refunding bonds.

The program, which would be the subject of monthly status reports to the Committee on Finance, is to be limited to futures contracts for the sale or purchase of United States Treasury securities and of municipal securities (municipal bond futures contracts based on a municipal bond index maintained by the CBOT), in a total principal amount of such contracts not to exceed 650 contracts (each contract is for a principal amount of \$100,000) outstanding at any one time, for sales and the same for purchases.

In essence, these transactions seek to lock in, to the extent practical, current interest rates for refunding the Forty-ninth Series, in effect reducing the interest rate risk applicable to the bonds to be issued to refund the Forty-ninth Series during the period between the date of inception of these transactions and the first date on which the Port Authority may sell, consistent with provisions of Federal income tax law, bonds to refund Consolidated Bonds, Forty-ninth Series.

The vast majority of futures contracts transactions take place on the CBOT, and are subject to its rules and regulations. The standardization of the contracts and the magnitude of trading on the CBOT will facilitate the transactions contemplated by the program.

In order to accomplish this program, and consistent with the rules of the CBOT, a margin (or transaction) account would be established with Prudential-Bache in the initial amount of approximately \$2 million, utilizing operating funds cash and/or United States Treasury Bills attributable thereto; earnings on such amounts would also accrue to the Port Authority. While futures contracts are in place, there may be a daily cash payment (which would be held in the account for periodic distribution to the Port Authority upon its request) or collection to reflect losses or gains in value (as if the contracts were closed out daily) on a "mark-to-market" basis. While the daily call amount is limited by CBOT rules, there is no limitation on the aggregate amounts which may be required to be paid or collected while futures contracts are outstanding.

Given the complexity and sophistication of these techniques, it is essential that any investment banking firm which assists the Port Authority in this effort should have substantial expertise. Prudential-Bache Securities Inc. is a member of the Chicago Board of Trade and will serve as agent and will provide market information and trading recommendations for these transactions with a unit within its Public Finance Department serving public clients (in other firms, transactions are generally undertaken through the commodities departments). Prudential-Bache is currently working with municipalities in Illinois, Georgia and California to develop similar programs. Prudential-Bache's compensation for each futures contract transaction is considered reasonable and will be monitored by staff.

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

1. enter into futures contracts for the sale of United States Treasury and other, municipal securities on the Chicago Board of Trade (CBOT) in a total aggregate amount not to exceed 650 contracts (each contract is for a principal amount of \$100,000) outstanding at any one time, with such contracts and the delivery of any such securities by Prudential-Bache Securities Inc. on behalf of the Port Authority meeting the requirements of the CBOT;

2. enter into futures contracts for the purchase of United States Treasury and other, municipal securities on the CBOT in a total aggregate amount not to exceed 650 contracts (each contract is for a principal amount of \$100,000) outstanding at any one time, with such contracts and the receipt of any such securities by Prudential-Bache Securities Inc. on behalf of the Port Authority meeting the requirements of the CBOT;

3. enter into an agreement or agreements with Prudential-Bache Securities Inc. to permit Prudential-Bache to sell or to purchase such futures contracts on the CBOT, in accordance with the rules and regulations of the CBOT, on behalf of the Port Authority, such agreement or agreements to provide for the establishment and maintenance of a margin (or transaction) account with Prudential-Bache and for the use of operating funds of the Port Authority in an amount sufficient to permit the sale or purchase of the authorized amount of such futures contracts and the maintenance of outstanding futures contracts; and

4. take such other actions as may be necessary or desirable to effectuate the program described to the Board.

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 futures contracts for the sale of United States Treasury and other, municipal, securities on the Chicago Board of Trade (CBOT) in a total aggregate amount not to exceed 650 contracts (each contract is for a principal amount of \$100,000) outstanding at any one time, with such contracts and the delivery of any such securities by Prudential-Bache Securities Inc. on behalf of the Port Authority meeting the requirements of the CBOT; and it is further

RESOLVED, that the Executive Director, be and he hereby is authorized for and on behalf of the Port Authority, to enter into futures contracts for the purchase of United States Treasury and other, municipal, securities on the CBOT in a total aggregate amount not to exceed 650 contracts (each contract is for a principal amount of \$100,000) outstanding at any one time, with such contracts and the receipt of any such securities by Prudential-Bache Securities Inc. on behalf of the Port Authority meeting the requirements of the CBOT; and it is further

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RESOLVED, that the Executive Director, be and he hereby is authorized for and on behalf of the Port Authority, to enter into an agreement or agreements with Prudential-Bache Securities Inc. to permit Prudential-Bache to sell or to purchase such futures contracts on the CBOT, in accordance with the rules and regulations of the CBOT, on behalf of the Port Authority, such agreement or agreements to provide for the establishment and maintenance of a margin (or transaction) account with Prudential-Bache and for the use of operating funds of the Port Authority in an amount sufficient to permit the sale or purchase of the authorized amount of such futures contracts and the maintenance of outstanding futures contracts; and it is further

RESOLVED, that the Executive Director, be and he hereby is authorized for and on behalf of the Port Authority, to take such other actions as may be necessary or desirable to effectuate the program described to the Board; and it is further

RESOLVED, that the form of any such contracts or agreements be subject to the approval of General Counsel or his authorized representative.

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Kennedy International Airport - Knott Hotels Corporation - Hotel Lease Extension and Renovation

It was reported to the Board that in March 1976 the Knott Hotel chain, the operator of the International Hotel at Kennedy International Airport, was purchased by Trusthouse Forte, a British company representing one of the largest hotel chains in the world. In 1984 the hotel's name was changed to the Viscount International reflecting that it had joined the lessee's Viscount Division comprised of upscale North American hotels. In early 1985 the lessee requested a lease extension and renegotiation of its rental arrangement on a net revenue-sharing rather than gross receipts basis in return for which the lessee proposed to invest \$6 million in substantial capital improvements to upgrade the airport hotel. Concerns were raised not only about a net revenue approach but about past occupancy figures and failure to market the hotel properly and on a cost-efficient basis. While staff analyzed the hotel's financial statements and expenditures, alternatives other than the lessee's proposal were also explored. After a review of all of the Port Authority's options, it was decided that the lessee has shown its commitment to improve the situation by putting a new management team in place. Considerable progress has been made in improving its overall operation, including the hotel's occupancy figures. Accordingly, staff began to negotiate with the lessee in April 1986 and negotiations are now substantially complete.

The original 320-room hotel was built in 1958 and expanded to 520 rooms in 1961. Consequently, the age of the physical plant requires that a considerable amount of additional capital be spent on the hotel to renovate and upgrade the premises. In light of the Port Authority's commitment to improving airport services and ensuring that it maintains its position as the premier aerial gateway to the United States, such construction is essential. Moreover, it is projected that the investment is essential to enable the Viscount to compete effectively with the other off-airport hotels as well as new hotels in New York City and Long Island.

Trusthouse Forte has agreed to make a good faith effort to use Minority Business Enterprises (MBE) and Women-owned Business Enterprises (WBE) and to employ women and minorities in construction.

Under the new agreement, the term of the letting would be extended for 20 years from completion of the construction or to October 31, 2008, whichever first occurs. The lessee will be obligated to spend a minimum of \$11 million for a major upgrading and renovating of the hotel. It is anticipated that the investment will represent a number of improvements necessary to extend the productive life of this Port Authority facility and will provide the Port Authority with a revenue stream appreciably in excess of what would be engendered if this investment were not to be made. The Port Authority will give the lessee an annual credit against its percentage rental obligation if the amount of percentage rental payable by the lessee (before application of the credit) meets the targeted percentage rental amount for each annual period to be set forth in the lease. In no event will the credit exceed \$500,000 or reduce the basic rent payment to the Port Authority. As an incentive, the credit is to be proportionately increased if said percentage rental amount payable by the lessee (before application of the credit) exceeds the targeted amount. Conversely the credit amount will be proportionately decreased if the percentage rental amount

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falls below the said targeted amount. The lessee will not be entitled to carry over any part of the said credit not used in a prior annual period. The Port Authority is in effect allowing approximately one-half of the lessee's annual debt service on the capital portion of the improvements to be eligible for the percentage rental credits. Until November 1, 1995 the rental terms remain the same as under the current lease with an annual rental consisting of a basic rental of \$660,000 against a percentage rental of 15% on rooms, 10% on liquor, 5% on food and non-alcoholic beverages and 6% on banquets. The basic rental on November 1, 1995 will increase to \$1.4 million, on November 1, 2000 it will increase to \$1.7 million, and on November 1, 2005 the basic rental will be \$2.25 million.

The Port Authority will have the right to terminate the agreement commencing in 1991 and at five-year intervals thereafter as provided in the lease if the average room occupancy level at the hotel for the three years prior to any termination date is below 65%. Any such termination would obligate the Port Authority to pay the lessee the straight-line unamortized portion of the lessee's capital investment in the hotel, which investment amount cannot exceed \$8 million for purposes of the buy-out calculation.

It was therefore recommended that the Executive Director be authorized, for and on behalf of the Port Authority, to enter into an agreement amending the lease with Knott Hotels Corporation at Kennedy International Airport on the terms set forth above.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director, on behalf of the Port Authority, to enter into an agreement with Knott Hotels Corporation providing for an extension of the existing lease agreement at Kennedy International Airport with a minimum investment by the lessee of \$11 million to renovate and upgrade the hotel and for an annual credit to the lessee against its percentage rental obligations on the terms set forth above; the form of the agreement to be subject to the approval of General Counsel or his designated representative.

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Household Travel Survey - New Jersey Hudson River Corridor

It was reported that in the past ten years, Hudson County has experienced significant changes in economic, population, housing, land use and travel patterns. These comprehensive and interlocking changes have greatly affected the trans-Hudson transportation facilities and regional planning for port and economic development.

The Port Authority's trans-Hudson monitoring, for example, has detected significant growth in trans-Hudson travel from Hudson County. Jersey City neighborhoods in the vicinity of PATH showed a 60% increase in PATH traffic to New York City between 1980 and 1983. Hoboken has generated about 1,000 new bus trips to the Port Authority Bus Terminal since 1980, a 300% increase. All of this appears to be occurring with little or no population increase.

The proximity of Hudson County to the Manhattan job market and impending waterfront development adds to the likelihood that these trends will continue and Hudson County could begin to approach the New York City outer boroughs' affinity to the Central Business District (CBD) as a work place. Historically, about 15% of Hudson County's labor force has worked in the Manhattan CBD. This compares to the outer boroughs of New York City where 40% of the labor force works in the CBD.

The Planning and Development Department is frequently asked by other Port Authority departments and divisions to develop estimates of transportation facility usage, or to assess the impacts of specific projects and developments in Hudson County. The Department currently lacks reliable measures of current and emerging travel patterns in this critical part of the trans-Hudson market. For these reasons, the changes in travel behavior and the underlying economic and land use factors within Hudson County are a subject of continuing significant interest for the Port Authority and the Department has focused a portion of its research on this area. Funds have been set aside for professional services to assist in that effort.

An opportunity exists to obtain detailed survey data regarding the daily travel patterns of Hudson County residents through a NJDOT project. Barton-Aschman, which has done nearly all comparable recent data collections, is currently under contract to NJDOT to conduct a detailed household travel survey of about 1,500 households in the eleven northern New Jersey counties during the fall of 1986. About 10% of the basic northern New Jersey sample (or 150 households) will be Hudson County residents.

The Port Authority supplemental survey would be a "piggy-back" to the basic NJDOT survey. That survey is a "one-day travel diary" survey, administered with a combination of mail-out and telephone interviewing techniques. The information collected will be rich in detail, and the rigorous methods used to collect it will ensure a high degree of accuracy. A complete, one-day "travel diary" will be obtained for each member of households surveyed. The supplemental effort would:

expand the number of Hudson County households surveyed to about 800 in order to obtain a more statistically reliable representative sample, as well as to focus on special

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population groups and residential neighborhoods; and

add questions to the basic survey for certain information relevant to the study of Hudson County residential and travel pattern changes.

The daily travel pattern information collected will be analyzed to obtain a timely understanding of the number of trips generated by households of different types, their origin-destination patterns, transportation mode usage and comparability to other northern New Jersey data. Differences between new and old population groups, among different neighborhoods in Hudson County, as well as between Hudson and other counties in northern New Jersey, will be examined. The transportation impacts of changing demographics, residential development trends, and transportation proposals can then be much better understood.

The Port Authority's market research staff cannot do this survey because it is a unique and specialized type of survey. It involves compiling a lengthy diary of each household member sampled, and to do that lengthy telephone interviews have to be conducted with each member of a family. It would take staff an inordinate amount of time to become proficient with the survey, which would result in a prolonged and more costly survey. Also, no other professional service firm has the extensive experience with this form of data collection as does Barton-Aschman. By "piggy-backing" on the NJDOT survey, approximately \$30,000 would be saved over an alternative, independent survey conducted by the Port Authority at some later date.

A detailed scope of work, cost estimate and letter agreement for the supplemental work to be performed by NJDOT's consultant have been developed by the staffs of the two agencies. The agreement would provide for co-management of the consultant's work and the sharing of all data collected in the entire study.

It was therefore recommended that the Board authorize the Executive Director to enter into an agreement with the NJDOT to purchase travel survey data to be collected in Hudson County during October-November 1986, through a supplemental component of NJDOT's Northern New Jersey Household Travel Survey, at an amount not to exceed \$60,000.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director to enter into an agreement with the New Jersey Department of Transportation (NJDOT) to purchase travel survey data to be collected in Hudson County during October-November 1986, through a supplemental component of NJDOT's Northern New Jersey Household Travel Survey, at an amount not to exceed \$60,000, the form of the agreement to be subject to the approval of General Counsel or his authorized representative.

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Port Authority Bus Terminal - Downes of Manhattan, Inc. - Lease L-BT-216 - Proposed Amendment of Lease

It was reported that Downes of Manhattan, Inc. has been operating a luggage store on the Main Concourse of the South Wing of the Port Authority Bus Terminal under a lease entered into in 1958. At its meeting on April 12, 1984 the Board authorized the Port Authority to enter into an agreement with Downes of Manhattan, Inc. covering the letting of additional space on the Main Concourse of the Port Authority Bus Terminal adjacent to its original space, the letting of such additional space to commence not later than 120 days after the delivery of the space to the tenant for space preparation work therein, and an extension of the term of the letting of all of the space under the lease for a period ending on the tenth anniversary of the commencement of the letting of the additional space, with the tenant to pay a basic rental for all of the space under the lease at the rate of \$49,500 per year for the first five years following the commencement of the letting of the additional space and at the rate of \$56,740 per year thereafter against a percentage rental equivalent to 10% of all annual gross receipts arising from the tenant's operations in the combined space.

The planned expansion involved the removal of a party wall separating the original space from the additional space and the complete renovation of the additional space including replacement of the HVAC system and installation of a smoke purge system, with the Port Authority to contribute an amount not to exceed \$29,000 towards the cost of the renovation.

Downes submitted a tenant alteration application with plans for the expansion showing the removal of the party wall between the original space and the additional space. These plans were reviewed and approved by the Port Authority and construction was begun in mid-January 1986. The work schedule called for substantial completion of all of the renovations in the additional space, including the fabrication of fixtures for the combined space, before removal of the party wall. All of this work had been completed when it was discovered that, because of structural requirements, the party wall could not be removed or penetrated and the two spaces cannot be combined as planned.

Downes has invested considerable time, effort and funds in the design of the combined space, all of which will be a total loss if the expansion is abandoned. Preliminary loss estimates submitted by Downes exceed \$500,000.

In order to settle Downes' potential claim and to permit Downes to continue its operations in the terminal during the extended term of the letting, staff has proposed that a new storefront be constructed to permit circulation of customers between the original space and the additional space. This will increase the total square footage under the lease from 2,837 to 2,987. Downes has accepted this proposal and has agreed to redesign the additional space and the original space and to construct the new storefront as well as to redesign and refixture the interior of the combined spaces. The Port Authority will contribute \$150,000 towards the cost of these improvements.

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Downes will commence operations in the additional space on November 1, 1986 with temporary fixtures while the new storefront and interior are being designed. Payment of the increased rentals will be postponed until November 1, 1986 to allow the temporary refixturing of the additional space. Basic rental will be abated for any areas in either the original space or the additional space which must be closed during the construction.

A rental credit in the amount of \$50,000 against the tenant's basic and percentage rental obligations will be granted to the tenant to compensate the tenant for its initial investment in the design and construction of the combined premises that is now no longer feasible, lost sales, and the cost of designing and constructing temporary interiors and fixtures.

The addition of non-prescription drug and pharmaceutical items, cosmetics and personal comfort items to the lines of merchandise now carried in the store will permit two distinct lines in each area. This will allow seasonal adjustments emphasizing one line over another in both the original space and the additional space.

It was therefore recommended that the Board authorize the Executive Director, on behalf of the Port Authority, to enter into an amendment to the Port Authority's lease agreement with Downes of Manhattan, Inc. on the terms and conditions outlined above.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director, for and on behalf of the Port Authority, to amend an existing lease with Downes of Manhattan, Inc. covering premises at the Port Authority Bus Terminal to provide for: (a) Port Authority payment of \$150,000 towards the cost of redesigning and constructing the premises; (b) the tenant to receive a rent credit in the amount of \$50,000 against its basic and percentage rental obligations; (c) postponement of the date payment of increased rentals will commence to November 1, 1986; and (d) the addition of non-prescription drug and pharmaceutical items, cosmetics and personal comfort items to the items which the tenant is permitted to sell in the premises, on the terms and conditions set forth herein; and be it further

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

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La Guardia Airport - Butler Aviation-La Guardia, Inc. - Revision and Extension of Fixed Base Operator Agreement and Reimbursement by the Port Authority of Construction Cost of Replacement General Aviation and Commuter Terminal

It was reported that the Board, at its August 14, 1986 meeting, authorized the Executive Director, on behalf of the Port Authority, to enter into a month-to-month Airport Lease with Pan American World Airways, Inc. covering certain premises in the Marine Air Terminal at LaGuardia Airport for the ticketing and handling of its passengers and for related gates and ramp area on which Pan American will construct a wing extension to the Marine Air Terminal.

As was described in the Information Item presented to the Board at its meeting on September 11, 1986, Pan American's operations at the Marine Air Terminal make it necessary to relocate, to remote areas, general aviation operations and aircraft parking and storage; to relocate commuter operations on the Marine Air Terminal Ramp to the south of Pan American's new gates and to relocate the airport fixed base operator's activities in a new terminal of some 4,000 square feet, which must be erected and ready on Pan American's opening date in the Marine Air Terminal, in October 1986. To meet that critical date, Butler Aviation agreed to immediately purchase and commence construction of a building of modular design if the Port Authority would agree to reimburse Butler for an amount originally estimated at \$600,000. Subsequently, Butler informed the Port Authority that due to rates required by the local labor market, contractor proposals have increased the project cost to \$700,000 including a 10% allowance for extra work, architectural and engineering fees and a 15% liquidated amount for administrative overheads. The Port Authority then agreed to reimburse Butler up to the \$700,000 project cost including all allowances and charges as noted above, with all costs to be recovered from the Fixed Base Operator (FBO) as indicated below. Approval is now requested for the Executive Director's action in having authorized this work.

Upon completion of the construction of the new terminal by Butler, Butler will vacate and surrender to the Port Authority certain of the space it now occupies in the Marine Air Terminal and the new terminal will be included under Butler's Fixed Base Operator Agreement at the airport at a rental rate based upon amortization of the payments made by the Port Authority to Butler for the construction of the terminal, including interest at an annual rate of 12¼%, over a fifteen-year period. Butler would have complete responsibility for operating, maintaining and insuring the new terminal.

Negotiations with Butler are now complete for an extension of the term of Butler's FBO Agreement for three years beyond its present expiration date of February 28, 1987, plus two one-year options to renew subject to mutual agreement of the parties. The Agreement would continue to be terminable by the Port Authority on 30 days' notice without cause. The extension of Butler's Agreement is deemed advisable because of a number of uncertainties affecting fixed base operations at the airport for the next several years, including the extent of the potential losses of fixed base operator business that is expected to occur due to the relocation and construction of general aviation and commuter activities.

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Butler's relocated operations will now require the transporting of general aviation passengers to a remote aircraft parking area. This transportation service, which commenced on or about September 1, 1986, is estimated to cost approximately \$225,000 annually. Butler will be compensated by the Port Authority for its actual expense for this service from September 1, 1986 through the current agreement term which expires on February 28, 1987, by a monthly credit equal to its cost of operating this ground transportation service, not to exceed \$21,000.

Commencing March 1, 1987 and during the extension period, including the two option years, the percentage of gross receipts which Butler is obligated to pay to the Port Authority under the FBO Agreement, including monies from the sale and dispensing of fuel and oil but excluding fees and charges collected by Butler on behalf of the Port Authority, will be revised from 13.72% to 7.0%. This reduction reflects Butler's added expense of the aforesaid ground transportation service in lieu of the monthly credit, and also reflects the expected reduction in Butler's revenues due to a decrease in business activity. However, in recognition of the uncertainty of the future fixed base operator business activity at the airport, the revised percentage and gallonage fee will be subject to increases or decreases of up to 10% based upon fluctuations of Butler's gross receipts as compared to a base year ending June 30, 1986.

It was therefore recommended that the Executive Director be authorized, for and on behalf of the Port Authority, to enter into agreements with Butler Aviation-LaGuardia, Inc. at LaGuardia Airport, all in accordance with the foregoing.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board ratify the action of the Executive Director in agreeing to pay up to \$700,000 to Butler Aviation-LaGuardia, Inc. for the cost of constructing for LaGuardia Airport a new general aviation terminal as herein before set forth; and it is further

RESOLVED, that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into an agreement amending and extending the fixed base operator agreement with Butler Aviation-LaGuardia, Inc. at LaGuardia Airport, as herein before set forth; and it is further

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

Whereupon, the meeting was adjourned.

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Thursday, November 13, 1986

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MINUTES

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MINUTES of meeting of The Port Authority of New York and New Jersey held Thursday, November 13, 1986, at the Port Authority offices, One World Trade Center, City, County and State of New York.

PRESENT:

NEW JERSEY

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

NEW YORK

Robert F. Wagner, Vice-Chairman
 William J. Ronan
 James G. Hellmuth
 Howard Schulman
 John G. McGoldrick

Stephen Berger, Executive Director
 Patrick J. Falvey, General Counsel/Assistant Executive Director
 Doris E. Landre, Secretary
 Anthony J. Barber, Director of Tunnels, Bridges and Terminals
 Bruce D. Bohlen, Assistant Treasurer
 Henry DeGeneste, Superintendent of Police, Public Safety
 Eugene J. Fasullo, Deputy Director of Engineering/Deputy Chief Engineer
 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
 Charles L. Hirsch, Executive Assistant to the Executive Director
 John E. Jacobsen, Assistant Director of Audit
 Leon Katz, Supervising Information Officer, Public Affairs
 Richard R. Kelly, Director of Rail Transportation
 James J. Kirk, Port Director
 Philip LaRocco, Director, Economic Development
 Lillian C. Liburdi, Director of Management and Budget
 Katharine B. MacKay, Assistant Executive Director/Administration
 Mark Marchese, Assistant Director, Information Services, Public Affairs
 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, Deputy Chief Financial Officer
 Theresa A. Potente, Assistant Secretary
 Martin E. Robins, Director of Planning and Development
 Guy F. Tozzoli, Director of World Trade
 Barry Weintrob, Chief Financial Officer and Director, Finance Department
 Kristina E. Weisenstein, Administrative Assistant
 Marvin Weiss, Director, Office of Minority Business Development

The meeting was called to order by the Chairman.

Action on Minutes

The Secretary submitted for approval Minutes of the meetings of September 24 and October 16, 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 November 13, 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 November 13, 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 November 13, 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 November 13, 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 - 11/13/86)

Industrial Development Program - Newark South Ward Industrial Park - Amendment to the Industrial Development Master Plan, Project Authorization, Municipal Agreement and Related Actions

It was reported that the bi-state legislation authorizing the effectuation of industrial development projects by the Port Authority provides that the Port Authority may modify or change any part of its master plan in the same form and manner provided for the adoption of the original plan. Preparation of the original master plan included a process of consultation with public and private persons and organizations including the governing body of each municipality in which industrial projects were proposed to be located, community planning boards and private real estate developers.

The original master plan also contained, among other things, the location of potential projects and facilities proposed to be developed, including to the maximum extent practicable, a general description thereof, the land use requirements necessary thereof, and estimates of the project costs, of project employment potential, of a schedule for commencement of each project, of the revenues to be derived by municipalities from each project or facility, and of a description of any proposed additional arrangements with municipalities.

An amendment to the master plan has been prepared and is attached hereto. It contains information similar to the foregoing with respect to a site in the South Ward of Newark, New Jersey, which is considered suitable for potential development.

The proposed Newark South Ward Industrial Park would be located on six blocks (Nos. 2705, 2706, 2707, 2712, 2713 and 2714) in the Clinton Hill section of the South Ward, City of Newark, New Jersey. This site is generally bounded by Bergen Street, Hawthorne Avenue, West Bigelow Street and Jelliff Street. Highway I-78 abuts its southeastern boundary and the site is one mile west of Newark International Airport. The site is currently a mixed-use area composed of occupied buildings, abandoned derelict buildings and vacant lots.

A 1985 market analysis prepared for the Port Authority by the Fantus Company states that "the shortage of quality industrial space and vacant industrial land in the Newark market has generated interest from industrial realtors and would also attract private developers of industrial space to the Newark South Ward Industrial Park." Also, Port Authority staff will work closely on the marketing efforts with the New Jersey Department of Commerce and Economic Development, National Association of Industrial and Office Parks and the New Jersey Economic Development Authority.

The Newark Economic Development Corporation, on behalf of the City of Newark, and the Port Authority have signed a Memorandum of Understanding (MOU) dated May 28, 1986 which, together with information in this Board item, will be the basis for the final agreement to be entered into for the development by the parties of the South Ward Industrial Park (Project Site). The major provisions of the MOU are:

— The Port Authority would advance project funds, as needed, for the necessary property acquisition, demolition of the existing structures, relocation of existing tenants by the City and site preparation of the Project Site and the construction and finishing of the first industrial building on the Project Site.

(Board - 11/13/86)

– The City would convey to the Port Authority marketable title to the Project Site for the consideration of \$1. The Port Authority would construct, or cause to be constructed, a minimum of 500,000 square feet of industrial building space on the Project Site.

– The Port Authority would construct the first building and would arrange through private developers or others for the construction of the other buildings on the Project Site all on an agreed-to schedule. If all six blocks were not developed within ten years of conveyance, the City would have the right to purchase the undeveloped blocks from the Port Authority.

– The Port Authority would be responsible for providing a private security force for the Project Site and an on-site employment office.

– Each block within the Project Site will be tax-exempt, however, the Port Authority would pay the City in lieu of taxes an amount equal to 10% of the assessed land value as of January 1, 1986 of each Port Authority-owned block, including those blocks leased to others. Upon completion and leasing of each Port Authority-owned industrial building, the Port Authority would cease paying such 10% of assessed land value and instead would pay 15% of the annual rent revenues (exclusive of payment for equipment and finishes financing provided by the Port Authority) for such building. Such payments by the Port Authority would constitute full payment in lieu of taxes or assessments by the Port Authority and its tenants.

– Prior to conveyance of the Project Site by the City to the Port Authority, the City would be responsible for acquisition of all privately owned parcels on the Project Site, for the relocation of all existing residents and businesses on the Project Site and for demolition of all existing structures on the Project Site, all with funds provided by the Port Authority. Should the City not convey the Project Site to the Port Authority, the City would reimburse the Port Authority for such acquisition, relocation and demolition funds provided by the Port Authority including interest on any amount reimbursed.

– If prior to the beginning of the blight proceedings, it became apparent to the Port Authority that the project would exceed \$11 million (current actual figure is \$15 million) or if the other public sector funds were not committed, the Port Authority would have the right to terminate its participation in the development of the project site. If Port Authority or other public sector funds were not committed, the City would have the right not to begin the blight proceedings for the project site.

– Port Authority net annual revenues from the Park would be shared equally by the City and Port Authority.

– No local law, enactment, ordinance, rule or regulation would apply to any part of the Project Site or improvements thereon constructed or operated by the Port Authority or improvements constructed by it or on its behalf or by its tenants.

– The City would be responsible for paving and maintaining the streets, maintaining the utilities in and adjacent to the Project Site, and providing normal City services to the Project Site.

(Board - 11/13/86)

Although there is no specific requirement in the industrial development legislation that an environmental impact statement be prepared or adopted, staff consistent with current Port Authority policy will conduct preliminary environmental investigations and studies to allow the consideration of environmental as well as other factors to be incorporated at the earliest possible time. No acquisition or construction funds will be committed by the Port Authority until any necessary Environmental Cleanup Responsibility Act clearances have been obtained. Furthermore, consistent with the industrial development legislation, the Port Authority will advise the Governor of the State of New Jersey that the construction and operation of the project would conform with applicable environmental and solid waste disposal standards in New Jersey State and any State and County plans therefor.

The total cost associated with the Port Authority's planned activities at the Industrial Park is estimated at \$15 million which would include \$5 million from the funds made available for New Jersey projects by the 1984 tolls increase. Authorization is sought so that project net revenues can be used to replenish such funds for New Jersey redevelopment projects up to the aforesaid \$5 million.

New Jersey's share of funds made available by the 1984 tolls increase is \$137.5 million. Of this, the Board authorized \$27 million in September 1985 for the Route 169-Bayonne Bridge Connection, \$1.9 million for the New Jersey Transit Park-Ride Lots in January 1986, \$2.5 million for the rehabilitation of the Doremus Avenue Bridge in February 1986, \$2 million for the Route 495 Resurfacing and Safety Improvements in March 1986, up to \$50 million for Northern Branch improvements in August 1986, and \$1 million for the Essex County Resource Recovery Facility in October 1986. \$48.1 million would remain available for other New Jersey projects. Originally, the project economics and, therefore, the MOU, contemplated an \$11 million project. Changes to the project scope are self-supporting and the final agreement with the City will reflect the Port Authority's right to terminate its participation if, among other things, the projects exceeds \$15 million. In addition to the above, \$1 million has been committed by the City of Newark from the community development monies provided by the Port Authority as part of the airport-seaport lease. Finally, the City of Newark and the Port Authority are requesting a \$1 million U.S. Economic Development Administration grant to support the economic viability of the project. This grant may be subject to terms and conditions affecting the project. It is anticipated that public sector money will leverage approximately \$25 million of building construction by the private sector.

A primary object of the City of Newark and the Port Authority will be to achieve, in all construction contracts, at least 25% participation by businesses owned and controlled by minorities.

Currently, the unemployment rate in Newark is 11.2%, with the area within which the industrial park is to be located often experiencing a higher rate of unemployment. It is anticipated that the Port Authority would construct or cause to be constructed approximately 600,000 square feet of industrial space at the site. This development is expected to generate approximately 800 construction jobs and approximately 500 to 600 permanent jobs. Of the total number of jobs created in the completed project, it is further anticipated that upwards of 25% will be filled by persons from the large group of chronically underemployed found throughout the site area and the metropolitan Newark community, most of whom are from the black and Hispanic communities.

(Board - 11/13/86)

The industrial development legislation provides that at least ten days prior to the authorization by the Port Authority of any agreement with respect to payments in-lieu-of taxes in connection with industrial development projects, the Port Authority shall notify the Chief Executive Officer of each city in the Port District within which an industrial development project has been included in the Port Authority's master plan of the proposed authorization of such agreement, shall seek their comments and shall include with such authorization any comments received. Mayoral comments were solicited and no comments were received.

It was therefore recommended, in accordance with the foregoing, that: the master plan setting forth urban industrial park sites be amended to add the aforementioned site in the City of Newark; the Executive Director be authorized to enter into the aforementioned agreements and to accept financial assistance in connection with the Newark South Ward Industrial Park; Newark South Ward Industrial Park be developed as an industrial development project at an estimated financial participation by the Port Authority of \$15 million with \$5 million of such amount to be allocated against the amounts to be made available for regional development projects in the State of New Jersey; that an amount up to said \$5 million be made available from project revenues for replenishment of such funds made available for regional development projects in the State of New Jersey; and that the acquisition of fee title to real property within the project site be found and determined to be required for public use and the Executive Director be authorized to acquire such property interest.

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

RESOLVED, that the master plan setting forth potential urban industrial park sites adopted by the Board on July 12, 1979, as amended, be and hereby is further amended to add a site in the City of Newark, New Jersey, bounded generally by Bergen Street, Hawthorne Avenue, West Bigelow Street and Jeliff Street; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized to enter into an agreement or agreements with the City of Newark and the Newark Economic Development Corporation, and any other governmental agency or other entity necessary for the development of the site, such agreement(s) to include but not be limited to provisions concerning payments in-lieu-of taxes, the applicability of local laws and ordinances, street closings and acquisitions and conveyances of property interests which may be required for such development, and responsibility for the cost and expenses related to such acquisitions and conveyances; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized to accept financial assistance from the U.S. Economic Development Administration or other non-Port Authority funding source for use in the development of the Newark South Ward Industrial Park and to enter into appropriate agreements in connection therewith; and it is further

(Board - 11/13/86)

RESOLVED, that the development of the Newark South Ward Industrial Park as an industrial development project, be and hereby is authorized, subject to the foregoing and to the Port Authority's making appropriate certifications including those necessary for the issuance of Port Authority Consolidated Bonds, at an estimated financial participation by the Port Authority of \$15 million, including payments to contractors, provisions for extra work, and engineering, administrative and financial expenses, with \$5 million of such amount to be allocated against the amounts to be made available for regional development projects in the State of New Jersey as a result of the 1984 increase in the Port Authority's bridge and tunnel tolls pursuant to the agreement of June 1983 of the Governor of the State of New York and the Governor of the State of New Jersey; and it is further

RESOLVED, that an amount up to the aforesaid \$5 million be made available from project net revenues for replenishment of such funds made available for regional development projects in the State of New Jersey; and it is further

RESOLVED, that it is hereby found and determined that acquisition of fee title to and required lesser interests in the real property within the Project Site is required for public use for the aforesaid purposes and that the Executive Director, subject to the approval of the Committee on Construction, be and hereby is authorized to acquire, by voluntary acquisition, such property interests for such consideration as may be deemed reasonable and proper, and to incur such expenses as may be necessary to consummate such property transactions; and it is further

RESOLVED, that the form of any agreements authorized pursuant to the foregoing be subject to approval by General Counsel or his authorized representative.

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

POTENTIAL INDUSTRIAL DEVELOPMENT SITES

AMENDMENT NO. 6

An amendment to the master plan adopted in accordance with Chapter 651 of the Laws of New York (1978) and Chapter 110 of the Laws of New Jersey (1978).

INTRODUCTION

The following pages are amendatory of and supplemental to the master plan adopted on July 12, 1979, and amended on March 12, 1981, August 12, 1982, January 12, 1984, March 8, 1984, and November 8, 1984. Except as otherwise amended herein, the provisions of that plan remain the same and apply to the South Ward Industrial Park in Newark, New Jersey, now being included in the master plan.

PREVIOUS MASTER PLAN SITES

Pursuant to the legislation providing for Port Authority participation in a program of industrial development, the Board at its meeting on July 12, 1979, adopted a master plan which identified the following sites for potential industrial development:

- Charleston, Staten Island, New York
- Doremus Avenue, Newark, New Jersey
- Greenville Yards/Claremont Terminal, Jersey City, New Jersey
- Hunts Point/Oak Point Yards Area, The Bronx, New York
- North Avenue, Elizabeth, New Jersey
- Spring Creek, Brooklyn, New York

At its meeting on March 12, 1981, the Board amended the master plan to include the following additional sites:

- Bathgate, The Bronx, New York
- Kapkowski Road, Elizabeth, New Jersey

At its meeting on August 12, 1982, the Committee on Port Planning, pursuant to authorization by the Board,

amended the master plan to include the following additional site:

- Staten Island Industrial Park-East Side, Staten Island, New York

The Board, at its meeting on January 12, 1984, amended the master plan to include the following additional site:

- Portions of four additional blocks within the Bathgate Industrial Park.

The Board, at its meeting on March 8, 1984, amended the master plan to include the following additional site:

- A site in the City of Newark, New Jersey, for development of a resource recovery facility.

The Board, at its meeting on November 8, 1984, amended the master plan to include the following additional site:

- Yonkers Industrial Park, Yonkers, New York.

The following is a status report on the previously authorized industrial development projects:

- On February 22, 1982, the Port Authority entered into an agreement with New York City and the New York City Public Development Corporation (PDC) concerning Port Authority development of at least three blocks of the original eight block site at Bathgate, the Bronx. On January 12, 1984, the

board approved an amendment expanding the Bathgate project by four additional half blocks. Currently, there are seven manufacturing companies at Bathgate operating in six industrial buildings on six of the original eight blocks including PDC tenants. A 68,000 square foot building is under construction with completion anticipated for the Fall of 1987. Marketing efforts for the building are underway. A Business Assistance Center is being constructed by the Port Authority on one of the four half blocks.

- The Port Authority and the City of Elizabeth, New Jersey, have entered into an agreement concerning the development of Elizabeth Industrial Park. One lease has been signed and negotiations regarding potential additional tenant occupancies are currently underway.
- The Port Authority, Merrill Lynch Telecommunications, Western Union Communications Systems and the City of New York have executed agreements with respect to the development of The Teleport and construction is currently underway.
- In connection with the development of a site in the City of Newark for the Essex County Resource Recovery Facility, all necessary agreements have been executed with the City of Newark, the County of Essex and the system vendor, American Ref-Fuel, and all permits have been issued. The Essex County Resource Recovery Facility was certified by the Board as an additional facility of the Port Authority at its meeting of May 9, 1985, subject to reaffirmation of such certification by the Committee on Finance. Such reaffirmation has not yet been made.

- The property for the Industrial Park in Yonkers was acquired in May, 1985 from United Technologies Corporation, parent of the Otis Elevator Company. Since that time, contracts have been let to install improvements of a specific nature for Nissho Iwai American Corporation and Kawasaki Rolling Stock (USA). Other work has been initiated to upgrade the heating system and some life safety improvements as initial steps to renovating certain of the older buildings for future tenancies.

NEWARK SOUTH WARD INDUSTRIAL PARK IN
THE CITY OF NEWARK, NEW JERSEY

LOCATION

The South Ward Industrial Park would be located in the Clinton Hill section of the South Ward, City of Newark, New Jersey. The site is generally bounded by Bergen Street, Hawthorne Avenue, West Bigelow Street and Jeliff Street. Highway I-78 abuts its southeastern boundary and the site is one mile west of Newark International Airport. (See attached site map).

LAND USE

Currently, the site is a mixed use area composed of occupied buidings, abandoned derelict buildings, and vacant lots.

ZONING AND OWNERSHIP

The site is currently zoned for industrial and commercial-residentia use. Most of the site is now owned by the City of Newark but some privately owned lots must be purchased

by the City. After the entire site has been acquired by the City, and it has completed the necessary relocations, the City will convey marketable title for the site to the Port Authority.

TRANSPORTATION

The project site is ideally located near the hub of local air, rail, sea and road networks which have sufficient capacity to handle any expected traffic, particularly truck traffic, involved in the site's development. Due to the low traffic, low density, and the industrial character of the area, no significant impact upon traffic patterns external to the six block project site is expected.

UTILITIES

Both the Newark sewer system and the Passaic Valley Sewer Commission regional waste water treatment plant have sufficient capacity to accept flow from the site.

All utilities in and around the site, including natural gas and electricity, will be provided by the City of Newark.

ENVIRONMENTAL

Although there is no specific requirement in the industrial development legislation that an environmental impact statement be prepared or adopted, staff consistent with current Port Authority policy will conduct preliminary environmental investigations and studies to allow the

consideration of environmental as well as other factors to be incorporated at the earliest possible time. Furthermore, consistent with the enabling legislation, the Port Authority will advise the Governor of the State of New Jersey that the construction and operation of the project would conform with applicable environmental and solid waste disposal standards in New Jersey State and State and County plans therefor.

LABOR

A primary objective of the City of Newark and the Port Authority will be to achieve in all construction contracts, at least a 25% participation by businesses owned and controlled by minorities.

Currently, the unemployment rate in Newark is 11.2% with the area, within which the industrial park is to be located, often experiencing a higher rate of unemployment. It is anticipated that the Port Authority would construct or cause to be constructed approximately 600,000 square feet of industrial space at the site over a ten year period. This construction is expected to generate approximately 800 construction jobs and approximately 500-600 permanent jobs. Of the total number of jobs created in the completed project, it is further anticipated that upwards of 25% will be filled by persons from the large group of chronically underemployed found throughout the site area and the metropolitan Newark community, most of whom are from the black and hispanic communities.

Further, it is anticipated that the Port Authority will reach agreement with the Newark Private Industry Council to use Job Training Partnership Act (JTPA) funds for this project.

ESTIMATED PROJECT COSTS

The total cost associated with the Port Authority's planned activities at the South Ward Industrial Park is estimated at \$15 million which includes \$5 million from the funds made available for New Jersey projects by the 1984 tolls increase and \$1 million from the City of Newark's community development monies provided by the Port Authority as part of the airport-seaport lease. The major portion of the \$15 million will be used for acquisition, relocation, site preparation on six blocks, and the construction of one industrial building. It is estimated that the public sector investment will leverage approximately \$25 million from the private sector.

FEDERAL FINANCIAL ASSISTANCE

The City of Newark and the Port Authority have jointly applied for U.S. Economic Development Administration grant in the amount of \$1 million to assist the funding of the initial phase of development at the South Ward Industrial Park. The awarding of this grant will enhance both the initial phase of development and the subsequent development of the Park as a whole. Efforts are underway to finalize a successful outcome of this grant application.

OTHER CONSIDERATIONS

The development of this project would be undertaken by the Port Authority subject to the appropriate authorization and certifications including those necessary prior to the issuance of Consolidated Bonds.

GOVERNMENT AND COMMUNITY CONSULTATIONS AND PARTICIPATION

To assist the Port Authority in the preparation of the master plan, discussions and consultations were held with individuals and groups including:

- The Governors of New York and New Jersey
- The New York and New Jersey Legislatures
- The Mayor of the City of Newark
- Members of the Newark Municipal Council
- Essex County Board of Chosen Freeholders
- County Executive of Essex County
- The Mayors of New York, Elizabeth, Jersey City, and Yonkers
- The Greater Newark Chamber of Commerce
- South Ward Community Leaders
- New Jersey Bell
- Northeastern Industrial Developers Association
- President, N.J. Chapter - National Association of Industrial and Office Parks

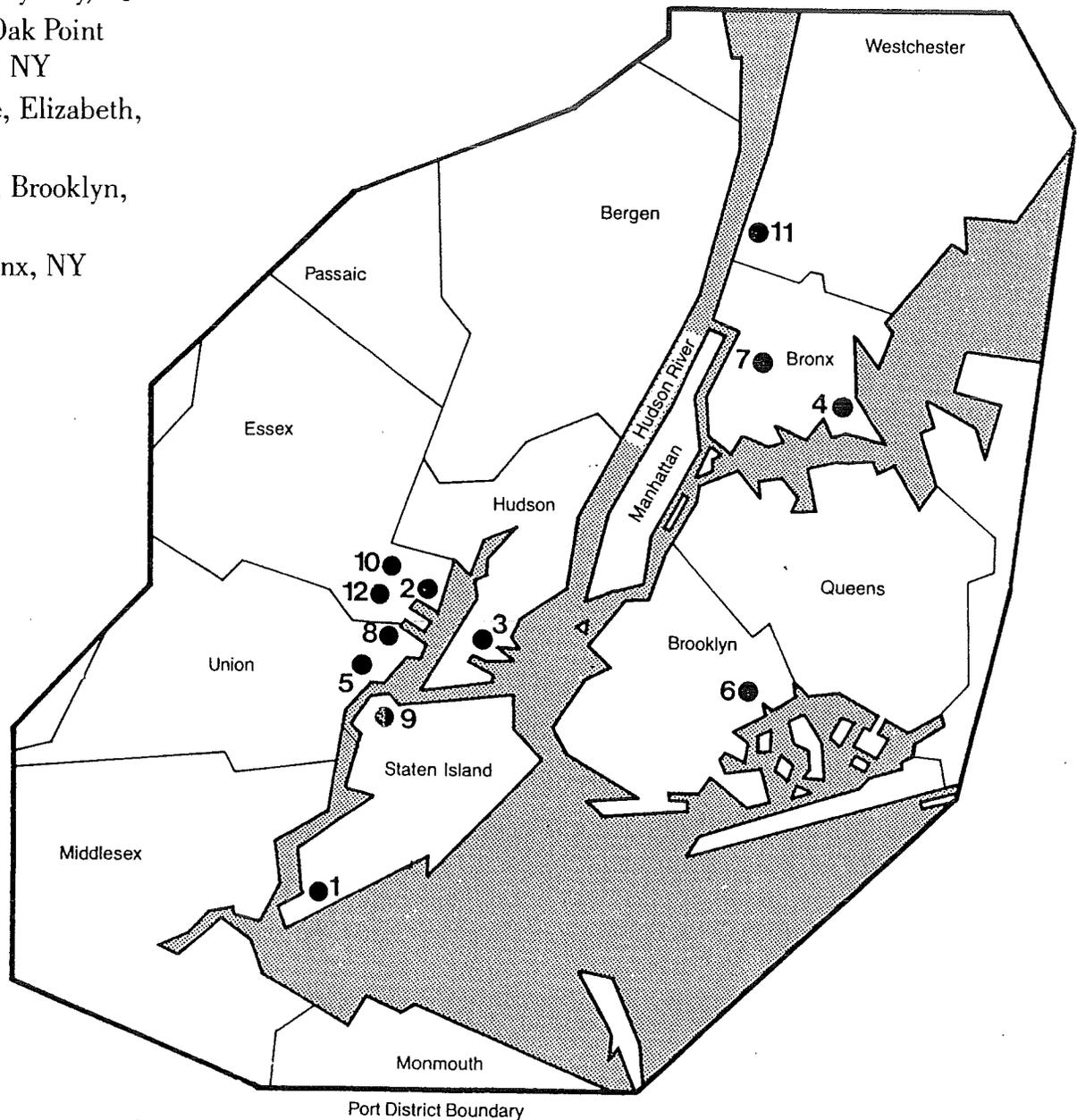
No substantial objections were received and many groups and individuals gave strong support to development,

by the Port Authority, of the Newark South Ward Industrial
Park.

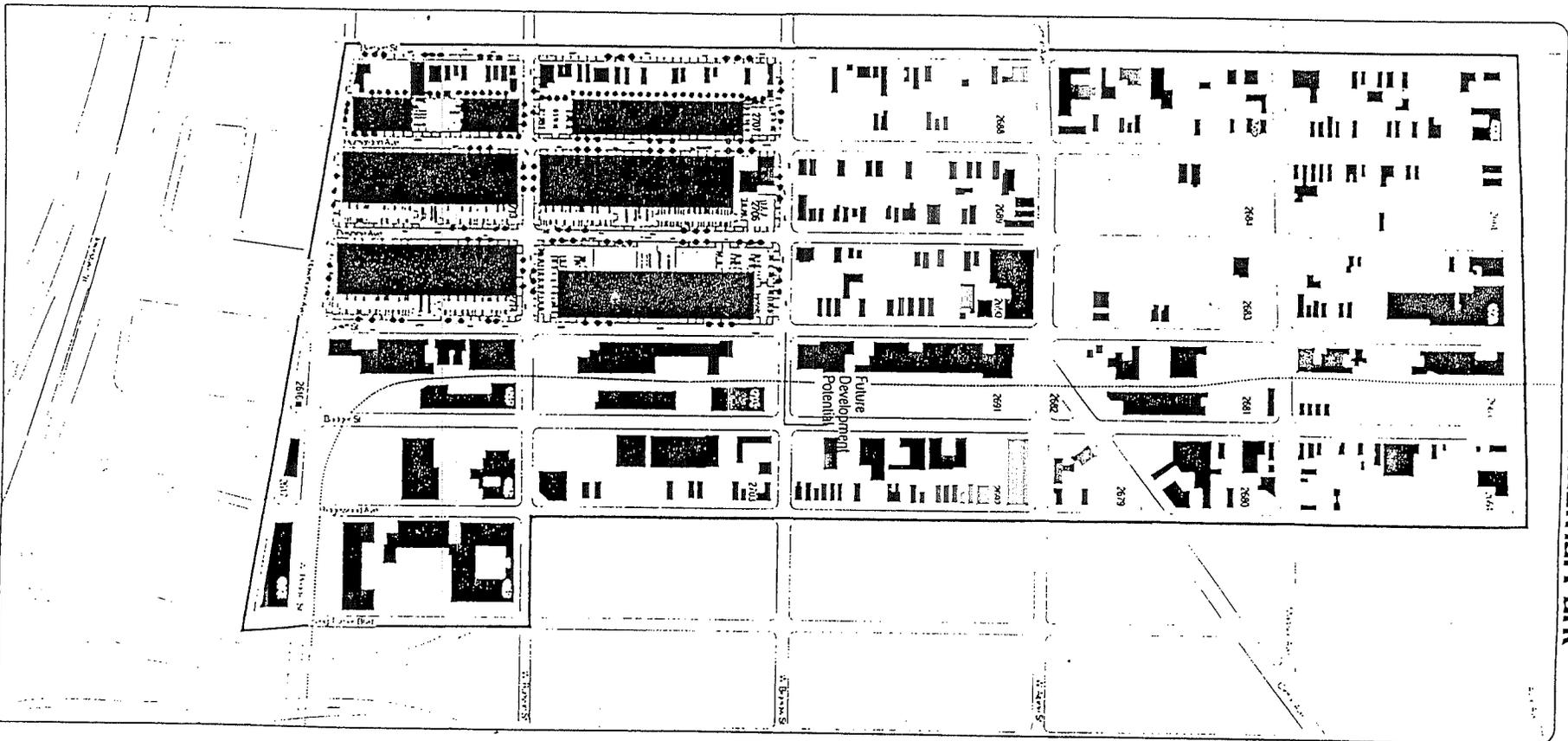
PORT AUTHORITY INDUSTRIAL DEVELOPMENT ^(k) MASTER PLAN SITES

As Amended
November 1986

- | | | |
|----------------------------------------------------------|---------------------------------------------|-------------------------------------------|
| 1. Charleston, Staten Island, NY | 8. Elizabeth Industrial Park, Elizabeth, NJ | 11. Yonkers Industrial Park, NY |
| 2. Doremus Avenue, Newark, NJ | 9. Staten Island Industrial Park East, NY | 12. Newark South Ward Industrial Park, NJ |
| 3. Greenville Yards/Clairemont Terminal, Jersey City, NJ | 10. Blanchard Street, Newark, NJ | |
| 4. Hunts Point/Oak Point Yards, Bronx, NY | | |
| 5. North Avenue, Elizabeth, NJ | | |
| 6. Spring Creek, Brooklyn, NY | | |
| 7. Bathgate, Bronx, NY | | |



Newark South Ward Industrial Park



Master Plan

Newark South Ward Industrial Park

NEWARK SOUTH WARD INDUSTRIAL PARK
DEVELOPMENT PLAN

(Board - 11/13/86)

The Fund For Regional Development - Retention of Independent Auditors for 1986

It was reported that the Fund for Regional Development was created by agreement among the States of New York and New Jersey and the Port Authority following the decision of the State of New York to relocate from the World Trade Center. Under the agreement, as the State of New York vacates space, the space is leased to the Fund. The Fund's gross revenues result from the subleasing of that space to tenants at market rates; net revenues are the difference between the market rents paid by new tenants of the space and payments which would have been made by the State for its space after deduction of certain other costs.

Under the agreement, the Port Authority acts as agent for the Fund, and as such negotiates and executes leases for the former New York State space. In addition, the Port Authority has undertaken the responsibilities for managing the Fund's day-to-day operations, including all aspects of financial analysis, reporting and management, the issuance of financial statements on a quarterly basis to the States, management of the Fund's accounts and disbursement of Fund revenues in accordance with the agreement. The Port Authority is paid a fee by the Fund for these management services.

The Fund's financial statements have been unaudited to date. However, given the Fund's rapid growth, it would now be appropriate to have an independent auditor examine the books. First, the Fund has experienced considerable financial growth in the past year; it currently has assets of \$139 million and liabilities of \$137 million. An audit would certify that the Fund accounting is in accordance with generally accepted accounting principles.

Staff requested and considered proposals from three minority-owned accounting firms. Mitchell/Titus & Co., Certified Public Accountants, is the largest minority-owned CPA firm in the United States, with a professional staff of 75 and offices in New York City and Washington, D.C. The firm has a diverse clientele and a professional staff with outstanding achievements and credentials. Mitchell/Titus has had considerable experience in performing audits of governmental and not-for-profit agencies, and for Fortune 500 company pension funds. Based upon its professional qualifications, Mitchell/Titus was determined to be capable to perform the audit of the Fund.

The Audit Committee therefore recommended that the Board designate Mitchell/Titus & Co., as independent auditors to audit the books and accounts of the Fund for Regional Development for the year ending December 31, 1986; and refer to the Audit Committee, 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.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that Mitchell/Titus Co., is hereby designated, on behalf of the Fund for Regional Development, as independent auditors to audit the books and accounts of the Fund for Regional Development for the year ending December 31, 1986; and it is further

RESOLVED, that the Board refer to the Audit Committee, 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.

(Board - 11/13/86)

Retention of Financial Advisor

It was reported that on November 14, 1985, the Board authorized the Executive Director to enter into an agreement with Lazard Freres & Company to provide for Mr. John Tamagni, a partner at Lazard Freres, to act as a financial advisor to the Port Authority at a fee of approximately \$25,000 for each successive three-month period. Mr. Tamagni's services have proven very beneficial to the Port Authority during the past year. In order to continue to benefit from these services, especially in view of rapidly evolving non-traditional financial instruments being utilized in the municipal finance market, it is recommended that Mr. Tamagni be retained for a one-year period commencing November 15, 1986 at a fee not to exceed \$100,000 plus out-of-pocket expenses. The new agreement would contain an option to extend for a period of one year under the same terms.

While performing services in connection with the agreement with Lazard Freres that the Board authorized on November 14, 1985, Lazard Freres has incurred \$773 in out-of-pocket expenses for which they have requested and received reimbursement.

It was therefore recommended that the Executive Director be and he hereby is authorized to enter into an agreement with Lazard Freres & Company to provide for Mr. John Tamagni to act as a financial advisor to the Port Authority for a one-year period, commencing November 15, 1986, at a fee not to exceed \$100,000 plus out-of-pocket expenses, with an option to extend the agreement for a period of one year.

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

RESOLVED, that the Executive Director be and he hereby is authorized to enter into an agreement with Lazard Freres & Company to provide for Mr. John Tamagni to act as a financial advisor to the Port Authority for a one-year period, commencing November 15, 1986, at a fee not to exceed \$100,000 plus out-of-pocket expenses, with an option to extend the agreement for a period of one year; and it is further

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

(Board - 11/13/86)

Work Uniform Services - Port Authority Facilities Contract P&SS - 1-86

It was reported that the Board, at its meeting on November 8, 1984, authorized the Executive Director to award Contract P&SS - 1-84 for work uniform laundering, cleaning, and related services to Sketchley Services Inc., Mount Laurel, New Jersey for an initial two-year period ending December 31, 1986. While Contract P&SS - 1-84 contains provisions for extending the initial two-year term for three additional one-year periods, services performed to date by Sketchley Services Inc. (and Coyne Textile Services, which Sketchley acquired in June 1986) have not been satisfactory, and therefore a new contract was competitively bid.

Contract P&SS - 1-86 provides for the laundering, dry cleaning, sorting, repair, storage, route assembly, pick up and delivery of employee work and dress uniforms for approximately 6,000 Port Authority and PATH employees.

The contract documents provided that prospective bidders meet qualification requirements relating to experience, equipment, storage space, plant capacity and location, computer capability and financial ability. In addition to publicly advertising Contract P&SS - 1-86, staff solicited bids from 28 commercial laundry firms in the Port District. On September 19, 1986, the following bids were received:

Name of Vendor	Total Estimated Cost (three years)
Morey-LaRue Laundry, Co. Linden, New Jersey	\$1,240,375
Consolidated Laundries Inc. Jersey City, New Jersey	\$1,476,331
Aratex Services Inc. Newark, New Jersey	\$1,721,244

Two other proposals were also received but were considered non-responsive to the qualification requirements.

Contract P&SS - 1-86 contains options for the Port Authority to renew the contract on the same terms and conditions for two one-year periods, subject to escalation based upon a specified Consumer Price Index.

While Morey-LaRue Laundry, Co. has not recently performed garment laundering and cleaning services for the Port Authority, staff has reviewed its physical plant and references and has found the firm qualified to perform this contract.

(Board - 11/13/86)

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

a) to award Contract P&SS - 1-86 for work uniform laundering, cleaning and related services to Morey-LaRue Laundry, Co. for an initial three-year period commencing January 1, 1987 in the total estimated amount of \$1,240,375 and to order extra work up to the amount of \$186,056; and

b) to exercise the Port Authority's option to renew Contract P&SS - 1-86 on the same terms and conditions for up to two additional one-year periods subject to escalation based upon a specified Consumer Price Index.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director: a) to award Contract P&SS - 1-86 for work uniform laundering, cleaning and related services to Morey-LaRue Laundry, Co. for an initial three-year period commencing January 1, 1987 in the total estimated amount of \$1,240,375 and to order extra work up to the amount of \$186,056; and b) to exercise the Port Authority's option to renew Contract P&SS - 1-86 on the same terms and conditions for up to two additional one-year periods subject to escalation based upon a specified Consumer Price Index.

(Board - 11/13/86)

Red Hook Container Terminal - Ratification of Executive Director's Execution of an Agreement Establishing Interim Rentals for use of Pier 9A and Portions of the Expanded Red Hook Container Terminal - Agreement with Universal Maritime Service Corporation

It was reported that the Board at its meeting on September 14, 1978, authorized an agreement with the City of New York and the State of New York for the construction of the Red Hook Container Terminal; and, at its meeting on March 26, 1980, the Board authorized a lease with Universal Maritime Service Corporation covering the operation of the Terminal until the year 1998. At its meeting on January 15, 1981, the Board authorized a lease agreement under which Universal would be reimbursed up to \$3,100,000 for the construction of a container crane and would pay an estimated annual rental of \$419,000 for that crane.

In December 1983, the Board authorized a project to expand the Terminal, creating an additional berth to support a crane operation on Pier 9A; and, at its meeting on April 12, 1984, the Board authorized a second lease amendment with Universal for the leasing of the additional portions of the Terminal and the construction of a second crane on Pier 9A with reimbursement by the Port Authority for the cost thereof up to \$3,100,000. This new lease amendment included a revised rental for both cranes which was to become effective "upon completion" of the second crane on Pier 9A. Although this crane was completed on August 31, 1985, the expansion of the Terminal was not completed until August 28, 1986.

Accordingly, an Interim Agreement was negotiated with Universal so that the second crane, Pier 9A and other portions of the expanded Terminal that had been completed could be utilized, pending the completion of the rest of the expansion. Rental under the Interim Agreement was fixed as follows:

1. a terminal usage rental of \$20 per container;
2. a terminal usage rental of \$2.60 per revenue ton on breakbulk cargo, including less-than-container load cargo stuffed and stripped at the Terminal; and
3. a crane usage rental of \$20 per container.

The Interim Agreement, in effect from December 16, 1985 to August 31, 1986, provided that upon completion of all of the Terminal expansion work, the Interim Agreement would expire and the affected areas would then become a part of the premises under Universal's lease for the Terminal. Rental for the two cranes would then become payable in accordance with that lease.

It was therefore recommended to the Board that the Board ratify the execution by the Executive Director of the Interim Agreement with Universal Maritime Service Corporation for the use of Pier 9A, together with a crane located thereon, and certain other completed portions of the expanded Red Hook Container Terminal by Universal Maritime Service Corporation on the terms and conditions outlined above.

(Board - 11/13/86)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board ratify the Executive Director's execution of an Interim Agreement with Universal Maritime Service Corporation of the use of Pier 9A, together with a crane located thereon, and portions of the expanded Red Hook Container Terminal by Universal Maritime Service Corporation pending completion of the expansion of the Terminal; and it is further

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

(Board - 11/13/86)

The World Trade Center - Agreement with D.W. Sargent Broadcast Service

It was reported that while the construction of the broadcast facilities in One World Trade Center is essentially complete, electro-magnetic radiation testing and evaluations will continue to be needed. The testing and evaluations will focus on the effect on electro-magnetic radiation levels resulting from the addition of other FM stations on the main antenna and the increase in the number of whip antennas installed on the roof for private broadcasting. Evaluations will also be needed from time to time to alleviate concerns about radiation expressed by tenants in other areas of the World Trade Center, to continually monitor the operation of the broadcasters to assure a safe environment for the public, and to be in a position to adhere to anticipated revisions of the Federal Communications Commission guidelines as more government studies of electro-magnetic radiation are completed.

D.W. Sargent Broadcast Service has been identified as a leading computer specialist in the field of radio frequency transmission. D.W. Sargent's development of a new technique for measuring FM and TV antennae systems using a computer-controlled network analyzer enables them to produce highly accurate measurements and reports in an easily understood format within minutes. Previous measurements by other specialists were labor intensive, costlier and required weeks to produce a final report.

D.W. Sargent will be required by the terms of this agreement to measure, evaluate and document non-ionizing electro-magnetic radio frequency radiation emitted from the various broadcast facilities located throughout the World Trade Center utilizing computer equipment specifically programmed for World Trade Center use. D.W. Sargent will monitor radio frequencies for alleged hazards and to insure compliance with Environmental Protection Agency and Federal Communications Commission standards. In addition, D.W. Sargent will design, fabricate and install monitoring antennas and other electronic sensing devices, as needed, to perform the required evaluations.

The Director, World Trade Department, has determined that D.W. Sargent is highly qualified to perform the requirements of this agreement in that D.W. Sargent has the capability of expanding the area in which narrow-band measurements are taken to areas that were previously inaccessible at the World Trade Center, is thoroughly familiar with the broadcast facilities having performed work for the Harris Corporation under Contract WTC-650.01 Telecommunications Facilities for WNYC-TV and WNYC-FM Broadcasting Systems, Television and FM Transmission Equipment, 110th Floor, Tower A and has provided technical services for numerous TV/FM broadcast stations, including RCA Corporation.

D.W. Sargent's expertise will enable staff to diminish the use of other technical advisors previously retained to provide similar analysis and staff anticipates that \$70,000 of the requested authorization of \$85,000 is expected to be offset by the discontinuation of such other services.

(Board - 11/13/86)

It was therefore recommended that the Board authorize the Executive Director to enter into an agreement with D.W. Sargent Broadcast Service of Cherry Hill, New Jersey, in an amount not to exceed \$85,000 for the provision of various technical services in connection with the broadcast facilities located atop Tower One of the World Trade Center.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to enter into an agreement with D.W. Sargent Broadcast Service of Cherry Hill, New Jersey, in an amount not to exceed \$85,000 for the provision of various technical services in connection with the broadcast facilities located atop Tower One of the World Trade Center.

(Board - 11/13/86)

The World Trade Department - Contract WTC-499.83 - Security Guard Services - The World Trade Center - Award

It was reported that Contract WTC-499.83 provides for the furnishing of unarmed guard personnel for coverage in Buildings 1, 2, 4 and 5 and the Concourse and Plaza areas of the World Trade Center. The contract is for a two-year period commencing on or about January 1, 1987 subject to revocation by the Port Authority without cause on 30 days' written notice. The Port Authority, with the concurrence of the contractor, may extend the term of the agreement for one additional period of two years upon the same terms and conditions except for annual compensation which may be adjusted during the original and extension periods based upon changes in wage rates, supplemental benefits and associated costs mandated by agreements with Local 32b-32j of the Service Employees International Union, AFL-CIO. Proposals were solicited by public advertisements for contractors who were required to meet certain prerequisites in order to submit bids, including: a) the bidder must have been in the guard service business for at least the three previous years; b) the bidder must currently have over \$2,500,000 in annual gross income from guard service; and c) the bidder shall have had a minimum of 6,000 hours of guard service during a consecutive seven-day period during a specified period prior to bid opening.

On October 24, 1986 the following proposals were received:

McRoberts Protective Agency New York, New York	\$5,415,497
Spartan Security Services, Inc. Jamaica, New York	\$5,545,172
Cosmopolitan Guard Service, Inc. New York, New York	\$5,662,582
Lance Investigation Service, Inc. Bronx, New York	\$5,842,377
Halbey Security & Protective Corp. New York, New York	\$5,937,448
City/Wide Security Services, Inc. Brooklyn, New York	\$5,959,771
Professional Security Bureau, Inc. Nutley, New York	\$6,790,716
EAR Private Investigation & Security, Inc. New York, New York	\$7,030,201

In addition, another bid was received from ISS International Service System, Inc. in the amount of \$5,408,916. However, since this bidder does not meet the prerequisites specified in the Contract, its bid is not considered.

(Board - 11/13/86)

The Director, World Trade Department has determined that the lowest bidder, McRoberts Protective Agency, Inc., is qualified to perform the requirements of Contract WTC-499.83.

It was therefore recommended that the Executive Director be authorized, for and on behalf of the Port Authority, to award Contract WTC-499.83 for security guard service at the World Trade Center to McRoberts Protective Agency, Inc., all in accordance with the foregoing.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized, for and on behalf of the Port Authority to award Contract WTC-499.83 for a two year period to McRoberts Protective Agency, Inc., the lowest bidder, at the total estimated cost of \$5,415,497 and to order extra work in an amount not to exceed 10% of the total estimated cost and, in his discretion, to extend the term of Contract WTC-499.83 for one additional two year period upon the same terms and conditions including the provision to adjust costs for the original and extension periods based upon changes in applicable union agreements; the form of the contract to be subject to the approval of General Counsel or designated representative.

(Board - 11/13/86)

The World Trade Department - The Teleport - Contract TP-110.019 - Switching Station Supplemental Agreement No. 1

It was reported that the Committee on Construction, at its meeting on February 14, 1985, authorized the Executive Director to award Contract TP-110.019 to the qualified vendor submitting the lowest proposal and to order extra work up to the amount of 10% of the proposal accepted, or to reject all proposals. Subsequently, on June 17, 1985 the Executive Director authorized the award of Contract TP-110.019 to Pacs Industries, Inc., of Great Neck, New York at its bid price of \$957,478, exclusive of an allowance for extra work in the estimated amount of \$95,750.

Unlike the three switchgears supplied under Contract WTC-110.019, the fourth electrical switchgear will require that the equipment be separately assembled, tested at the factory in Ohio, dismantled and shipped to the Teleport site before it can be installed in the Teleport Switching Station. Consequently, the unit cost is substantially higher than for the first three switchgears which were manufactured simultaneously.

Contract TP-110.019 requires the vendor to furnish and deliver to the Teleport site switching equipment necessary for three electrical switchgears in the Teleport electrical switching station that are required to meter and distribute electrical power received through Con Edison primary feeders. The contract also provided that the switching station contain an area capable of accepting the equipment necessary for a fourth switchgear when staff determined that the electrical demand at the site necessitated the installation.

The Board is also considering a request to authorize the Director of the World Trade Department to enter into an agreement with Con Edison for the installation of the third and fourth feeders to provide second contingency power at the Teleport site. The fourth feeder would be available for connection by July 1987. The fabrication of the fourth switchgear requires a seven-month lead time, and in order to be available when Con Edison provides the fourth feeder, the furnishing of the fourth switchgear requires Board approval now.

For reasons of operational expediency, ease of maintenance, spare parts availability, economics, ability to meet time restraint, and the fact that Pacs Industries designed the original switchgear equipment specifically for the Teleport site, the Director of the World Trade Department recommends that it would be in the Port Authority's interest to enter into Supplemental Agreement No. 1 under Contract TP-110.019 as described above.

It was therefore recommended that the Board authorize the Director, World Trade Department, to enter into Supplemental Agreement No. 1 under Contract TP-110.019, Switching Station Equipment, with Pacs Industries, Inc. in an estimated amount of \$425,000, exclusive of extra work in an amount of up to \$43,000, for the furnishing of a fourth electrical switchgear for the main Teleport Switching Station.

(Board - 11/13/86)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Director, World Trade Department, to enter into Supplemental Agreement No. 1 under Contract TP-110.019, Switching Station Equipment, with Pacs Industries, Inc. in an estimated amount of \$425,000, exclusive of extra work in an amount of up to \$43,000, for the furnishing of a fourth electrical switchgear for the main Teleport Switching Station, the form of the Agreement to be subject to the approval of General Counsel or his authorized representative.

(Board - 11/13/86)

The World Trade Department - The Teleport - Agreement with Consolidated Edison Company of New York, Inc.

It was reported that the Teleport's electrical distribution system currently consists of two 33KV feeders that feed electrical power into the Teleport switching station. The first and second feeders were constructed and installed by Consolidated Edison Company of New York (Con Edison) at its cost, meeting Con Edison's responsibility to supply first contingency power at the site which is now less than fifteen megawatts.

Staff anticipates that by July 1987 the electrical load requirement will increase the demand to an amount greater than the working capacity of the installed feeders. This necessitates the installation of the third and fourth feeders to continue to guarantee first contingency power and add second contingency power. Second contingency power is considered a key marketing tool and has had a significant effect on existing and prospective lease negotiations.

Con Edison is not responsible for the cost of this new installation until the demand exceeds fifteen megawatts for three consecutive months at any time during the five years following installation. If the three-month fifteen megawatt requirement is reached during the specified time, Con Edison will refund \$302,433 the amount paid for the third feeder.

It was therefore recommended that the Board authorize the Director, World Trade Department, to enter into an agreement with Consolidated Edison Company of New York, Inc. to furnish, install and maintain third and fourth primary feeder cables for second contingency electrical power at the Teleport in the estimated amount of \$750,000.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Director, World Trade Department is authorized to enter into an agreement with Consolidated Edison Company of New York, Inc. to furnish, install and maintain third and fourth primary feeder cables for second contingency electrical power at the Teleport in the estimated amount of \$750,000; and it is further

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

(Board - 11/13/86)

The World Trade Department - The World Trade Center - Lease with First Boston Corporation
Surrender of Lease with Seapac Services, Inc.; Fund for Regional Development Lease with
Seapac Services, Inc.

It was reported that the First Boston Corporation (First Boston) a major international investment banking firm, is presently the lessee of approximately 150,000 square feet of office space in Five World Trade Center and is interested in expanding its activities in that building and the leasing of additional space. First Boston occupies the entire 7th floor and approximately 50% of the 8th floor of Five World Trade Center. Staff has reached agreement with First Boston for the leasing of approximately 50,000 rentable square feet, which is the balance of the 8th floor; and approximately 32,000 rentable square feet of the space occupied by Seapac Services, Inc. (Seapac) on the 9th floor. The 50,000 square feet on the 8th floor will be vacated in early 1988 by Dean Witter Reynolds in accordance with the arrangements agreed to in connection with the leasing to Dean Witter last year of the 24 New York State floors. In addition, First Boston would also lease the approximately 20,000 rentable square feet of office space remaining on the 9th floor of Five World Trade Center if the present lessees agree to be relocated. The leasing agreement with First Boston would provide that no rental would be payable as to each space for the six-month period after such space is turned over to First Boston and would provide for a basic rental thereafter of \$31 per rentable square foot for the first ten years of the letting of such space and thereafter at the rate of \$35 per rentable square foot per year through July 31, 2000, the expiration date of the existing First Boston lease covering its space in Five World Trade Center. In addition, First Boston would pay additional rent to cover increases in operating costs and payments in lieu of taxes and additional charges for cleaning and electricity.

The Seapac space would be turned over to First Boston, probably in the second quarter of 1987. The additional 20,000 rentable square feet of space on the 9th floor would be turned over to First Boston if an agreement to relocate can be negotiated with the three other tenants. First Boston would take all of the space in its "as is" condition and reconstruct it at its own expense.

Seapac Services, Inc. occupies its 32,000 rentable square feet pursuant to a lease signed in 1970 and is willing to relocate to approximately 28,500 rentable square feet of space to be vacated by the State of New York on the 33rd floor of Two World Trade Center, provided that its rental obligations per square foot will remain the same as in its existing lease through August 14, 1991. Since Seapac will receive an allowance to reconstruct the 33rd floor space to meet its needs, it has agreed to a lease extension until August 31, 1996. The lease with Seapac for the 33rd floor space will provide that Seapac will pay the Fund a basic rental of \$31 per rentable square foot per year for the entire term. However, in order that Seapac's actual rental is maintained at the same rate as provided by its existing 9th floor lease until it expires in 1991 and at an average basic rental rate of \$25 per rentable square foot per year thereafter, through August 31, 1996, the Port Authority will, in consideration of the surrender of the 9th floor space by Seapac, reimburse Seapac to the extent that the \$31 basic rental paid by Seapac for the 33rd floor space exceeds these rates. It is anticipated that the rate differential until 1991 will be approximately \$17 to \$19 per rentable square foot per year; during the extended term the rate differential would be approximately \$12 per rentable square foot in the first year, \$9 per rentable square foot in the

(Board - 11/13/86)

second year, \$6 per rentable square foot in the third year, \$3 per rentable square foot in the fourth year and no reimbursement in the fifth year. Through August 14, 1991 Seapac would pay operating escalation and payments in lieu of taxes pursuant to the terms of its existing lease; commencing on August 15, 1991 Seapac would pay operating escalation based on the current World Trade Center formula, with a January 1, 1991 basic wage rate date and would make payments in lieu of taxes on the basis of a tax base equivalent to the annual per rentable square foot factor for the tax year beginning July 1, 1991. Seapac would also pay additional charges for cleaning and electricity. Seapac would take the space in its "as is" condition after it is vacated by New York State, would have up to 4½ months to reconstruct the space, during which time no rental will be payable, and would receive an allowance of \$25 per rentable square foot toward the cost of constructing the space, including the installation of sprinklers, and for other costs involved in the relocation including moving costs and telephone installation.

It was therefore recommended that the Board authorize the Executive Director, for and on behalf of The Fund for Regional Development, to enter into a lease with Seapac Services, Inc., and for and on behalf of the Port Authority to enter into an agreement with The First Boston Corporation; and an agreement with Seapac Services, Inc., providing for the surrender of its lease; all of the foregoing to be upon the terms set forth above.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director, for and on behalf of the Fund for Regional Development, to enter into a lease with Seapac Services, Inc., for approximately 28,500 rentable square feet of office space to be vacated by the State of New York in Two World Trade Center, for approximately a ten-year term upon the terms set forth above, and it is further

RESOLVED, that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into an agreement with The First Boston Corporation covering the leasing of up to 100,000 rentable square feet of space in Five World Trade Center, upon the terms set forth above, and it is further

RESOLVED, that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into an agreement providing for the surrender by Seapac Services, Inc. of its lease covering approximately 32,000 rentable square feet of space on the 9th floor of Five World Trade Center and for the payment to Seapac Services, Inc. of certain sums by the Port Authority in consideration of such surrender, upon the terms set forth above, and it is further

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

(Board - 11/13/86)

Kennedy International Airport - Lease of Space in Cargo Building No. 82 and Related Outside Areas to Evergreen International Airlines, Inc.

It was reported that on July 1, 1985, Evergreen International Airlines was offered space in Cargo Building No. 82 at Kennedy International Airport on a month-to-month basis until it could be confirmed whether Evergreen's activity justified offering them a longer fixed-term lease at this location. Evergreen operates two B-727s in and out of the airport five nights per week in addition to occasional international weekend charters. For the first six months of 1985, Evergreen moved over 4 million pounds of freight in and out of the airport, principally to the West Coast. Based on a recent analysis of Evergreen's activity, it has been determined that Evergreen's cargo and aircraft activity does warrant offering them a fixed-term lease. Negotiations have now been substantially completed with Evergreen International Airlines, Inc. for approximately 16,965 square feet of space in Building No. 82 and 27,311 square feet of related outside areas for a term which would consist of the month-to-month tenancy from July 1, 1985 to November 30, 1986 and thereafter a fixed term expiring on June 30, 1988 at the following approximate annual rentals:

Lease Period	Bldg. Area	Outside Area	Total Approximate Annual Rental
first 24 months	\$101,790 (16,965 sq. ft. @ \$6 per sq. ft.)	\$15,021 (27,311 sq. ft. @ \$.55 per sq. ft.)	\$116,808
last 12 months	\$110,273 (16,965 sq. ft. @ \$6.50 per sq. ft.)	\$16,387 (27,311 sq. ft. @ \$.60 per sq. ft.)	\$126,660

Evergreen International Airlines will be responsible for any alterations to the premises which may be required to physically separate the area to be leased from adjoining areas in the building. These alterations would include installation of any fire separation that may be required and/or segregation of utility lines.

Under the terms of the proposed lease between the Port Authority and Evergreen International Airlines, Inc. Evergreen will assume responsibility for all maintenance and operation of the premises with the exception of property insurance, structural integrity and the maintenance of the roof which will be retained by the Port Authority. The Port Authority will provide electricity and water to the premises on a metered basis to be paid for by Evergreen.

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

(Board - 11/13/86)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director be authorized to enter into an agreement of lease for three years with Evergreen International Airlines, Inc. for space in Cargo Building No. 82 and related outside areas at Kennedy International Airport commencing on or about July 1, 1985 at approximate annual rentals of \$116,808 for the period July 1, 1985 to June 30, 1987 and \$126,660 for the period July 1, 1987 to June 30, 1988, all in accordance with the foregoing; the form of the agreement to be subject to the approval of General Counsel or his designated representative.

(Board - 11/13/86)

Newark International Airport - Runway 11 - Microwave Landing System Environmental Impact Statement - Increased Authorization

It was reported that at its meeting on January 9, 1986, the Board authorized the Executive Director to enter into an agreement between the Port Authority and the Federal Aviation Administration (FAA) to equally share the cost for the preparation of an Environmental Impact Statement (EIS) for the proposed installation of a Microwave Landing System on Runway 11 at Newark International Airport. The FAA estimated the cost of the study to be \$100,000, and thus the Port Authority's share was authorized for \$50,000.

Subsequently, the FAA received qualification statements from seventeen consulting firms and selected six firms to present proposals to a joint Port Authority/FAA selection committee which recommends award to the firm of CH2M Hill.

CH2M Hill's cost proposal for the study is approximately \$150,000, exceeding FAA's original estimate of \$100,000 and thereby increasing the Port Authority's equal share from \$50,000 to approximately \$75,000. An additional \$25,000 is requested to cover the Port Authority's share of costs for any additional work which may be required for the EIS.

It is beneficial to the Port Authority to participate in this program because the joint funding enables the FAA to proceed more quickly with the preparation of an EIS which is a prerequisite to installation of a Microwave Landing System. The installation of the landing system would permit the use of Runway 11 under some instrument flight rule conditions and under periods of heavy air traffic demand resulting in an increase in airside capacity at Newark International Airport where considerable air traffic delays are already being experienced.

It was therefore recommended that the Board authorize the Executive Director to increase the Port Authority participation from \$50,000 to an estimated \$100,000 for the agreement between the Port Authority and the Federal Aviation Administration (FAA) whereby the Port Authority and FAA will equally share the cost for the preparation of an Environmental Impact Statement (EIS) for the proposed installation of a Microwave Landing System on Runway 11 at Newark International Airport, the Port Authority's share of the cost for the preparation of the EIS to be recovered through Newark's Public Aircraft Facility formula.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorizes the Executive Director to increase the Port Authority participation from \$50,000 to an estimated \$100,000 for the agreement between the Port Authority and the FAA whereby the Port Authority and FAA will equally share the cost for the preparation of an Environmental Impact Statement (EIS) for the proposed installation of a Microwave Landing System on Runway 11 at Newark International Airport, the Port Authority's share of the cost for the preparation of the EIS to be recovered through Newark's Public Aircraft Facility formula.

(Board - 11/13/86)

Kennedy International Airport - Inter-Terminal Bus Service - Extension of the Elimination of Service Charge to Airlines for Affinity Bus Service

It was reported that Hudson General Corporation, as contractor for the Port Authority, provides four separate and distinct ground transportation services which consist of a Central Terminal Area (CTA) inter-terminal service, an Autolink service, an Affinity service and a bus service to and from the Long Term Parking Lots.

The CTA inter-terminal connecting bus service provides coach service among all the airline terminals within the central terminal area at no cost to the passengers. Under an agreement with the airlines, 50% of the cost of this service is paid for by the airlines as part of the flight fee and 50% is absorbed by the Port Authority.

Autolink uses a specially-designed wheelchair van for handicapped patrons and station wagons for V.I.P's and quick connection needs. The airlines requesting this custom service pay \$3 per passenger. Any costs that are not covered by this charge are recovered through the flight fee.

The Long Term Parking Lot service provides a free bus that transfers patrons between the unit terminals and long-term parking lots No. 8 and No. 9. This service is funded by revenues from the long-term parking lot operation.

The Affinity service is an exclusive bus service that the airlines may request when there is a need to transport a large group of passengers (minimum of fifteen) between terminals. Prior to June 1, 1985, airlines utilizing this service paid \$45 per movement with any additional expenditures over and above this amount absorbed by the Port Authority.

At its meeting on November 12, 1981, the Board authorized the Executive Director to eliminate the passenger fare on the inter-terminal bus at Kennedy International Airport effective December 13, 1981. This was done in the interest of improving public service and as a means of enhancing Kennedy International Airport's reputation and competitive position. Although this policy proved successful in achieving these two basic goals, it has also made increasingly clear the strong inter-relationship between the Affinity Bus Service program and the CTA bus service. Since the airlines were paying \$45 for each Affinity Bus movement they requested, there was a trend to reduce operating costs whereby airline agents were steering Affinity groups to curbside where they congregated waiting for the no-fare CTA bus connection service. This action reduces airline operating costs, but works against Port Authority goals of improving transfer connection times for customers and reducing congestion on the curb frontages.

At its meeting on May 9, 1985, the Board authorized the Executive Director to temporarily eliminate the aforementioned charge to the airlines for the Affinity Bus for an experimental period of from twelve to eighteen months commencing on June 1, 1985. The experimental period ends on November 30, 1986.

(Board - 11/13/86)

Under this arrangement, the airlines are not charged a fee for each Affinity movement, but rather pay 50% of the cost thereof, as defined, as part of the flight fee. The other 50% is absorbed by the Port Authority on the same basis as the existing agreement with the airlines relevant to the cost-sharing formula for the CTA Bus Service. The total cost of the Affinity Bus Service program for the prior contract period June 1, 1985 to May 31, 1986 was approximately \$236,000. Based on the continued elimination of the Affinity Bus charge it was estimated that the total cost for the current contract period, June 1, 1986 to May 31, 1987, will be approximately \$214,000.

Staff negotiated the aforementioned Affinity service cost-sharing formula with the Dewey Lessee Airlines in an effort to restore a better balance between the Affinity and the CTA Bus Services. Staff emphasized to these airlines the benefits that restoring a proper relationship between these two services would promote, namely a substantially improved level of service for inter-line connection service; reduced bus and patron congestion on roadways and curb frontage, and a potential increase in Kennedy International Airport's volume of airline tour groups which presently use competing gateway airports for inter-line international connections.

During this experimental period, the Port Authority and airlines were to evaluate the program to determine the value of making it permanent. Unfortunately, due to the increase of terrorism and airline strikes in the past eighteen months, there has been a significant decrease of group movements. For these reasons, Port Authority staff and the airlines are in agreement that this particular time frame provided a poor test period. As a result, the Dewey Lessee airlines have indicated their willingness to engage in a further six- to twelve-month test to determine the effectiveness of this policy.

Accordingly staff recommends that effective December 1, 1986, the current policy of eliminating the Affinity charge of \$45 be continued for the aforementioned six- to twelve-month period with the Port Authority and the airlines sharing the cost of the Affinity service on the same 50/50 basis currently used to cover the CTA Bus Service cost. Further, if the results of the test indicate that the elimination of the direct charge to the airlines is beneficial, the Executive Director would be authorized, at his discretion, to have this charge permanently eliminated with the continuation of the aforementioned cost-sharing agreement on such terms as he deems appropriate.

It was therefore recommended that the Board's Resolution of May 5, 1985 be amended and the Executive Director be authorized, for and on behalf of the Port Authority, to continue the elimination of the charge to the airlines for the Affinity Bus Service at Kennedy International Airport for a further temporary period and at the end of such temporary period, at his discretion, to make the elimination of the charge permanent and to enter into agreements with the Dewey Lessees and other appropriate airlines amending the agreements concerning ground transportation within the Central Terminal Area to effectuate the same, all in accordance with the foregoing.

(Board - 11/13/86)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that as set forth above the Executive Director is authorized to:
(1) extend the temporary elimination of the charge to airlines for the Affinity Bus serving the various airline terminal buildings at Kennedy International Airport, effective December 1, 1986, for an additional experimental period of from six- to twelve-months; (2) continue the agreement with the Dewey Lessees and other appropriate airlines at Kennedy International Airport whereby the airlines and the Port Authority share the cost of the Affinity Bus Service on a 50/50 basis similar to the existing arrangement with the airlines on the related Central Terminal Area Bus service; and (3) permanently eliminate, at his discretion, the Affinity Bus charge to the airlines at the end of the test period, with the airlines and the Port Authority to continue to share the cost of the service on such terms as he deems appropriate; and it is further

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

(Board - 11/13/86)

Establishment of an Alternate Computer Facility and Purchase and/or Lease and Installation of Additional Computer Capacity and Associated Computer Equipment

It was reported that the Board, at its meeting on March 13, 1986, authorized the Executive Director to enter into an agreement for the purchase and installation of a mainframe computer system upgrade, additional direct access storage devices and associated control units to be located at the World Trade Center. At that time, the Board was also advised of the strategy to acquire additional computer capacity annually, based on staff Computer Resource Management projections for the following year. This strategy was adopted because the per unit cost of computing capacity, millions of instructions per second, (MIPS) is decreasing each year and because it is difficult to forecast computer capacity requirements precisely beyond one year. Computer Resource Management staff currently projects the Port Authority's computer mainframe requirements to be approximately 39 MIPS by June 1987. As the current capacity of the World Trade Center complex is 27 MIPS a deficit of 12 MIPS is forecast unless further capacity is acquired and suitable space is made available by the middle of next year.

The Board was also advised of the plan to locate the next needed increment of computer capacity outside of the World Trade Center so it could also serve as a limited capacity back-up facility in the event of a disaster or extended outage at the central site. Moreover, both equipment and site costs are substantially less for locating the next increment of capacity outside of the World Trade Center. During normal operations, the data processing workload would be distributed between the primary and alternate locations.

Currently, the Port Authority contracts with vendors to provide limited data processing capacity in the event of a major disaster and for the off-site storage and archiving of critical data storage. Even so, during their 1985 audit of the Port Authority's Management Information Services function, Touche Ross & Co. indicated concern with regard to the Port Authority's ability to provide long-term data processing services in a disaster situation. The recommended alternate site will eliminate the need for these vendor services, resulting in an annual savings of approximately \$150,000.

As a result of the decision to locate the next increment of computer capacity outside of the World Trade Center, staff of the Management Information Services Department, in conjunction with the staff of the Finance and General Services Departments, evaluated several potential sites using criteria which included: cost, location, site availability, communications capability and security. These locations were the Port Authority Technical Center and the Journal Square Transportation Center in Jersey City, New Jersey and the Telecenter and Teleport I buildings in Staten Island, New York. This analysis indicates that the Teleport I site best meets the above criteria. In addition, although the estimated costs are not substantially different among the potential sites, Teleport I does have the lowest present value cost for construction, space rental, janitorial services and electricity over a ten-year period.

Electrical power at the Teleport is supplied by the Power Authority of the State of New York on a separate grid from that which supplies the World Trade Center. Locating the alternate computer facility at Teleport I will also support the World Trade Department's efforts to market the Teleport as a preferred location for computer facilities.

The Teleport site will also provide for expansion to provide for future potential needs. Accordingly, it is proposed to enter into an agreement with Teleport Associates for the leasing to the Port Authority of approximately 11,700 rentable square feet of space on the second floor of Teleport I for an initial ten-year term. The space will be delivered to the Port Authority on the execution of the lease on which date the term would commence. The lease will provide for a rental at an annual rate equivalent to \$24 per rentable square foot per year exclusive of electricity and any supplemental cleaning charges. In addition, the Port Authority would pay additional rental to cover increases in operating costs and in lieu of tax payments, if any. The Port Authority would have the right to lease an additional 10,000 rentable square feet of space contiguous to the premises at the same rental. The space will be delivered "as is" and the Port Authority will be responsible for preparing the space for its occupancy at a cost of approximately \$1,220,000. The Port Authority would also have the right to extend the term of the letting for an additional ten-year period at the rate of \$30 per rentable square foot per year or to extend the term for two additional five-year periods at the rate of \$30 per rentable square foot per year for the first five-year period and at the rate of \$36 per rentable square foot per year for the second five-year period.

Tentative agreement has also been reached with Teleport Communications, the exclusive provide of communication services at the Teleport, for the leasing of fiber optic cable required for communications between the Teleport and the World Trade Center and to provide for the Port Authority's communications needs within the premises at an approximate cost of \$30,000 per year.

Computer capacity at the alternate computer site will include a mainframe computer complex, direct access storage devices, cartridge tape drives, communication controllers, multiplexers, and other associated computer equipment at a total estimated cost of \$2,820,000. In addition, it is recommended that currently rented communication controllers be purchased and obsolete tape drives be replaced with more efficient and reliable cartridge tape drives at the World Trade Center computer site at a total estimated cost of \$990,000.

Where practicable, all equipment will be purchased through a competitive process, Request for Proposal or leased should that be a preferred method.

This recommendation does not provide for the maintenance of equipment. A separate recommendation is also being submitted for IBM maintenance of existing equipment, and equipment to be purchased as well as other necessary support functions.

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

1. a contractor(s) to be selected for the construction of a computer center at Teleport I at an estimated cost of \$1,220,000;

2. Teleport Associates for the leasing to the Port Authority of approximately 11,700 square feet of space for an initial ten-year term with options to extend the term for a further period not to exceed ten years and with a further option to lease an additional 10,000 square feet of space; and

3. a vendor(s) to be selected for the purchase and/or lease and installation of computer capacity at Teleport I, and associated computer and communications equipment at both Teleport I and the primary computer site at the World Trade Center at an estimated cost of \$3,810,000.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director to enter into agreements with: 1) a contractor(s) to be selected for the construction of a computer center at Teleport I at an estimated cost of \$1,220,000; 2) Teleport Associates for the leasing to the Port Authority of approximately 11,700 square feet of space for an initial ten-year term with options to extend the term for a further period not to exceed ten years and with a further option to lease an additional 10,000 square feet of space; and 3) a vendor(s) to be selected for the purchase and/or lease and installation of computer capacity at Teleport I, and associated computer and communications equipment at both Teleport I and the primary computer site at the World Trade Center at an estimated cost of \$3,810,000; and it is further

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

(Board - 11/13/86)

Extension of Agreement for Data Processing Equipment and Services

It was reported that the Port Authority initially installed electronic data processing equipment in 1955. At present the Port Authority owns and is utilizing an IBM 3084-Q96 computer system, the purchase of which was authorized by the Board at its meeting on March 13, 1986. This requested authorization provides for continuation of services necessary to support the Port Authority's computer complex.

The current agreement with IBM was authorized by the Board at its meeting on December 8, 1983 for the three-year period from January 1, 1984 through December 31, 1986. The recommended extension of services provided under this agreement has been changed to a one-year period so that the planned services will be in accordance with future computer requirements included as part of the annual computer resource acquisition strategy presented to the Board at its meeting on March 13, 1986.

The current three-year agreement was authorized at a cost of \$4,413,000 although the Management Information Services Department projects that actual expenditures will total \$3,340,000. This underrun is primarily attributed to savings resulting from the delayed rental of additional equipment especially communication controllers, and underruns for originally anticipated maintenance requirements and other services. Authorization amounts for the one-year extension of the agreement incorporate a projected 10% increase in rental and maintenance rates; the expansion and replacement of computer equipment to meet growing Port Authority requirements; and an estimated \$488,000 for costs associated with contract services for the proposed alternate computer site which is recommended to the Board separately at this meeting.

Major components of these service agreements include:

Equipment Rental

In general, the Port Authority purchases required computer equipment. However, equipment that is subject to rapid obsolescence or requires frequent maintenance and repair is usually rented. The recommended agreement with the IBM Corporation provides for the rental of certain computer terminals, control units and other miscellaneous items at a one-year cost of approximately \$261,000.

Equipment Maintenance

The majority of computer equipment owned by the Port Authority is manufactured by the IBM Corporation. The decision to contract with the IBM Corporation for the maintenance and repair of this equipment ensures a degree of continuity and a superior level of service necessary to maintain a 24-hour computer operation. Third-party vendors will not provide maintenance for the mainframe computer model currently installed. The cost of maintaining the Port Authority-owned equipment is projected to increase in 1987 to \$699,000 due to increased maintenance rates, the upgrade and expansion of the Port Authority's central computer complex at the World Trade Center and the proposed development of the alternate computer site.

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Other Services

The rental of software from the IBM Corporation is estimated at a cost of \$936,000 in 1987. This estimated cost incorporates the expansion of software products to increase monitoring capabilities and the overall efficiency of the computer system, as well as the additional software charges associated with the anticipated expansion of computer capacity.

Additionally, the recommended agreement with the IBM Corporation includes \$15,000 for systems engineering services and \$42,000 for the purchase of technical reference manuals necessary for Port Authority staff to support IBM computer equipment and software products.

The Port Authority uses the IBM Corporation as a primary source for educational services and training classes related to equipment and services provided by IBM. Since authorization of the current agreement in 1983, IBM's educational arm, Science Research Associates, Inc., has become a wholly-owned subsidiary necessitating a separate agreement. It is projected that IBM education costs in 1987 will be approximately \$110,000.

All payments will be made based on service or rental rates that are identical to the rates furnished the United States General Services Administration and have been confirmed by IBM to be their lowest rates available.

It was therefore recommended that the Board authorize for a one-year period effective January 1, 1987, the extension of services provided by:

1. the IBM Corporation for the rental, repair and maintenance of Port Authority data processing equipment, and the acquisition of other related services, including the rental of software, to support the Port Authority's central computer complex at the World Trade Center and at the proposed alternate, back-up computer site, at an estimated price of \$1,953,000; and
2. the IBM Corporation and its wholly-owned subsidiary, Science Research Associates, Inc., for the acquisition of IBM educational services for Port Authority staff, including training classes, at an estimated price of \$110,000.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize for a one-year period effective January 1, 1987, the extension of services provided by: (1) the IBM Corporation for the rental, repair and maintenance of Port Authority data processing equipment, and the acquisition of other related services, including the rental of software, to support the Port Authority's central computer complex at the World Trade Center and at the proposed alternate, back-up computer site, at an estimated price of \$1,953,000; and (2) the IBM Corporation and its wholly-owned subsidiary, Science Research Associates, Inc., for the acquisition of IBM educational services for Port Authority staff, including training classes, at an estimated price of \$110,000; the form of the extensions to be subject to the approval of General Counsel or his authorized representative.

(Board - 11/13/86)

Port Authority Industrial Park at Elizabeth - Authorization of Payment for a Riparian Grant from the State of New Jersey and Acceptance of Title to Property

It was reported that the Board, at its meeting on March 12, 1981, authorized an industrial development project in Elizabeth, New Jersey at an approximate 133-acre site located at the southern end of the Port Newark/Elizabeth facility, involving an estimated financial participation by the Port Authority of \$16.8 million, including payments to contractors, an allowance for extra work, any acquisition and related costs, and engineering, administrative and financial expenses. Subsequently, on November 18, 1981, the Port Authority and the City of Elizabeth executed an agreement setting forth the arrangements to develop the industrial park site.

At its meeting on June 14, 1984, the Board certified the Elizabeth Industrial Park as an additional facility of the Port Authority and approved the award of contracts providing for the installation of systems for the mitigation of the PCB contamination and for paving and utility construction at the site.

Approximately 12.86 acres of property inside the boundaries of the Elizabeth Industrial Park site are claimed by the State as being formerly tide-flowed. The Port Authority filed an application with the New Jersey Department of Environmental Project (NJDEP) for a Riparian Grant for this property in June of 1984. After prolonged negotiations between the Port Authority and the Attorney General's office (which plays the key role in developing recommendations to the Tidelands Resource Council which approves all grants), an amount of \$370,000 was agreed to. This amount was based on the Port Authority's original purchase price pro-rated over the area in question, with a reduction for a portion of the monies expended on site remediation. Although this amount was not anticipated in the original project authorization, adequate funds are available within the project economics to cover this expense.

A formal offering of the agreed-upon amount, contingent upon the approval of the Port Authority's Board of Commissioners, was submitted to NJDEP on July 18, 1986 and approved by the Tidelands Resource Council on September 10, 1986. The minutes of that meeting have been approved by the Commissioner of NJDEP and a formal grant offering for \$370,000 is being prepared for submission to the Port Authority. Upon Port Authority acceptance of this offering, the State will prepare a deed for Port Authority review and, subsequent to Port Authority approval, will forward the deed to the Governor for his signature.

It was therefore recommended that the Board find and determine that 12.86 acres of lands within the boundaries of the Port Authority Industrial Park at Elizabeth which the State of New Jersey claims to have been formerly flowed by mean high tide and are, therefore, owned by the State are required for public use and authorize the Executive Director to acquire title thereto from the State for a consideration in the amount of \$370,000.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director be and he is hereby authorized to pay \$370,000 to the State of New Jersey for the conveyance of 12.86 acres of lands which were formerly flowed by mean high tide (Riparian Grant) within the boundaries of the Port Authority Industrial Park at Elizabeth, and to accept title to such lands; and it is further

(Board - 11/13/86)

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

(Board - 11/13/86)

Port Authority Industrial Park at Yonkers - Increase in Project Authorization

It was reported that the Board at its meeting on November 8, 1984, and the Committee on Operations at its meeting on December 13, 1984 authorized the purchase of the former Otis Elevator Company Plant in Yonkers, New York and authorized staff to proceed with the development of the site as the Port Authority Industrial Park at Yonkers within a project authorization of \$24 million. \$7.5 million of the \$24 million authorized was allocated from the funds made available for projects in the State of New York by the 1984 tolls increase pursuant to the Governors' Bi-State Agreement of June 1983. The plant was acquired on May 8, 1985 for \$16.5 million.

The Board at its meeting on December 13, 1984 authorized a lease with Nissho Iwai American Corporation (NIAC) for Building No. 9 and other premises within the Industrial Park for the purpose of assembling and manufacturing rail cars for the PATH system. At its meeting on April 10, 1986, the Board authorized an increase of \$1.3 million in the project authorization in conjunction with a lease of Building No. 2 to Tri-Omni, Inc. The Board at that meeting also authorized the Executive Director to enter into a lease with American Standard, Inc. for a portion of Building No. 7.

At the time the site was acquired there were eight major buildings in the complex, built at several different stages. Building Nos. 3 and 4 are turn-of-the-century structures; Building Nos. 1, 2 and 5 were built in the 1920's (Building No. 6 was demolished by Otis Elevator some years ago); Building Nos. 7 and 9 were constructed in the mid-1970's and were the major asset in the Park to undertake the heavy manufacturing associated with NIAC's rail cars. Building No. 8 will be demolished since the costs of systems and roof repairs to make it marketable could not be recovered by projected rentals.

Prior to the Board's November 1984 authorization to acquire the site, staff assessed the basic integrity of the structures and also rated the capacity of the electrical system which was updated in the 1970's as a companion effort to the construction of Building Nos. 7 and 9. Those features were judged basically sound and project authorization assumptions included monies principally for new roofs on the older structures and funds for upgrading infrastructure and common areas. Staff has now received from several consultants an in-depth analysis of the condition of the heating plant and steam distribution system. Their combined findings available in early 1986 indicated serious deterioration of the 60-year-old central heating plant not previously evident and a total replacement is deemed necessary. At the same time, staff inventoried and evaluated the complex central power plant; though modified in the mid-1970's to accommodate the additional electrical load required by Building Nos. 7 and 9, the electrical plant requires modernization to meet safety requirements.

Conversion of the park from a single-owner, single-purpose Otis manufacturing plant with over 130 years of "grandfathered" practices to a multi-user industrial park was a second major focus during 1985. A consultant has evaluated the condition of the buildings, particularly the older ones, in view of the goal of converting them to multi-tenant, multi-function structures. Structural consultants confirmed early readings that with several exceptions, building integrity throughout was sound.

(Board - 11/13/86)

The combined consultant and staff reports were examined and reviewed in depth earlier this year and a series of critical improvements to the Facility have been recommended to: 1) provide code conforming life, health and safety, and property protective measures; 2) upgrade the aged and poorly maintained systems and structures; and 3) introduce a series of operational improvements which would make the Park more efficient and more marketable.

Following is a summary of the work already completed, underway or planned as part of the \$8.8 million provided through prior authorizations discussed above (\$7.5 million in November 1984 plus \$1.3 million in April 1986) as well as the work which will be undertaken under the \$25.7 million increased authorization recommended herein:

1) Health and Life Safety

There is health and life safety work such as the creation of fire corridors and exits, upgrading of sprinkler systems and providing of sanitary facilities totaling \$11.2 million to make the active buildings safe for their multi-tenant occupancy and to transform them from former use. Demolition of selected small buildings must also be undertaken.

2) Mechanical/Electrical Systems

\$8.9 million is needed in order to upgrade systems, particularly the replacement of the 60-year old heating plant, and to meet safety requirements in the central power plant including asbestos removal; also included in this amount is the test track committed to NIAC as part of the Port Authority's lease obligation to them.

3) Operations/Energy Improvements

\$11 million is being requested to improve traffic flow, parking arrangements, and security as well as to make energy related improvements through the replacement of windows within the park. It is anticipated that these measures will aid in the marketability of the space and result in expected higher rental rates for the combination of industrial and office space that will emerge. Financial expense to carry these improvements amounts to \$3.4 million. To determine the potential of the uncommitted and underutilized space, a consultant, Buckhurst, Fish, Hutton and Katz, was retained to assess real estate market trends and conditions in the Yonkers and Westchester area; their report received at the end of 1985 stated that industrial uses have the greatest potential, given the existing character of the complex and its surroundings, together with the nature of the users already within the complex. Based on their recommendations and staff judgments, 490,000 square feet of available space will be devoted to manufacturing purposes; an additional 60,000 square feet that already exists as office space will be marketed as such.

One of the structures, Building No. 3, a 150,000 square foot, five-story, turn-of-the-century vintage building will be excepted from any improvements during this phase of development work. Due to the high cost of recommended code conformance work, improvements to Building No. 3 will be deferred until market conditions warrant upgrading the building for lease or sale for a higher and better use than the existing industrial uses.

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Alternatively, the Port Authority may choose to sell or lease the Building to others in its current condition in order to recover its prior investment in the acquisition and a share of parkwide improvements. On a periodic basis, market trends and conditions will be reassessed to determine the timing of upgrading or disposition of Building No. 3 and advancing necessary improvements. Any future action related to this building would be subject to a Board action.

Based on the current and projected revenue potential for the industrial and office space, parkwide economics indicate an anticipated revenue shortfall of \$5.1 million in coverage of the \$25.7 million increased authorization. The \$5.1 million is to be provided from funds made available for projects in New York State by the 1984 tolls increase pursuant to the agreement of June 1983 of the Governor of the State of New York and the Governor of the State of New Jersey. New York's share of funds made available by the 1984 tolls increase is \$112.5 million. Of this, the Board has previously authorized \$7.5 million for Yonkers Industrial Park, \$21,000 for the Inner Ring Transportation Study, \$12.5 million for the Oak Point Rail Freight Link, \$14 million for Metrotech, \$200,000 for the World Trade Council and up to \$350,000 authorized for the retention of professional services for the West Side Development Task Force. With up to \$5.1 million authorized for the Port Authority Industrial Park at Yonkers, \$72.829 million remains available for other New York projects.

It was therefore recommended that the Board authorize:

a) an increase of \$25.7 million in the project authorization for the Industrial Park at Yonkers from \$25.3 million to a total project authorization of \$51 million, with \$5.1 million of such increase to be allocated against the amounts to be made available for regional development projects in the State of New York as a result of the 1984 increase in the Port Authority's bridge and tunnel tolls pursuant to the agreement of June 1983 of the Governor of the State of New York and the Governor of the State of New Jersey; and

b) the availability of up to an additional \$5.1 million from project net revenue to be included in funds to be made available for regional development projects in the State of New York as a result of the Port Authority's 1984 bridge and tunnel tolls increase.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize: a) an increase of \$25.7 million in the project authorization for the Industrial Park at Yonkers from \$25.3 million to a total project authorization of \$51 million, with \$5.1 million of such increase to be allocated against the amounts to be made available for regional development projects in the State of New York as a result of the 1984 increase in the Port Authority's bridge and tunnel tolls pursuant to the agreement of June 1983 of the Governor of the State of New York and the Governor of the State of New Jersey; and b) the availability of an additional \$5.1 million over a 25-year period, in accordance with an agreed upon schedule, to be included in funds to be made available for regional development projects in the State of New York as a result of the Port Authority's 1984 bridge and tunnel tolls increase.

(Board - 11/13/86)

Port Authority Technical Center - Rental of Additional Space and Construction of Port Authority Police Firing Range and Other Technical Support Facilities

It was reported that the Board at its meetings on August 9, 1984, October 11, 1984 and September 12, 1985, authorized the Executive Director to enter into lease agreements with Trends Urban Renewal Association, Limited, for a total of 188,500 square feet of space in the Jersey Plaza Building (now referred to as the Port Authority Technical Center) plus an additional 9,155 square feet of rent-free space obtained by making a one-time construction payment of \$238,000. The building consolidated a variety of field units located primarily in New Jersey and relocated a unit of the Engineering Department from the World Trade Center. It was reported that a total of 430 staff would be, and are now, housed at the Port Authority Technical Center.

The Board also authorized agreements with the owners for modifications of rented areas for the lab, shop and office space needs of units being relocated to the building. Additionally, a cafeteria and medical clinic were approved and have been constructed. The approved Teleconference Center is planned to be in operation by 1987.

The Port Authority plans, with Board approval, to occupy an additional 108,000 square feet of space, commencing on or about January 1, 1987. This lease agreement amendment would be based on the same terms and conditions as stipulated in the original lease agreement. The leasing of this new space will be for approximately thirteen years so as to terminate at the time of the original lease agreement (fifteen years), plus a Port Authority option for two ten-year extensions, bringing the total maximum lease amendment period to 33 years. The basic annual rental for the additional space would increase from the \$7.30 per square foot in the 1984 lease, to \$9.50 per square foot, subject to the prevailing agreed-to escalation formula, plus additional charges initially set at \$1.44 per square foot for tax payments, and an estimated \$2 per square foot for utilities, bringing the total first-year occupancy costs to \$1,398,000. The lease amendment would include provisions for the building owner to perform agreed-upon alterations and maintenance at the Port Authority Technical Center. The impact of additional Port Authority staff on the levels of previously agreed-upon transportation services will require a change in the existing lease provision dealing with such services. The rental of these additional spaces would bring the total Port Authority occupancy for the Port Authority Technical Center, when combined with the 188,500 square feet currently leased, to 296,500 square feet, excluding the rent-free space. Thus, the Port Authority would be the sole occupant of this building. The space released by the World Trade Center-based units that would be relocated to the Tech Center is estimated to be worth approximately \$600,000 in annual gross rental to the World Trade Center.

Police Firing Range

A police firing range consisting of ten shooting positions, constructed in 1976, is currently located on the B-6 level of One World Trade Center. As the police force is expanding, there is a need to increase the capability to train police personnel on standardized and specialized weapons, and to provide them with the most up-to-date equipment and facilities to accommodate all of the Port Authority's firearms training programs.

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Currently there are serious problems in utilizing the existing World Trade Center firing range. Due to significant environmental problems and down range column configurations, not all of the existing range firing positions can be used. Consideration has been given to expanding the range to meet the growing need, but the construction cost to accomplish this would be prohibitive. Firing range manufacturers have indicated that construction of ranges below grade poses serious problems, specifically in the area of ventilation.

In an effort to meet current training requirements in all firearm programs, which includes high power specialized weapons training, the Public Safety Department has had to arrange for the use of firing ranges in Mahwah, New Jersey and Peekskill, New York. The availability of these ranges in the future is being sharply curtailed since the State of New Jersey requires all law enforcement officers to qualify twice a year and similar legislation is pending in New York.

In order to meet police force needs for firearms training, plans have been developed to construct a firing range at the Port Authority Technical Center. The proposed eighteen position firing range will accommodate the annual firing qualification requirement for the entire Port Authority police force shooting standard pistol, shotgun and sophisticated high powered weapons and eliminate the need for non-Port Authority facilities. The estimated cost of construction for the new firing range at the Tech Center is \$4,342,000.

Technical Support Facilities

Several General Services Department units are currently located on various subgrade levels in the World Trade Center and at the New York Truck Terminal. In addition to addressing expansion needs and resolving environmental problems the relocation of these units to the Port Authority Technical Center would consolidate them with other GSD units already there, simplifying management overview.

The Reproduction Shop is now located on the B-3 level of the World Trade Center. Serious environmental problems have developed as additional equipment needed to meet the unit's increased workload demands has been added in the existing, limited shop area. To resolve these problems, it is proposed to relocate the Reproduction Shop to the Port Authority Technical Center at an estimated cost of \$1,203,000.

The Port Authority's Records Center currently occupies space on the B-5 level. To optimize downsized offices in tower office space, excess records must be relocated to the Records Center storage area. However, the Records Center is at capacity and there is no available adjacent space for expansion. It is therefore proposed to relocate the Records Center to the Port Authority Technical Center at an estimated cost of \$688,000.

The Display Services Unit and the Central Automotive Division's administrative offices are now located at the New York Truck Terminal. The potential relocation of staff from the New York Truck Terminal has accelerated plans for consolidation of these units with other GSD technical support functions currently at the Port Authority Technical Center. Also, existing problems in working conditions in the Display Services unit would be resolved by its relocation. The estimated costs for relocation of the Display Services and CAD units are \$474,000 and \$823,000, respectively.

(Board - 11/13/86)

Remaining leased space would be used for a general meeting room, a building manager's office, a small art storage area and reserve space for occupancy by units at an estimated cost of \$1,010,000.

It was therefore recommended that the Board authorize the Executive Director to enter into a lease amendment with Trends Urban Renewal Association, Limited, for the additional premises described above, and enter into other agreements with Trends Urban Renewal and others for construction and finishing work in the premises and for purchase and installation of equipment and furnishings therefor, all on the terms set forth above.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director to: (a) execute a lease amendment 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, to lease the balance of the building (approximately 108,000 rentable square feet) for a period of approximately thirteen years, commencing approximately January 1, 1987, with two additional ten-year options to make it co-terminous with the existing September 1984 lease; the space to be occupied by the Police Division's firing range and offices and shops for various General Services Department technical support units, and serve as Port Authority reserve space; the base annual rental for the additional space to be \$9.50 per rentable square foot, subject to the existing escalation which is based on a factor of 50% of the increase in the Consumer Price Index (CPI) for the New York/Northeast New Jersey Metropolitan Area for All Wage Earners during the previous five-year term of the lease, with each increase limited to not more than 12½%, or 50% of the CPI, whichever is less, plus additional annual charges (initially set at \$1.44 per square foot) for tax payments which the owner will make, and an estimated \$2 per square foot for utilities, bringing total first year occupancy costs to approximately \$1,398,000; (b) enter into contract with the owner, Trends Urban Renewal Association Limited, or with contractors, for the construction of a police firing range, offices and shops for various General Services Department technical support facilities, and building exterior refurbishing including signage at an estimated cost of \$7,815,000; (c) enter into agreements for the purchase and installation of necessary equipment and furnishings and the provision of telecommunication services for the newly constructed facilities, and any relocation services at a total estimated cost of \$726,000; and it is further

(Board - 11/13/86)

RESOLVED, that the form of the aforesaid agreement or agreements be subject to approval as to form by the General Counsel or his duly designated representative.

Whereupon, the meeting was adjourned.

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

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MINUTES of meeting of The Port Authority of New York and New Jersey held Thursday, December 11, 1986, at the Port Authority offices, One World Trade Center, City, County and State of New York.

PRESENT:

NEW JERSEY

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

NEW YORK

Robert F. Wagner, Vice-Chairman
 James G. Hellmuth
 John G. McGoldrick

Stephen Berger, Executive Director
 Patrick J. Falvey, General Counsel/Assistant Executive Director
 Doris E. Landre, Secretary
 Anthony J. Barber, Director of Tunnels, Bridges and Terminals
 Henry DeGeneste, Superintendent of Police, Public Safety
 Louis J. Gambaccini, Assistant Executive Director/Trans-Hudson Transportation
 Gene Gill, Director of General Services
 Francis A. Gorman, Comptroller
 John Hauptert, Acting 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
 Philip LaRocco, Director, Economic Development
 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, Deputy Chief Financial Officer
 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, Chief Financial Officer and Director, Finance Department
 Kristina E. Weisenstein, Administrative Assistant
 Marvin Weiss, Director, Office of Minority Business Development
 Marshal L. Wilcox, Jr. Assistant Chief Financial Officer

The meeting was called to order by the Chairman.

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of November 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 December 11, 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 December 11, 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 December 11, 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 December 11, 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 - 12/11/86)

Purchase of Property Parasol Insurance - The Port Authority of New York and New Jersey and Port Authority Trans-Hudson Corporation

It was reported that at its meeting on November 14, 1985, the Board authorized the purchase of Property Parasol Insurance in limits of \$200 million per occurrence in excess of the existing underlying Port Authority and PATH All Risk Property Damage and Loss of Revenue Insurance and Bridge and Tunnel Property Damage and Loss of Revenue Insurance, effective October 27, 1985, for a one-year term at a total premium cost of \$520,000.

After extensive negotiations with Lloyd's and other London insurers, underwriters have agreed to renew coverage for \$200 million per occurrence of Property Parasol Insurance for a period of slightly over fifteen months, effective October 27, 1986, at a modest premium increase of 10%. The total premium will be \$724,010, which is equal to an annualized premium of \$572,000.

The extension of the Property Parasol Insurance termination date to February 1, 1988 will bring it into conformance with the Bridge and Tunnel Property Damage and Loss of Revenue Insurance policy anniversary, thus providing concurrency in coverage for these major facilities.

Recommendation was made that the Board authorize the purchase of a Property Parasol Insurance Program in a limit of \$200 million per occurrence in excess of the existing underlying Port Authority and PATH \$200 million All Risk Property Damage and Loss of Revenue Insurance and \$300 million Bridge and Tunnel Property Damage and Loss of Revenue Insurance, from Lloyd's Underwriters and other London insurers, for the period October 27, 1986 to February 1, 1988, at a total premium of \$724,010, through the brokers Hamond & Regine, Inc. and C.E. Heath & Co., Ltd.

Approved.

(Board - 12/11/86)

Purchase of Public Liability Insurance - The Port Authority of New York and New Jersey and Port Authority Trans-Hudson Corporation

It was reported that significant underwriting losses incurred by the world insurance market since 1979 coupled with depressed premium pricing in the early 1980's resulted in a severe tightening of insurance markets in 1984. As a consequence, by 1985 the Port Authority's Public Liability Insurance Program had been significantly impacted, chiefly by cancellations due to capacity contraction and repricing demands.

At its meeting on November 14, 1985, the Board, in recognizing these pressures, authorized a restructuring of the Public Liability Insurance Program, including the extension of up to 60% of the \$30 million excess of a \$2 million self-insured retention layer of combined airport and non-airport liability insurance to October 27, 1988, at an increase in annual premium.

At the same meeting, the Board also authorized the purchase of:

1. Railroad Liability Insurance, for a one-year term, in limits of \$12 million part of \$30 million excess of a \$2 million or \$5 million self-insured retention, depending on the particular insurer, and \$95 million excess of \$30 million of coverage, for a total of \$125 million of insurance;
2. General Liability Insurance, for a one-year term, in limits of \$12 million part of \$30 million excess of a \$2 million self-insured retention, and \$95 million excess of \$30 million of coverage, for a total of \$125 million of insurance, and
3. Aviation Liability Insurance, for a one-year term, in limits of \$12 million part of \$30 million excess of a \$2 million self-insured retention, and \$370 million excess of \$30 million of coverage, for a total of \$400 million of insurance.

The total annual premium cost of the restructured Public Liability Insurance Program was authorized not to exceed \$5,630,000. During the ensuing year, however, market conditions continued to exert pressure on the program, such that additional cancellations were received as capacity continued to contract and reinsurance arrangements compelled insurers to limit policy conditions and to seek further premium increases.

Now, however, after extensive discussions with insurers, and as a result of the excellent relationship that the Port Authority has maintained with London insurers, staff has been able to negotiate a more favorable, on balance, Public Liability Insurance Program. Under the new program, the former General and Railroad Liability Insurance coverages have been combined into a non-airport program and limits of coverage have been increased from \$125 million to slightly over \$239 million. In addition, staff has arranged for the purchase of additional airport liability insurance, raising the total limit of this coverage from \$400 million to \$440 million.

(Board - 12/11/86)

With respect to all Port Authority and PATH non-airport operations, the revised program provides slightly over \$239 million of liability insurance, consisting of 57.333% of \$30 million excess of a \$2 million self-insured retention, effective October 27, 1986 for a one-year term and renewable for an additional one-year term thereafter, as previously authorized by the Board at its meeting on November 14, 1985, and the following non-airport liability insurance that is now recommended for authorization:

1. from Lloyd's underwriters and other London insurers, effective October 27, 1986:
 - a. 42.667% of \$28 million excess of a \$4 million self-insured retention, for a three-year term;
 - b. \$25 million excess of \$28 million, of which approximately 80% is for a three-year term and approximately 20% is for a one-year term;
 - c. \$45 million excess of \$53 million, of which approximately 90% is for a three-year term and approximately 10% is for a one-year term; and

2. from American Casualty Excess Insurance Co., Ltd., effective December 1, 1986 for an indefinite term (subject to rights of cancellation), \$140 million excess of approximately \$99 million, subject to an annual aggregate policy loss limit of \$140 million.

All non-airport liability insurance now recommended for authorization will be written on a claims-made basis, which, in the absence of the discovery periods described below, would provide coverage only for losses which both occur and are reported during the policy term. Because of heavy underwriting losses, underwriters are increasingly attempting to limit their responsibility for losses by writing coverage under the "claims-made" form (as distinguished from "occurrence" based insurance). While staff attempted to obtain coverage on an occurrence basis during recent negotiations, underwriters would only offer coverage under the claims-made form.

Although the claims-made form provides for continuous claims acceptance so long as coverage is maintained with the insurer, this protection was deemed inadequate given the possibility of changes in insurers. Staff, therefore, negotiated with underwriters extended post-termination claims discovery periods, as follows:

Layer	Term	Discovery
42.667% part of \$28mm	3 years	5 years
80% part of \$25mm excess of \$28mm	3 years	5 years
10% part of \$25mm excess of \$28mm	1 year	5 years
10% part of \$25mm excess of \$28mm	1 year	2 years
90% part of \$45mm excess of \$53mm	3 years	5 years
10% part of \$45mm excess of \$53mm	1 year	5 years

These discovery periods will allow the Port Authority to present claims for occurrences happening within the term of the policy during the discovery periods.

(Board - 12/11/86)

The American Casualty Excess Insurance, Co., Ltd., which is providing both \$140 million excess of approximately \$99 million on non-airport liability insurance and \$140 million excess of \$300 million of airport liability insurance, also writes its policies on a claims-made basis providing for claims acceptance so long as coverage is maintained with said insurer. In addition, American Casualty Excess provides, at the insured's option, for purchase of a discovery period in the event of policy termination, for a length to be determined by the insured, for an additional premium payable at termination, determined in accordance with the length of the discovery period chosen.

Staff is also negotiating non-cancellation provisions with the Lloyd's underwriters and other London insurers of the slightly better than \$99 million of non-airport liability insurance. These provide that neither the insurers nor the Port Authority may cancel the coverage unless total claims exceed an agreed amount. Staff and underwriters are presently discussing \$1 million above self-insured amounts (i.e total losses in excess of \$5 million) as the appropriate amount.

With respect to all Port Authority airport operations, the revised program provides \$440 million of airport liability insurance, consisting of 57.333% of \$30 million excess of a \$2 million self-insured retention previously authorized by the Board; 42.667% of \$30 million excess of a \$2 million self-insured retention and \$270 million excess of said \$30 million on an occurrence basis, effective October 27, 1986 for a one-year term, from Lloyd's underwriters; and \$140 million excess of \$300 million on a claims-made basis, subject to an annual aggregate policy loss limit of \$140 million, effective December 1, 1986 for an indefinite term (subject to rights of cancellation), from American Casualty Excess Insurance Co., Ltd.

The first year annual premium cost of the non-airport and airport coverage being provided by American Casualty Excess is \$750,000, with premiums for succeeding annual periods determined immediately prior to each anniversary date. It is not anticipated that premiums will increase significantly in the foreseeable future if favorable loss experience continues. In addition to the first year premium, American Casualty Excess requires a one-time payment of a \$750,000 reserve premium deposit, which is applied against the second through fifth year annual premiums, as determined, on the basis of \$75,000, \$150,000, \$225,000 and \$300,000 on December 1, 1987, 1988, 1989 and 1990, respectively. While in the event of cancellation by either party, annual premiums are returned on a pro-rata basis, in the event the Port Authority elects to cancel prior to the end of the fifth year, all remaining reserve premium deposit is forfeited. Should the insurer elect to cancel, however, the reserve premium deposit will be refunded pro-rata.

It is anticipated that the premium for the purchase of the Public Liability Program when full placement of all coverage is completed will be \$7,401,000 on an annualized basis, which includes previously authorized amounts. Despite the increase in premium and certain policy form concessions, the revised program is recommended because of its increased limits, recombined coverages, anticipated elimination of gaps in coverage and its non-cancellation and discovery provisions.

(Board - 12/11/86)

Recommendation was made that the Board authorize the purchase, by the Port Authority, of:

1. 42.667% of \$28 million excess of a \$4 million self-insured retention, and \$70 million excess of said \$28 million of non-airport liability insurance covering all non-airport operations of the Port Authority and PATH, from Lloyd's underwriters and other London insurers through brokers Hamond & Regine, Inc. and C.E. Heath & Co., Ltd., effective October 27, 1986, for a one- or three-year term, varying with the particular insurer, at an annual premium cost not to exceed \$3,034,000;

2. 42.667% of \$30 million excess of a \$2 million self-insured retention, and \$270 million excess of said \$30 million of airport liability insurance covering all Port Authority airport operations, from Lloyd's underwriters through brokers Hamond & Regine, Inc. and C.E. Heath and Co., Ltd., effective October 27, 1986, for a one-year term, at an annual premium cost not to exceed \$2,757,000; and

3. \$140 million excess of approximately \$99 million of non-airport liability insurance, and \$140 million excess of \$300 million of airport liability insurance covering all operations of the Port Authority and PATH, from American Casualty Excess Insurance Co., Ltd. through brokers Hamond & Regine, Inc. and Atlantic Security, Ltd., effective December 1, 1986, for an indefinite term, at a premium cost for the first year of coverage of \$750,000, plus a reserve premium deposit of an additional \$750,000, which will be applied against premiums for the second through the fifth policy years.

Approved.

(Board - 12/11/86)

1987 Budget - January 1 through March 31, 1987

It was reported that in connection with the items constituting the proposed 1987 Budget being considered by the Board, since neither of the States has completed a review of the 1987 Budget it will not be ready for adoption before the December 1986 meeting of the Board. It is appropriate therefore 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 1987 Budget presented to the Commissioners on October 29, 1986. It is expected that such payments will not exceed \$200 million per month through March 31, 1987.

As contemplated in the proposed 1987 Budget, in light of recent staff studies, and similar studies conducted by private and public agencies, of salary, wage, and consumer price index trends, and consistent with the Port Authority Labor Relations Instruction, effective December 28, 1986, salary ranges for staff not represented for collective negotiations would be increased by no more than 4.9%. Minor revisions in benefit programs would be implemented as of January 1, 1987 and compensation programs for affected individuals, as revised, would continue to be administered on the basis of merit.

Further, as reported to the Commissioners at the December 6, 1985 Board Meeting at which the 1986 Budget was presented, approval was also to have been sought for the Executive Director to authorize the appropriation for the purpose of capital expenditures to be made in 1986 of funds paid into and available in the Consolidated Bond Reserve Fund in a total amount not to exceed \$100 million, together with capital funds to be carried into 1986 and the proceeds of Consolidated Bonds and Commercial Paper Notes to be issued in 1986. To provide sufficient funds to substantially complete the Port Authority's capital program for 1986, it was considered desirable by the Executive Director to authorize, pending Board approval, the Chief Financial Officer to appropriate necessary amounts on a monthly basis from the Consolidated Bond Reserve Fund for application to capital construction to cover current capital outlays. As of October 31, 1986, approximately \$52 million had been appropriated from the Consolidated Bond Reserve Fund for direct investment in Port Authority facilities. It is anticipated that additional appropriated funds of approximately \$48 million will be needed during November and December 1986, based on total gross capital expenditures estimated at \$511 million for 1986.

The 1987 Budget anticipates gross capital expenditures of approximately \$761 million. To provide sufficient funds to substantially complete the Port Authority's capital program for 1987, together with capital funds to be carried into 1987 and the proceeds of Consolidated Bonds, Commercial Paper Notes and other obligations to be issued in 1987, it is desirable at this time to 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 in a total amount not to exceed \$120 million.

(Board - 12/11/86)

To continue the Port Authority practice of annually setting aside amounts towards covering self-insured contingent losses, it is necessary in light of currently established accounting standards to authorize an appropriation from the Consolidated Bond Reserve Fund of a total amount, consistent with the Port Authority's financial commitments and policies, not to exceed \$7 million to a Provision for Self-Insurance for each of the years 1986 and 1987.

Consistent with the Port Authority's financial commitments and policies, the amounts so financed would not exceed an amount which when combined with any other amounts financed in 1986 and 1987 from such funds paid into and available in the Consolidated Bond Reserve Fund, would preclude the Port Authority from: (a) maintaining the General Reserve Fund at an amount equal to 10% of the par value of outstanding Port Authority bonds legal for investment (other than New York State Guaranteed Commuter Car Bonds); and (b) maintaining in all debt reserve funds an aggregate amount in excess of the next two years' debt service on outstanding Port Authority bonds secured by a pledge of the General Reserve Fund.

The 1987 Budget is a financial planning tool which outlines the estimated expenditures for programs already authorized or to be considered by the Commissioners.

It was therefore recommended that the Board:

1. confirm that the Executive Director is authorized through March 31, 1987 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, and that the Executive Director is authorized to implement the annual salary range adjustment, all as contemplated in the proposed 1987 Budget for The Port Authority of New York and New Jersey (including the anticipated expenditures of subsidiary corporations) presented to the Commissioners on October 29, 1986;

2. in connection with the Port Authority's capital program, approve and authorize financing by the Executive Director by application of funds paid into and available in the Consolidated Bond Reserve Fund, including investment earnings attributable to the General Reserve Fund not required for the maintenance of that Fund, to capital expenditures during the year 1986 and during the year 1987 in connection with the Port Authority's facilities in a total amount not to exceed \$100 million in 1986 and \$120 million in 1987; provided, however, that the amount so financed would not exceed an amount which, when combined with any other amounts financed in 1986 and 1987 from such funds paid into and available in the Consolidated Bond Reserve Fund, would preclude the Port Authority from: (a) maintaining the General Reserve Fund at an amount equal to 10% of the par value of outstanding Port Authority bonds legal for investment (other than New York State Guaranteed Commuter Car Bonds); and (b) maintaining in all debt reserve funds an aggregate amount in excess of the next two years' debt service on outstanding Port Authority bonds secured by a pledge of the General Reserve Fund; and

3. in connection with the Port Authority's self-insurance program, approve and authorize the application by the Executive Director of funds paid into and available in the Consolidated Bond Reserve Fund, including investment earnings attributable to the General Reserve Fund not required for the maintenance of that Fund, to a Provision for Self-Insurance in connection with the Port Authority's facilities in a total amount, consistent with the Port Authority's practice of self-insurance and to be applied from time to time, not to exceed \$7 million each year in 1986 and 1987; provided, however, that the amount so applied would not

(Board - 12/11/86)

exceed an amount which, when combined with any other amounts financed in 1986 and 1987 from such funds paid into and available in the Consolidated Bond Reserve Fund, would preclude the Port Authority from: (a) maintaining the General Reserve Fund at an amount equal to 10% of the par value of outstanding Port Authority bonds legal for investment (other than New York State Guaranteed Commuter Car Bonds); and (b) maintaining in all debt reserve funds an aggregate amount in excess of the next two years' debt service on outstanding Port Authority bonds secured by a pledge of the General Reserve Fund.

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 March 31, 1987, to make expenditures at a rate not to exceed \$200 million per month, including but not limited to personnel, materials, utilities, cleaning services and insurance, and to undertake contractual commitments, in accordance with the By-Laws, and the Executive Director is authorized to implement the annual salary range adjustment, all as contemplated in the proposed 1987 Budget for The Port Authority of New York and New Jersey (including the anticipated expenditures of subsidiary corporations) presented to the Commissioners on October 29, 1986; and it is further

RESOLVED, that, in connection with the Port Authority's capital program, the financing by the Executive Director by application of funds paid into and available in the Consolidated Bond Reserve Fund, including investment earnings attributable to the General Reserve Fund not required for the maintenance of that Fund, of capital expenditures during the year 1986 and during the year 1987 in connection with the Port Authority's facility in a total amount not to exceed \$100 million in 1986 and \$120 million in 1987 be and the same hereby is approved and authorized; provided, however, that the amount so financed shall not exceed an amount which, when combined with any other amounts financed in 1986 and 1987 from such funds paid into and available in the Consolidated Bond Reserve Fund, will preclude the Port Authority from: (a) maintaining the General Reserve Fund at an amount equal to 10% of the par value of outstanding Port Authority bonds legal for investment (other than New York State Guaranteed Commuter Car Bonds); and (b) maintaining in all debt reserve funds an aggregate amount in excess of the next two years' debt service on outstanding Port Authority bonds secured by a pledge of the General Reserve Fund; and that the application from time to time of funds as set forth herein is hereby approved and authorized; and it is further

(Board - 12/11/86)

RESOLVED, that, in connection with the Port Authority's self-insurance program, the application by the Executive Director of funds paid into and available in the Consolidated Bond Reserve Fund, including investment earnings attributable to the General Reserve Fund not required for the maintenance of the Fund, to a Provision for Self-Insurance in connection with the Port Authority's facilities in a total amount, consistent with the Port Authority's practice of self-insurance and to be applied from time to time, not to exceed \$7 million each year in 1986 and 1987, be and the same hereby is approved and authorized; provided, however, that the amount so applied shall not exceed an amount which, when combined with any other amounts financed in 1986 and 1987 from such funds paid into and available in the Consolidated Bond Reserve Fund, will preclude the Port Authority from: (a) maintaining the General Reserve Fund at an amount equal to 10% of the par value of outstanding Port Authority bonds legal for investment (other than New York State Guaranteed Commuter Car Bonds); and (b) maintaining in all debt reserve funds an aggregate amount in excess of the next two years' debt service on outstanding Port Authority bonds secured by a pledge of the General Reserve Fund; and that the application from time to time of funds as set forth herein is hereby approved and authorized.

(Board - 12/11/86)

VIA - Request for External Advertising Sales Solicitation

It was reported that major policy decisions have been made by the Port Department to undertake new programs to market the Port of New York and New Jersey and to secure additional revenue for the Port Authority. The retention of a representative to solicit advertising for VIA one of the Port Department's primary marketing tools, is consistent with these efforts and will serve to complement the activities of the Department.

VIA, first published in February 1949, has become an integral part of the Port Authority's port, world trade and airport international trade development programs. Recently awarded the "Award of Excellence" by the American Association of Port Authorities, VIA is a major communication vehicle which brings news of shipping and transportation services available in the Port of New York and New Jersey. Published by the Port Department monthly, approximately 30,000 issues are circulated worldwide to exporters, importers, steamship and airline carriers, transportation representatives and other decision makers in the routing of international cargoes.

The present method of advertising solicitation for VIA is to send flyers announcing editorial themes, space availability and advertising rates to industry representatives. Potential accounts are then pursued by telephone contact if time permits. It has been determined that with a concentrated emphasis on personal contact revenues from this activity could be increased above the present average of \$100,000 annually. An evaluation of the best method to achieve this result included analyzing three alternative approaches: an additional permanent employee, a project employee or an external professional advertising sales specialist compensated on a commission basis. The latter alternative was chosen by the Port Department because it would result in no risk or bottom line cost to the Authority.

Accordingly, staff interviewed seven candidates with expertise in such advertising sales and selected Gerard C. Ekedal, doing business as Viking Sales and Marketing, as the candidate most qualified to meet VIA's needs. Mr. Ekedal has sold advertising to the transportation and shipping industries as an advertising representative for **The Journal of Commerce** for 40 years. During that time Mr. Ekedal amassed an extensive, high-quality client list and became a highly respected representative of the industry. Since he plans to retire from **The Journal of Commerce** at the end of 1986, these advantages can be put to work for VIA. The selection of Mr. Ekedal was reviewed and concurred in by Public Affairs and Port Department management.

Mr. Ekedal, doing business as Viking Sales and Marketing, will receive 20% of the net advertising revenue received as a result of Viking's solicitation and procurement of advertising. This activity will include the securing of all copy, cuts, listings and other data necessary to enable the Port Authority to produce the advertising in accordance with its usual practice. All travel and selling expenses of Viking Sales and Marketing incurred in the course of soliciting and procuring advertising for VIA will be Viking's sole responsibility and no other charges relating to the sale of advertising will be billable to the Port Authority.

(Board - 12/11/86)

Board approval is requested for the Executive Director to enter into an agreement with Gerard C. Ekedal, doing business as Viking Sales and Marketing, to begin on or about January 1, 1987 and to remain in effect until December 31, 1989. The agreement will provide that the Port Authority have an option to renew the agreement for a three-year period. The agreement is to be self-supporting; all funds to be paid to Viking will be generated from the sales activity.

It was therefore recommended that the Board authorize:

1. the Executive Director to enter into an agreement with Gerard C. Ekedal, doing business as Viking Sales and Marketing, to solicit print advertising for VIA at the standard commission of 20% of the net advertising revenue received from and directly attributable to Viking's efforts, for a period of three years, with an option to renew the agreement for an additional three-year period, on the same terms and conditions; and
2. the Director of the Port Department, in his discretion, to exercise such option to renew the agreement.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to enter into an agreement with Gerard C. Ekedal, doing business as Viking Sales and Marketing, to solicit print advertising for VIA at the standard commission of 20% of the net advertising revenue received from and directly attributable to Viking's efforts, for a period of three years, with an option to renew the agreement for an additional three-year period, on the same terms and conditions and; it is further

RESOLVED, that the Director of the Port Department, is authorized in his discretion, to exercise such option to renew the agreement; and it is further

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

(Board - 12/11/86)

Elizabeth - Port Authority Marine Terminal - Expansion of Maher Terminals, Inc. Fleet Street Leasehold - Surrender of Puerto Rico Maritime Shipping Authority Leasehold

It was reported that Maher Terminals, Inc. (Maher) is a major terminal operator at both Port Newark and the Elizabeth-Port Authority Marine Terminal (EPAMT), operating four separate facilities. In Port Newark, Maher operates a 40-acre lumber terminal and an adjacent 25-acre general purpose terminal for imported steel, paper and other cargo. In the EPAMT, Maher operates the 230-acre Tripoli Street Container Terminal and the 80-acre Fleet Street Container Terminal. The execution of the lease for the Fleet Street Container Terminal, bearing Port Authority Lease No. EP-148, for a term expiring February 28, 1989, was authorized by the Board at its February 9, 1983 meeting. Maher has experienced significant increases in business volume at the Fleet Street Container Terminal and in order to better serve its customers at the terminal, requires additional acreage and berths so that it may provide dedicated terminal areas for larger customers while continuing to provide premier general purpose terminal services for the smaller container customers which are important to the Port of New York and New Jersey.

Adjacent to the Fleet Street Container Terminal is the 110-acre terminal leased by the Puerto Rico Maritime Shipping Authority (PRMSA) pursuant to a lease for an initial term expiring in the year 1991, with PRMSA having the option to extend the term through the year 2001, which was authorized by the Board at its August 27, 1985 meeting. As a result of changes in the services provided by PRMSA, competition, and changing corporate policies, PRMSA no longer requires the exclusive use of this facility.

In order to accommodate Maher's desire to expand its Fleet Street Container Terminal, it is proposed that the Port Authority accept a surrender of the premises leased by PRMSA and simultaneously enter into an agreement with Maher to add those premises, plus additional acreage, to the premises currently leased by Maher under Lease No. EP-148. As part of this transaction, the Port Authority would pay PRMSA the sum of \$4 million. PRMSA has agreed that it would continue to utilize Port Authority Marine Terminal Facilities either as a customer of Maher or in some other capacity for a period of at least five years.

The proposed agreement with Maher would cover 4,200 feet of berth, approximately 200 acres of upland, miscellaneous buildings and existing improvements, and four Port Authority-owned cranes presently on the premises. The agreement would extend the term of the Maher lease for a term of 25 years commencing January 1, 1987.

During the first five years of the extended term, Maher will perform general improvement work, including demolition of certain unused buildings, miscellaneous paving and lighting, and construction of and improvements to terminal buildings, gate complexes, fencing, reefer outlets and dolly pads. Maher has also agreed to replace a minimum of 2,000 feet of crane rail. The Port Authority will pay Maher an amount not to exceed \$14 million for the general improvement and crane rail replacement work. Maher will also purchase and install three new container cranes during this period and perform other improvements and general terminal updating work. It is expected that Maher will spend approximately \$15 million on this work in excess of the amounts paid to it by the Port Authority.

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In addition to the work to be performed by Maher, the Port Authority has agreed to deepen 2,000 feet of Maher's berth from its current 35 feet to 40 feet at the face of the wharf. Maher shall have the right to request berth deepening for the remaining length of its berth to 37 feet at 15 feet from the face of the wharf. The Port Authority may request that Maher perform certain portions of this work. The estimated cost of the berth deepening work is approximately \$5 million. The Port Authority has also agreed to perform or pay for additional terminal improvement work including but not limited to paving, burying of utilities, and curb removal at an estimated cost of \$6 million.

The Port Authority will have access, during the term of the extension, to 675 feet of berth and 50 feet of adjacent land which abut the premises for itself and its designees.

During the extended term of the letting, Maher would pay the following rentals:

1. a basic rental for all of the premises, including the use of the berth, and the use of the existing crane rail and buildings, at the following rates per year:

Year 1 - \$4.21 million
Year 2 - \$4.71 million
Year 3 - \$5.21 million
Year 4 - \$6.41 million
Year 5 - \$7.41 million
Year 6 through 25 - \$9.01 million

The basic rental is subject to escalation on January 1, 1996 and every three years thereafter at the rate of 3% per year compounded annually. Following replacement of the crane rail, the basic rent will be proportionately abated based upon a crane rail rental rate of \$250 per lineal foot. The proportionate share of the basic rental attributable to the crane rail will be derived by a formula set forth in the lease. As the annual rent increases the proportionate share will increase. Maher's basic rent shall be further abated by various amounts as set forth in the lease for the annual rental value of buildings which have been demolished. Abatement of basic rental on account of crane rail shall begin upon completion of the construction of the replacement crane rail. Abatement of basic rental on account of buildings demolished during the first four years of the extended term shall commence in the fifth year of the extended term, and abatement of basic rental on account of buildings demolished in the fifth year of the extended term shall commence in the following year.

2. An additional rental for the use of the berth in an amount equivalent to 130% of the Port Authority's cost for deepening of the berth, if the work is performed by the Port Authority, or 105% of the amount paid by the Port Authority for deepening the berth if the work is performed by the lessee, multiplied in either case by a variable monthly factor as set forth in the lease.

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3. A facility rental in an amount equivalent to 105% of the amount paid by the Port Authority towards the construction of leasehold improvements, including crane rail, multiplied by a variable monthly factor as set forth in the lease.

4. A crane usage rental at the rate of \$711,000 per year for the four existing cranes. This rental is subject to escalation in proportion to the escalation of the basic rent. Maher has the right to terminate the letting of any or all of these cranes.

The effectuation of this transaction presents an opportunity to the Port Authority for revenue enhancement and modernization of first generation container terminals necessary to accommodate the current 3,000 - 4,000 TEU, Deep Draft, Load-Center Oriented Containerships.

Considering all of the factors associated with the letting, including the PRMSA buyout and the necessary Port Authority investment, staff has determined that this arrangement will provide revenues adjudged fully compensatory to the Port Authority.

It was therefore recommended to the Board that the Board authorize the Executive Director on behalf of the Port Authority to accept a surrender from Puerto Rico Maritime Shipping Authority of its premises at Elizabeth Port Authority Marine Terminal and to enter into an agreement amending the Port Authority's lease agreement with Maher Terminals, Inc. covering such premises on the terms and conditions outlined above.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that on the terms and conditions set forth herein the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into agreements with: (1) Puerto Rico Maritime Shipping Authority (PRMSA) providing for the surrender of the 110-acre terminal and exclusive berth space at Elizabeth Port Authority Marine Terminal (EPAMT) leased to PRMSA under Port Authority Lease No. EP-111; and (2) Maher Terminals, Inc. (Maher) to add the premises and berth space currently leased by PRMSA plus additional acreage to the premises currently leased by Maher under Port Authority Lease No. EP-148 and to extend the term of the letting under that lease for a 25-year period commencing January 1, 1987; and it is further

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

(Board - 12/11/86)

Imported Automobile Marine Terminal - Facility Certification - Project Authorization

It was reported that imported automotive vehicles are an important source of jobs and income in the New York/New Jersey port region and a significant source of revenue for the Port of New York and New Jersey. The port's ability to provide adequate facilities for current and new importers is threatened by a shortage of unloading and preparation facilities at Port Newark and the Elizabeth-Port Authority Marine Terminal (EPAMT). Imported vehicles, a growth industry, offer the potential of increased revenue through the expansion of existing import accounts and the attraction of new imports to the Port of New York and New Jersey. To retain the existing imports and secure new ones for the port, additional unloading and preparation facilities must be provided. The development of an imported automotive vehicle unloading and preparation center at Port Jersey/Greenville will enable the Port Authority to meet the demands of this industry. Currently, the imported automobile industry contributes \$515 million a year to the region's Gross Regional Product (GRP), a measure analagous to the Gross National Product (GNP). The new facility is expected to add \$205 million to the GRP as well as 560 local jobs by 1990.

Presently, the Port Authority provides approximately 190 acres at Port Newark/EPAMT for the storage of various imports, including Toyota, Nissan, BMW and Hyundai. In 1985, these facilities handled 375,000 imports. For the first half of 1986, imported vehicles totaled 251,000 units. At present, additional areas at Port Newark/EPAMT are not available to handle the expansion of existing volumes, or to provide for future imports such as the Korean KIA, Daewoo and Samsung, and the Greek Desta. Based on industry projections, the Port of New York and New Jersey will handle up to 600,000 imports in 1995 if it maintains its 15% market share. To achieve this goal, additional storage facilities are needed.

In 1981 and 1982, the Port Authority purchased approximately 470 acres, including land under water, at Greenville and Port Jersey in Bayonne and Jersey City, New Jersey at a cost of approximately \$12.2 million for the development of a coal transshipment facility but that project was never advanced. Subsequently, in 1984, these properties were incorporated into the Pre-development Site Acquisition Program.

The Port Jersey/Greenville sites, among the last available for marine development in the harbor, comprise an ideal location for the development of an imported automotive vehicle unloading and preparation center. Located on the upper bay, the area is proximate to the harbor entrance for ship unloading. The New Jersey Turnpike, which is adjacent to the site, facilitates land distribution of the imports.

The expenditure of an estimated \$31 million for the project will provide for a ship berth on the edge of the Port Jersey channel with paving and utilities for approximately 80 acres of upland adjacent to the berth in the Port Jersey peninsula and an additional 65 acres for further automobile storage on the nearby Greenville site, including an access road linking the two sites. The project has been evaluated on the basis of an investment of \$42.6 million, including \$11.6 million for current land value. In addition, rail access will be available at one of the sites, depending on the ensuing operation of the facility.

(Board - 12/11/86)

Based on current projections, the investment in the project will be recovered by charging competitive land rentals and dockage and wharfage charges. Also, as an additional marketing tool to attract manufacturers and processors to the proposed facility, it is anticipated that the Port Authority would seek Foreign Trade Zone designation for the Facility in order to achieve United States Customs duty savings for importers involved in vehicle preparation.

Throughout the planning process, the municipalities of Bayonne and Jersey City have been advised of the Port Authority's plans to develop Port Jersey and a portion of the Greenville site as an imported automobile facility. Environmental concerns remain to be resolved through the necessary Federal and State permit processes. Also, discussions have been held with the two municipalities affected to advise them of the nature of the proposed use and the significant employment that it would generate. It is anticipated that the Port Authority would continue to make the \$1.0 million per year payments in-lieu-of taxes on the entire Port Jersey and Greenville properties as it has since the purchase of these properties in 1981 and 1982. Discussions with the municipalities are continuing.

Staff recommends that a project be authorized for the development of an imported automobile unloading and preparation center at this combined site (the Facility). This new facility, to be completed by the end of 1988, will be administered by the existing New Jersey Marine Terminals Office located at Port Newark.

The remaining 50-acre portion of the Greenville site has been repeatedly examined by the Port Authority as a possible industrial development location, but its prohibitively high infrastructure costs rule this out. Staff is, therefore, working to arrange a sale of the property.

In accordance with the provisions of the resolution creating the Pre-development Site Acquisition Program, the real property (and associated costs) necessary for the development of the Facility would be transferred from that Program in connection with the certification discussed below, at which time the amount available through the Program would be replenished by \$11.6 million. Such transfer requires the certification discussed below. As a result of this replenishment, the total cost of properties acquired or held within the Program is \$16 million (including \$600,000 for the remaining Greenville property and \$15 million for property acquired in connection with the Hunters Point waterfront and development site), and \$58.9 million remains available for additional real property acquisition.

The imported automobile marine terminal will be an additional facility of the Port Authority, and therefore, at the time of the first issuance of any Consolidated Bonds (or Consolidated Notes) for purposes which include capital expenditures in connection with the Facility, the Port Authority is required by covenants with its bondholders to make a certification relating to the financial effect upon the Port Authority of the effectuation of the Facility as an additional facility of the Port Authority. Thus, certification is necessary if any portion of the proceeds of such Consolidated Bonds or Consolidated Notes, the issuance of which in connection with this Facility is expected in the near future, is to be used for purposes of capital expenditures in connection with the Facility.

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The Committee on Finance would be authorized to reaffirm the certification at the time such Bonds or Notes are issued. In default of said reaffirmation said certification shall not apply to the issuance of such Consolidated Bonds or Consolidated Notes and the proceeds thereof shall be used for the stated purposes of such bonds or notes other than the Facility until such time as the Facility is certified.

The Chief Financial Officer has reviewed the projected overall financial standing and condition of the Port Authority and the economics of the Facility on the basis of the issuance of Consolidated Bonds (including Consolidated Notes) to provide the total capital expenditures of or related to the Facility.

The Chief Financial Officer has also reviewed with the Commissioners his formal opinion to them consistent with Section 7 of the resolutions establishing outstanding series of Consolidated Bonds (including Consolidated Notes) that in connection with the first issuance of Consolidated Bonds or Consolidated Notes for purposes which include capital expenditures for the Facility, the application of any portion of the proceeds of any such Consolidated Bonds or Consolidated Notes will not, during the periods 1987 through 2022, reflecting the traditional 35-year term of Consolidated Bonds, and 1987 through 1997, the immediately ensuing ten-year period associated with Consolidated Bonds or Notes with a maturity of less than ten years, in the light of the Port Authority's estimated expenditures in connection with the Facility and the total anticipated revenues and expenses of the Port Authority materially impair the sound credit standing of the Port Authority or the investment status of Consolidated Bonds or the ability of the Port Authority to fulfill its commitments, whether statutory or contractual or reasonably incidental thereto, including its undertakings to the holders of Consolidated Bonds.

In reaching this conclusion, the Chief Financial Officer considered the covenant with holders of Port Authority Consolidated Bonds (including Consolidated Notes) to establish charges in connection with the Port Authority's facilities to the end that at least sufficient net revenues may be produced therefrom to provide for the debt service on all Consolidated Bonds (including Consolidated Notes), including those issued for purposes of capital expenditures in connection with the Facility. This conclusion was also based, in part, upon the judgment of the Chief Financial Officer that the Port Authority's ability to continue to honor this covenant will necessitate increases from time to time in the Port Authority's tolls, fares, fees, rentals and other charges, or reductions in services and associated expenditures.

It was therefore recommended that the Board:

1. authorize a project to construct a vessel berth in the Port Jersey channel and to provide paving and utilities on an 80-acre site on the eastern end of the Port Jersey peninsula located partially in the City of Bayonne and partially in Jersey City, New Jersey, and a 65-acre site on the eastern end of the Greenville Yards in Jersey City, New Jersey, at an estimated project cost of \$31 million including payments to contractors, provisions for extra work, and engineering, administrative and financial expenses, exclusive of \$11.6 million for current land value, and subject to appropriate authorizations for associated future contracts and agreements;

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2. certify that, in the opinion of the Port Authority in connection with the first issuance of Consolidated Bonds or Consolidated Notes for purposes which include capital expenditures in connection with this project (the Facility), the issuance of such Consolidated Bonds or Consolidated Notes will not, during the periods 1987 through 2022 and 1987 through 1997, in the light of the Port Authority's estimated expenditures in connection with the Facility and the total anticipated revenues and expenses of the Port Authority, materially impair the sound credit standing of the Port Authority or the investment status of Consolidated Bonds or the ability of the Port Authority to fulfill its commitments, whether statutory or contractual or reasonably incidental thereto, including its undertakings to the holders of Consolidated Bonds;

3. authorize the Committee on Finance to reaffirm said certification on behalf of the Port Authority at such time as such Consolidated Bonds or Consolidated Notes are issued, provided that there is no substantial adverse change in the economic basis for said certification; and

4. provide that, in default of a reaffirmation of said certification by the Committee on Finance, said certification shall not apply to the issuance of such Consolidated Bonds or Consolidated Notes and the proceeds thereof shall be used for the stated purposes of such bonds or notes other than the Facility, until such time as the Facility may be certified.

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

RESOLVED, that a project to construct a vessel berth in the Port Jersey channel and to provide paving and utilities on an 80-acre site on the eastern end of the Port Jersey peninsula located partially in the City of Bayonne and partially in Jersey City, New Jersey, and a 65-acre site on the eastern end of the Greenville Yards in Jersey City, New Jersey, be and it hereby is authorized at an estimated project cost of \$31 million including payments to contractors, provisions for extra work, and engineering, administrative and financial expenses, exclusive of \$11.6 million for current land value, and subject to appropriate authorizations for associated future contracts and agreements; and it is further

RESOLVED, that the form of any agreements authorized pursuant to the foregoing be subject to approval by General Counsel or his authorized representative; and it is further

RESOLVED, that certification is hereby made that, in the opinion of the Port Authority in connection with the first issuance of Consolidated Bonds or Consolidated Notes for purposes which include capital expenditures in connection with this project (the Facility), the issuance of such Consolidated Bonds or Consolidated Notes will not, during the periods 1987 through 2022 and 1987 through 1997, in the light of the Port Authority's estimated expenditures in connection with the Facility and the total anticipated revenues and expenses of the Port Authority, materially impair the sound credit standing of the Port Authority or the investment status of Consolidated Bonds or the ability of the Port Authority to fulfill its commitments, whether statutory or contractual or reasonably incidental thereto, including its undertakings to the holders of Consolidated Bonds; and it is further

(Board - 12/11/86)

RESOLVED, that, in default of a reaffirmation of said certification by the Committee on Finance, said certification shall not apply to the issuance of such Consolidated Bonds or Consolidated Notes and the proceeds thereof shall be used for the stated purposes of such bonds or notes other than the Facility, until such time as the Facility may be certified.

(Board - 12/11/86)

Engineering Department - Retention of Professional and Technical Services on an As-Needed Basis for the 1987 Calendar Year - Various Departments - Retention of Temporary Help Firms for the 1987 Calendar Year

It was reported that since 1977, the Engineering Department has accomplished its workload through the use of permanent staff and professional and advisory service firms, technical service and temporary help (job shop) firms.

As was done in previous years, staff recommends that the Chief Engineer be authorized to enter into agreements for the performance of architectural and engineering and related services on an as-needed basis. The same request for proposal, selection, review and management procedures that were used during 1986, including amendment limitations, will be used for the 1987 program. In addition, as was done last year, payments under any one agreement will not exceed \$500,000. The agreements will contain provisions requiring the service firms to make a good faith effort to attain goals of 10% participation by Minority Business Enterprises and 1% for participation by Women Business Enterprises, and some projects may also be set aside for Minority Business Enterprises.

The second part of the request for authority for the Chief Engineer deals with the retention of various technical service firms to furnish professional and technical personnel on an as-needed basis. As has been done for the last few years, the Chief Engineer will order personnel and work from technical service firms which have been selected on the basis of qualifications, capability, price and availability. However, for 1987 the limitation on payments to any one technical service firm, per project, will be increased from \$250,000 to \$500,000.

The third part of the request for authority for the Chief Engineer deals with the retention of temporary help firms. In general, the types of personnel that would be made available from these firms are: architects, engineers, designers, draftsmen, project aides, technical data input personnel and any other personnel deemed necessary by the Chief Engineer.

The second portion of this authorization deals with the retention of temporary help firms to provide professional and technical personnel for various other departments. Although the Engineering Department will continue to establish the lists of firms to be retained and prepare agreements for use by all departments, each department will be responsible for recruiting, administering and managing its own temporary help during 1987. It is requested that \$7.0 million be provided in the 1987 authorization to hire temporary help to satisfy these estimated needs as follows: Aviation Department (\$2.0 million); Economic Development Department (\$650,000); General Services Department (\$400,000); Planning and Development Department (\$300,000); Port Department (\$200,000); Public Safety Department (\$950,000); Rail Transportation Department (\$1.5 million); Tunnels, Bridges and Terminals Department (\$400,000); and World Trade Department (\$600,000).

(Board - 12/11/86)

It was therefore recommended that the Board authorize:

1. the Chief Engineer to retain:

- (a) various professional and advisory service firms on an as-needed basis for projects initiated during 1987 at an aggregate amount presently estimated at \$17.0 million;
- (b) various technical service firms on an as-needed basis for the 1987 calendar year, at an aggregate amount presently estimated at \$2.0 million;
- (c) various temporary help firms on an as-needed basis for the Engineering Department for the 1987 calendar year at an aggregate amount presently estimated at \$4.5 million; and

2. the Directors of Aviation, Economic Development, General Services, Ports, Public Safety, Planning and Development, Rail Transportation, Tunnels, Bridges and Terminals and World Trade to retain various temporary help firms on an as-needed basis for the 1987 calendar year at an aggregate amount presently estimated at \$7.0 million.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Chief Engineer is authorized to retain: (a) various professional and advisory service firms on an as-needed basis for projects initiated during 1987 at an aggregate amount presently estimated at \$17.0 million; (b) various technical service firms on an as-needed basis for the 1987 calendar year, at an aggregate amount presently estimated at \$2.0 million and (c) various temporary help firms on an as-needed basis for the Engineering Department for the 1987 calendar year at an aggregate amount presently estimated at \$4.5 million; and it is further

RESOLVED, that the Directors of Aviation, Economic Development, General Services, Ports, Public Safety, Planning and Development, Rail Transportation, Tunnels, Bridges and Terminals and World Trade are authorized to retain various temporary help firms on an as-needed basis for the 1987 calendar year at an aggregate amount presently estimated at \$7.0 million; and it is further

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

(Board - 12/11/86)

La Guardia Airport - Authorization of an Agreement for Professional Services to Tippetts-Abbett-McCarthy-Stratton for the Central Terminal Building Landside Expansion and Modernization

It was reported that it has previously been reported to the Board that the expansion and modernization of the Central Terminal Building and the adjacent roadways at LaGuardia Airport has been identified as a requirement to meet present and forecasted needs. A presentation concerning the proposed modernization and expansion of LaGuardia Airport was made to the Board on December 13, 1984, and further information on this work was presented to the Board in connection with the authorization of the supplemental agreement to the United Airlines, Inc. lease of West Wing Terminal premises at the Board meeting on January 9, 1986. Funds for the design of the landside expansion and modernization for the Central Terminal Building were provided in the 1985 Budget, but were not expended.

The Central Terminal roadways at LaGuardia Airport must be relocated, reconfigured and expanded to improve traffic flow in the area of the Central Terminal Building. The current plan includes the relocation and reconfiguration of the Central Terminal Building's arrivals level roadways and the widening of the elevated departures level roadway. The conceptual plan for the Landside Expansion and Modernization Program for the Central Terminal Building also includes providing a direct entrance to the parking garage from the 94th Street airport entrance to reduce congestion in front of the Central Terminal Building.

In addition, the arrivals level frontage area of the Central Terminal Building must be expanded and modernized by moving outward of the arrivals level window wall to provide more interior space for circulation and ground transportation services to meet the current and projected airlines and patron needs.

Because of the immediate need and extensive professional work required to refine this plan and the unavailability of in-house staff to perform this work due to current workload requirements, staff requested that the following firms submit a proposal for the required professional services:

- * Tippetts-Abbett-McCarthy-Stratton, (TAMS), New York, New York
- * Howard Needles Tammen and Bergendoff, Fairfield, New Jersey
- * Parson, Brinckerhoff, Quade & Douglas, Inc., New York, New York
- * STV/Seelye, Stevenson, Value & Knecht, New York, New York
- * Knight Associates, Inc., New York, New York

A selection board appointed by the Chief Engineer consisting of an Aviation Department staff member and two Engineering Department staff members reviewed and evaluated the proposals received. The proposals were evaluated on their merit, using criteria such as quality of staff to be assigned, ability to meet the schedule, experience specifically related to the project, manpower analysis, technical approach and price. The required professional services consist of field verification of existing conditions, the preparation of preliminary design documents, including the study of alternates and preparing Stage II estimates, the preparation of final contract documents, final construction cost estimates and the review and approval of shop drawings. The selection board's recommendation of the proposal submitted by TAMS was approved by the Chief Engineer.

(Board - 12/11/86)

The agreement includes a provision that TAMS 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 agreement provides for the performance of the professional services required for the landside expansion and modernization for the Central Terminal Building, all at an estimated compensation of \$1,744,000. An allowance is also required in order to provide for contingencies and project changes since the agreement is based on preliminary conceptual planning, to assure that the final plan is economical and efficient. Therefore, it is recommended that the Board authorize an agreement with TAMS at a compensation not to exceed \$2.3 million.

It was therefore recommended that the Board authorize the Chief Engineer to enter into an agreement with Tippetts-Abbett-McCarthy-Stratton (TAMS) of New York, New York for professional services in connection with the proposed landside expansion and modernization for the Central Terminal Building at LaGuardia Airport at a compensation not to exceed \$2.3 million.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Chief Engineer is authorized to enter into an agreement with Tippetts-Abbett-McCarthy-Stratton (TAMS) of New York, New York for professional services in connection with the proposed landside expansion and modernization for the Central Terminal Building at LaGuardia Airport at a compensation not to exceed \$2.3 million; and it is further

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

(Board - 12/11/86)

Kennedy International Airport - Extension of Fuel Farm Maintenance Agreement with Ogden Allied New York Services, Inc.

It was reported that the Kennedy International Airport Basic Airline Leases ("Dewey Leases") obligate the Port Authority to provide fuel storage capacity and a system for the receipt, storage and distribution of aviation fuel. Under the terms of the Dewey Leases, the Port Authority may elect to operate the system itself or may select an independent contractor to do so. Should the airlines object to the rates charged for the service by the Port Authority or its independent contractor and be upheld in arbitration, or in the event the Port Authority elects not to operate the system itself or not to designate a contractor, the airlines have the right to select their own independent contractor.

Ogden Allied New York Services, Inc., (formerly known as Allied New York Services, Inc.), with airline concurrence, has been the Port Authority's contractor operating the receipt, storage and distribution system since 1953, pursuant to an operating agreement with the Port Authority. In recent years, this operating agreement, as revised, has been extended annually as Ogden Allied, the Port Authority and the airlines, represented by the Airline Fuel Committee, reached agreement on the new fueling charges payable by the airlines for said year. Specific Board authorizations have not been requested for these extensions, since the Port Authority makes no payments to Ogden Allied under the system operating agreement. The Airline Fuel Committee has requested the continuation of Ogden Allied as the Port Authority's independent contractor for another year. Airline payments to be made to Ogden Allied under the operating agreement through the fueling rates for 1987 are estimated at \$30,800,000.

In accordance with authorization by the Committee on Operations at its meeting on June 3, 1954, the Port Authority entered into a separate agreement ("the maintenance agreement") with Ogden Allied to perform routine and preventive maintenance on the fuel storage facilities. The maintenance agreement, as revised, also has been extended on a year-to-year basis on terms which were modified in accordance with authorization by the Committee on Operations at its meetings on August 5, 1971 and March 25, 1981. At its meeting on January 12, 1984, the Board authorized a one-year extension through 1984 and authorized the Executive Director, at his discretion, to enter into two additional one-year extensions through 1986, should Ogden Allied continue as the Port Authority's operator of the system and the Executive Director deem such extensions appropriate at the time.

Under this maintenance agreement the Port Authority pays Ogden Allied 100% of its operating costs, including the costs of materials, supplies and required outside contractors (subject to prior Port Authority approval of each purchase or contract in excess of \$150) and a fee of 5½% of Ogden Allied's total operating costs, as defined. This agreement also requires Ogden Allied to maintain a sufficient complement of full-time employees for certain functions, with the agreement specifying a minimum number of hours of work per month. Port Authority payments to Ogden Allied for maintenance under this agreement were \$298,000 in 1985 and are estimated at \$220,000 for 1986 and \$240,000 for 1987. In addition, Ogden Allied in 1986 completed the construction of a closed sumping system in the Satellite Fuel Farm at a cost of \$582,759, pursuant to authorization by the Board at its meeting on August 9, 1984. All Port Authority costs for providing and fully maintaining the storage facilities are covered by a storage fee paid by those storing aircraft fuel at the airport.

(Board - 12/11/86)

Extensions to both the operating agreement and maintenance agreement, authorized by the Executive Director for 1985 and 1986, contained provisions for participation by Minority Business Enterprises and Women-owned Business Enterprises in payments for subcontracting and purchasing under these agreements. Staff believes Ogden Allied is making an excellent effort to achieve the objectives of these provisions. If continued as the Port Authority's contractor for 1987, these agreements will continue to require Ogden Allied to provide for the participation of women-owned business enterprises and minority-owned business enterprises in connection with its operations under these agreements.

Staff is convinced that it continues to be most efficient and practical to have the maintenance function performed by the contractor who also operates the fueling system. The continuation of a single contractor preserves labor compatibility and maximizes not only operational efficiency but also accountability for maintenance practices and system security for an annual fuel inventory of over 1.1 billion gallons.

It was therefore recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into an agreement with Ogden Allied New York Services, Inc. at Kennedy International Airport on the terms and conditions outlined above.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director, for and behalf of the Port Authority, be and he hereby is authorized to enter into an agreement with Ogden Allied New York Services, Inc. supplemental to and extending the present maintenance agreement with Ogden Allied New York Services, Inc. for the performance by Ogden Allied of routine and preventive maintenance on the Aviation Fuel Storage Facilities at Kennedy International Airport for an additional year ending December 31, 1987, and for the payment of the cost thereof, in accordance with the maintenance agreement; and further, at his discretion, to enter into two additional one-year extensions through 1988 and 1989 should Ogden Allied continue as the Port Authority's operator of the fuel storage and distribution system at the airport and the Executive Director deem such actions appropriate at such times without further Committee or Board action; all on the terms set forth above; the form of said agreements to be subject to the approval of General Counsel or his designated representative.

(Board - 12/11/86)

The World Trade Department - The Teleport - Teleport Communications - Amendment of Lease - Sublease to IDB Communications Group Ltd.

It was reported that at its meeting on May 12, 1983 the Board authorized a revised project for the development of the Teleport, a satellite communications center located within New York City's Staten Island Industrial Park, and further authorized the Executive Director, for and on behalf of the Port Authority, to enter into a series of agreements with the City of New York, Merrill Lynch Telecommunications Incorporated ("MLT"), and others for the effectuation of the project. The lease with Teleport Communications, a partnership of MLT and Western Union Communications Systems, Incorporated, provides for the leasing of approximately 21 acres of land to be used in part for the construction of satellite earth stations and in part for the construction of a building to be used to house the technical equipment and staff necessary to operate the earth stations. Pursuant to the lease the Port Authority paid for the construction of certain on-site infrastructure improvements, including a berm to shield the earth stations from the balance of the facility. The lease provides that Teleport Communications will pay an annual site rental for each earth station located on the site at the rate of \$45,320 per year plus an additional site rental for each such earth station equal to 1/36th of the costs for the construction of the infrastructure improvements which are in excess of \$3.1 million. The lease covers an initial term of twenty years with Teleport Communications having the right to extend the term for up to a maximum of two ten-year periods. Teleport Communications also pays a percentage rental equal to 5% of Teleport Communications' gross revenues and a net return rental equal to 25% of its net revenues as defined in the lease, if any.

Teleport Communications has reached tentative agreement with IDB Communications Group Ltd. ("IDB"), a California-based satellite distribution company, for the subleasing of five earth station sites at the Teleport. Negotiations with respect to a sixth site are continuing. It is anticipated that IDB will commence operation of three of the earth stations within one year of the execution of its sublease and will commence operations of two earth stations during the second year of the term of its sublease. IDB is best known for its Sports Satellite Interconnect, which consists of transmit/receive earth stations that IDB currently owns and operates in 27 cities around the country. It is anticipated that IDB will also use the fiber-optic network operated by Teleport Communications to provide accessibility to its clients in both radio and video transmissions. The earth stations to be constructed by IDB at the Teleport will be in fixed positions and physically clustered in an area that will otherwise only accommodate two earth stations. IDB would also be permitted to install two smaller receive-only earth stations that will enable IDB to capture additional turnaround business.

In order to accommodate this arrangement, the Port Authority has tentatively agreed to amend its lease with Teleport Communications so that in lieu of the site rental and additional site rental set forth in the lease, Teleport Communications would pay an annual site rental at the rate of \$30,000 per year for each earth station location subleased to IDB, plus a monthly amount for each earth station equivalent to the sum of 4% of all of IDB's monthly gross receipts arising from the operation of such earth station which are not in excess of \$62,500 and 3% of such monthly gross receipts which are in excess of \$62,500. In addition, Teleport Communications would continue to pay percentage rental and net return on revenues it receives from IDB.

(Board - 12/11/86)

The initial term of the sublease will commence upon the execution thereof and will expire on the date preceding the fifth anniversary of the commencement date. The sublease also grants IDB the right to extend the term thereof for a single five-year period. Teleport Communications would pay the Port Authority an annual site rental for each location at the rate of \$42,000 per year during the first three years of the extended term and at the rate of \$54,000 per year thereafter. Teleport Communications would continue to pay a monthly amount equivalent to the sum of 4% of IDB's monthly gross receipts arising from the operation of each earth station which are not in excess of \$62,500 plus 3% of such monthly gross receipts in excess of \$62,500 during the entire extension period.

Considering all of the factors associated with the subletting, staff has concluded that this arrangement will provide comparable revenues to the arrangement that the Port Authority currently has with Teleport Communications.

It was therefore recommended that the Board authorize the Executive Director, on behalf of the Port Authority, to enter into an agreement amending the Port Authority's lease agreement with Teleport Communications on the terms and conditions outlined above.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into an agreement amending the Port Authority's existing lease with Teleport Communications, on the terms and conditions set forth herein; and it is further

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

(Board - 12/11/86)

Economic Development Department - Port Authority Industrial Park at Elizabeth - Lease with Capcow, Inc. for Lustrelon, Inc.

It was reported that the Board, at its meeting on March 12, 1981, authorized an industrial development project in Elizabeth, New Jersey, on approximately 125 acres at the southern end of the Port Newark/Elizabeth facility, involving an estimated financial participation by the Port Authority of \$16.8 million.

Staff has substantially completed negotiations with Capcow, Inc. for the letting, with options to purchase, of approximately 12 acres located at the Port Authority Industrial Park at Elizabeth. Capcow, Inc., a Sub-Chapter S. Corporation, will construct a 200,000 square foot building on the site and lease the entire premises to Lustrelon, Inc. Lustrelon, a nineteen year old firm with such major accounts as J.C. Penny, Sears Roebuck, and K-Mart, will utilize the premises for the manufacture and shipping of lamps and lampshades and other related manufacturing operations.

Lustrelon has occupied 200,000 square feet of inefficient space in Edgewater, New Jersey for the past fourteen years. The company has grown rapidly during the past few years and space needs have become critical. Before the Elizabeth Industrial Park was brought to the attention of company officials, they had selected a location in northern Mississippi for the construction of a new facility.

The initial lease term with Capcow, Inc. will expire 30 years from the Basic Rental Start Date with an option to renew for an additional 30 years at fair market rental.

Commencing on the basic rental start date, which date will be no later than eighteen months from the commencement date of the lease, the lessee will pay an annual basic rental according to the following schedule:

Year 1	\$180,000
Years 2, 3	200,000
Years 4, 5	220,000
Years 6, 7	240,000
Years 8, 9	260,000
Years 10, 11	290,000
Years 12, 13	310,000
Years 14, 15	330,000
Years 16 to 19	350,000
Years 20 to 22	370,000
Years 23 to 25	390,000
Years 26 to 28	420,000
Years 29 to 30	440,000

In order to offset the cost of piling the building, the lessee will be entitled to a rental credit in the total sum of \$200,000.

Commencing on the basic rental start date, the lessee will pay an additional rental equal to its pro-rata share of in-lieu-of tax payments that the Port Authority is required to pay under its agreement with the City of Elizabeth.

(Board - 12/11/86)

Commencing on the basic rental start date and for each annual period thereafter, the lessee will also pay its annual pro-rata share of general operating and maintenance costs incurred by the Port Authority to operate the Park as set forth in the lease. These costs will not exceed \$3,000 per acre, per year for the first year, which \$3,000 amount will escalate each year by the amount of the increase in the Consumer Price Index.

The Port Authority would provide up to \$1.6 million for construction of the building. It is estimated that the total construction cost, including equipment, will be approximately \$8 million. The lessee will pay an interim construction rental and a construction rental based upon a variable prime rate plus 50 basis points. The construction rental will be paid over fifteen years with a final payment at the end thereof.

The lessee would have the option to purchase the premises on the fifth, tenth, fifteenth, twentieth and thirtieth anniversaries of the commencement date on the terms and conditions set forth in the lease.

Design plans, construction drawings, materials, building schedules, contractors and subcontractors used by the lessee shall be subject to Port Authority approval. The lessee will also make every good faith effort to achieve a Minority Business Enterprise (MBE) and Women Business Enterprise (WBE) participation during construction of 20% and 5% respectively.

The Port Authority will not specifically indemnify the lessee for hazardous waste liability to third parties, and the lessee will indemnify the Port Authority for liability for claims arising from the lessee's negligence, defaults under the lease, or failure to comply with laws or Port Authority directives.

The Port Authority will have responsibility for cleanup and removal of hazardous waste existing on the site on the commencement date of the letting if so mandated by regulatory agencies and if such cleanup and removal did not result from the lessee's negligence, defaults under the lease or failure to comply with Port Authority directives. The Port Authority, however, will have the option to terminate the lease if this or other responsibilities in environmental matters are imposed on the Port Authority. Such termination will require that the Port Authority purchase the lessee's improvements for a purchase price as set forth in the lease.

The Port Authority will indemnify the lessee for riparian rights claims of the State of New Jersey.

The lessee will be responsible for managing, operating and maintaining its premises and making all repairs, structural and non-structural.

(Board - 12/11/86)

The lessee will have the right to mortgage its leasehold interest and the Port Authority and the lessee will each have the right to terminate the lease if a leasehold mortgage is not obtained by the outside date set forth in the lease. If there is a default under the leasehold mortgage and the leasehold mortgagee becomes the lessee or the leasehold mortgagee sells the lessee's leasehold interest, then the construction rental obligation under the lease may be limited based upon monies received by the leasehold mortgagee as lessee or seller, as the case may be. The leasehold mortgagee would also have the right on foreclosure to sell the entire premises in which case the proceeds of sale shall be shared by the Port Authority and the leasehold mortgagee as provided in the lease.

The lessee was introduced to the Port Authority by Eli Cohen of Eli Cohen Real Estate located at 350 Continental Avenue, Paramus, New Jersey. Staff has completed negotiations with Eli Cohen for a brokerage commission in the amount of \$200,000 payable on terms and conditions to be set forth in the brokerage agreement.

The lessee will be required to maintain property and liability insurance in coverages and amounts to be determined by Risk Management.

A security deposit by the lessee will be required in an amount to be determined by the Port Authority.

Funds will be provided in the 1987 Budget.

It was therefore recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority to enter into a lease agreement with Capcow, Inc. and a brokerage agreement with Eli Cohen in accordance with the foregoing.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into an agreement with Capcow, Inc. to provide for the leasing of approximately twelve acres of land at the Elizabeth Industrial Park, a consent to sublease agreement with Capcow, Inc. and Lustrelon, Inc., and a brokerage agreement with Eli Cohen of Eli Cohen Real Estate, all on the terms set forth above; the form of the agreements to be subject to the approval of General Counsel or his designated representative.

(Board - 12/11/86)

Freight Services Improvement Conference - Continuation of Port Authority Participation -
Agreement with States of New York and New Jersey

It was reported that the Board, at its meeting on March 12, 1981, authorized the Executive Director to enter into the initial agreement with the States of New York and New Jersey for the Port Authority to participate in the Freight Services Improvement Conference (FSIC) and to provide funding for the Port Authority's share of the joint effort. The most recent in a series of Board authorizations to continue that initial participation occurred at the October 10, 1985 meeting when, after a presentation by the FSIC, the Board voted to extend Port Authority support for the FSIC through June 30, 1986.

Establishment of the FSIC resulted from a recognition by the two states and the Port Authority that increased public attention to the region's freight transportation industry was essential to protecting the region's competitive position. The FSIC has a mandate to identify problems experienced by the region's truck, rail, air and steamship industries and to develop support for addressing these problems. The group is jointly funded and staffed by the New Jersey and New York State Departments of Transportation and the Port Authority. Since the freight industry is almost exclusively in the private sector, the FSIC has worked closely with the business community in virtually all of its initiatives. To that end, the FSIC is guided by its Advisory Board, comprised of lead shippers and transportation company executives. Overall direction is provided by a Steering Committee comprised of an Assistant Commissioner of Transportation from each state and the Director of Planning and Development of the Port Authority.

Since its inception, the FSIC has earned acceptance as an effective liaison between private sector freight carriers and shippers on one hand and public sector transportation agencies on the other. Recent achievements of the FSIC include:

Development of the Bi-State Harbor Carriers Conference, a coalition of motor carriers serving the Port District's marine terminals. This has become a pioneering effort through which truckers, terminal operators, steamship lines and government officials are cooperating to resolve a wide range of mutual problems. In the past year, this group has increased the detention fee paid to truckers by the New York Terminal Conference, developed a program to improve tire safety standards for chassis and made operational improvements at certain terminals. The Port Department has been an active and welcome participant in the Harbor Carriers Conference.

A continuing leadership role in preparing the region's public and private sector constituencies for the impacts of the recent Federal law that authorized the nationwide use of larger trucking equipment. The FSIC's work with the Port Authority helped persuade New York City to permit access for 102-inch wide trucks to Kennedy International Airport because of the heavy dependence of air cargo operations on these wider vehicles. As always, the solutions the FSIC has encouraged are designed to promote the use of these more productive vehicles only in places where safety is not compromised.

(Board - 12/11/86)

Organization and management of the Trans-Brooklyn Freight Movement Study, jointly funded by the New York State Department of Transportation, for which the Board has previously authorized \$150,000, as the Port Authority's one-half share. This major effort, due for completion in early 1987, is evaluating the problems affecting freight movements into, out of and within Brooklyn and identifying the effects of such problems on the borough's and the region's economy.

Initiation this year of a comprehensive program on truck safety which, in cooperation with a broad array of government and trucking industry participants, will address various aspects of the issue, including inspection and enforcement, operations and public awareness. Given the trust it has developed with both business and government, the FSIC is in a unique position to address the problem in a non-adversarial manner.

Assorted urban goods movement initiatives, including a communications experiment involving the TRANSCOM operations center and two major trucking companies; a proposed automatic vehicle identification experiment involving trucks at the Goethals Bridge; and advocacy of several operational and capital improvements facilitating truck mobility throughout the region.

Continuing assistance to both states and to regional motor carriers in the clarification of complex truck tax and user fee issues.

It was therefore recommended that the Board authorize the Executive Director to enter into an agreement with the States of New York and New Jersey, or their designees, under which the Port Authority will continue its participation in the Freight Services Improvement Conference (FSIC), a public/private sector research, planning and advocacy organization for improved freight transportation in the New York/New Jersey region, for the period July 1, 1986 to June 30, 1987, at a total estimated cost of \$344,000, consistent with the Port Authority's level of funding in support of the FSIC program in recent years.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to enter into an agreement with the States of New York and New Jersey, or their designees, under which the Port Authority will continue its participation in the Freight Services Improvement Conference (FSIC), a public/private sector research, planning and advocacy organization for improved freight transportation in the New York/New Jersey region, for the period July 1, 1986 to June 30, 1987, at a total estimated cost of \$344,000; and it is further

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

(Board - 12/11/86)

George Washington Bridge Bus Station - Carter's Value Center, Inc. - Extension of Lease LBF-53

It was reported that Carter's Value Center, Inc. has operated a store since 1968 on the street level of the Bus Station at Broadway and 178th Street, selling men's, women's and children's apparel, costume jewelry and health and beauty aids.

Under the terms of the extended lease, the tenant will undertake, at its sole cost, all work necessary to refurbish the premises for its operations including but not limited to new flooring, wall surfaces, ceiling, duct work, lighting and HVAC.

The extension will commence on January 1, 1987 and expire on December 31, 1996. The tenant will pay an annual basic rental of \$80,280 for 4,460 square feet of retail area, plus 10% of gross receipts over \$802,800, and \$11,262 per year for 1,877 square feet of storage area. Both basic rentals are to be escalated on the fifth anniversary in accordance with increases in the Consumer Price Index.

Lessee will be provided with and shall pay the Port Authority for chilled water for air conditioning, domestic hot water, domestic cold water and electricity.

The Port Authority shall have the right to terminate the letting without cause on 30 days' prior notice in which event the Port Authority shall reimburse the tenant the unamortized portion of the space preparation costs described herein, not to exceed \$100,000.

It was therefore recommended that the Board authorize the Executive Director to extend the existing lease agreement with Carter's Value Center, Inc. in accordance with the foregoing.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into a ten-year lease extension with Carter's Value Center, Inc. at the George Washington Bridge Bus Station for the operation of a discount apparel and accessories store, at the terms and conditions set forth above; the form of agreement to be subject to the approval of General Counsel or his designated representative.

(Board - 12/11/86)

Holland Tunnel - Acquisition of Real Property - New Jersey Plaza Redevelopment

It was reported that it is necessary to acquire certain real property interests in the vicinity of the Holland Tunnel in Jersey City, New Jersey for tolls plaza redevelopment. While discussions with the owner of the property, Newport City Development Company, relating to the Port Authority's property requirements have been in progress for over two years and while a working agreement relating to property boundaries has been reached, there is no agreement upon the terms under which the required property interest would be conveyed to the Port Authority.

Although negotiations with Newport City involving these and a number of other property matters are expected to continue, it is highly unlikely that an acceptable agreement can be reached within an acceptable time frame. The Stage II design for Plaza Redevelopment is underway. Staff anticipates requesting project authorization in early 1987. Further delays in resolving this property issue can only adversely impact the schedule of this key regional facility. Authority is therefore requested for the Executive Director to proceed to acquire the said property by voluntary acquisition or condemnation and to incur all expenses necessary or incidental to such acquisition.

It was therefore recommended that the Board:

1. find and determine that it is necessary for public use for Holland Tunnel purposes to acquire fee title to and lesser property interests in real property described generally on Drawing Number HTP-32 dated November 18, 1986; and

2. authorize the Executive Director to acquire said property interests, by voluntary acquisition or by condemnation pursuant to Chapter 47 of the Laws of New York 1931, and Chapter 4 of the Laws of New Jersey 1931 and to incur all expenses necessary or incidental to such acquisitions.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that it be and is hereby found and determined that it is necessary for public use for Holland Tunnel purposes to acquire fee title to real property described generally on a Drawing Number HTP-32 dated November 18, 1986, more particularly described as follows:

Parcel 1

Beginning at a point in the easterly line of Luis Munoz Marin Boulevard (formerly Henderson Street) where the same is intersected by the southerly line of the lands of the State of New Jersey, said beginning point being further described as the southwesterly corner of a parcel of land conveyed to the State of New Jersey by deed from the Carscallen and Cassidy Corporation, dated January 8, 1923 and recorded in the Office of the Hudson County Register on February 26, 1923 in Book 1465 at page 540 et seq. and running:

1. S83°-48'-58"E 460.65 feet along the southerly line of the above described parcel of land and along the southerly line of lands conveyed to the State of New Jersey by deed from the Erie Land and Improvement Company, dated February 5, 1923 and recorded in the Office of the Hudson County Register on April 24, 1923 in Book 1475 at page 353 et seq. to a point in the easterly line of Provost Street, said point being also in the westerly line of lands conveyed to The Port Authority of New York and New Jersey by deed from the Trustees of the Erie Lackawanna Railway Company, dated April 6, 1979 and recorded in the Office of the Hudson County Register on April 17, 1979 in Book 3274 at page 964 et seq.; thence
2. S6°-15'-42"W 9.06 feet along said westerly line of lands of The Port Authority of New York and New Jersey to a point; thence
3. S80°-47'-35"W 152.75 feet to a point of curvature; thence
4. Along the arc of a circle concave to the north, having a radius of 290.00 feet, a central angle of 15°-23'-27" and an arc length of 77.90 feet to a point of tangency; thence
5. N83°-48'-58"W 75.69 feet to a point of curvature; thence
6. Along the arc of a circle concave to the southeast, having a radius of 157.00 feet, a central angle of 51°-50'-29" and an arc length of 142.05 feet to a point; thence
7. N83°-48'-58"W 37.42 feet to a point in the easterly line of Luis Munoz Marin Boulevard; thence
8. N6°-15'-42"E 120.00 feet along the easterly line of

Luis Munoz Marin Boulevard to the point and place of beginning.

Being shown and designated as part of Lot C in Block 17 on the Tax Assessment Map of the City of Jersey City.

References to named streets in the above description are for descriptive purposes only and shall not be construed as nor are same intended to be an offer to dedicate any property to public use.

Parcel 2

Beginning at a point in the easterly line of Provost Street where the same is intersected by the southerly line of the lands of The Port Authority of New York and New Jersey said point being further described as the southwesterly corner of lands conveyed to The Port Authority of New York and New Jersey by deed from the Trustees of the Erie Lackawanna Railway Company, dated April 6, 1979 and recorded in the office of the Hudson County Register on April 17, 1979 in Book 3274 at page 964 et seq. and running:

1. Along the arc of a circle concave to the northwest, having a radius of 170.00 feet, a central angle of $19^{\circ}-06'-56''$ and an arc length of 56.72 feet and along the southerly boundary of the above described parcel of land conveyed to The Port Authority of New York and New Jersey to a point of tangency; thence
2. $N59^{\circ}-16'-24''E$ 54.04 feet still along said southerly boundary to a point of curvature; thence
3. Along the arc of a circle concave to the southeast, having a radius of 210.00 feet, a central angle of $37^{\circ}-01'-54''$ and an arc length of 135.73 feet still along said southerly boundary to a point of tangency; thence
4. $S83^{\circ}-41'-42''E$ 165.23 feet still along said southerly boundary to the southeasterly corner of said parcel of land conveyed to The Port Authority of New York and New Jersey; thence
5. $N6^{\circ}-15'-42''E$ 2.50 Feet along the easterly line of said parcel to a point in the southerly line of a certain Parcel 1 conveyed to the State of New Jersey by deed from The Long Dock Company et al., dated February 5, 1923 and recorded in the Office of the register of Hudson County on April 24, 1923 in Book 1475 at page 357 et seq.; thence
6. $S77^{\circ}-42'-12''E$ 136.09 feet along the southerly line of Parcel 1 to the southeasterly corner of parcel 1;

thence

7. N16°-06'-02"E 44.00 feet along the easterly line of Parcel 1 to its northeasterly corner; thence

8. N73°-53'-58"W 44.01 feet along the northerly line of Parcel 1 to a point in the centerline of Twelfth Street and the southerly line of lands conveyed to the State of New Jersey by deed from The Morris and Essex Railroad Company, dated July 1, 1922 and recorded in the Office of the Hudson County Register on February 26, 1923 in Book 1465 at page 542 et seq.; thence

9. S83°-48'-58"E 121.52 feet along said southerly line and the centerline of Twelfth Street to a point; thence

10. S6°-11'-02"W 65.92 feet to a point; thence

11. N83°-48'-58"W 160.95 feet to a point of curvature; thence

12. Along the arc of a circle concave to the south having a radius of 1552.00 feet, a central angle of 5°-25'-24" and an arc length of 146.90 feet to a point of compound curvature; thence

13. Along the arc of a circle concave to the south, having a radius of 1022.00 feet, a central angle of 9°-58'-03" and an arc length of 177.80 feet to a point of tangency; thence

14. S80°-47'-35"W 128.54 feet to the point and place of beginning.

Being shown and designated as part of Lot C in Block 17 on the Tax Assessment Map of the City of Jersey City.

References to named streets in the above description are for descriptive purposes only and shall not be construed as nor are same intended to be an offer to dedicate any property to public use.

and it is further

RESOLVED, that the Executive Director, be and he is hereby authorized to acquire said property interests by voluntary acquisition subject to the approval of the Committee on Construction as to the negotiated consideration, or by condemnation pursuant to Chapter 47 of the Laws of New York 1931 and Chapter 4 of the Laws of New Jersey 1931; and it is further

RESOLVED, that any condemnation hereby authorized and all steps pertaining thereto shall be conducted under the supervision and direction of General Counsel, and he shall be and is hereby empowered to take all necessary steps for and incur all expenses necessary or incidental to the conduct of such proceedings.

Whereupon, the meeting was adjourned.

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Thursday, January 22, 1987

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MINUTES of meeting of The Port Authority of New York and New Jersey held Thursday, January 22, 1987 at the Port Authority offices, One World Trade Center, City, County and State of New York.

PRESENT:

NEW JERSEY

Philip D. Kaltenbacher, Chairman
 Jerry Fitzgerald English
 William K. Hutchison
 Henry F. Henderson, Jr.

NEW YORK

Robert F. Wagner, Vice-Chairman
 James G. Hellmuth
 John G. McGoldrick

Stephen Berger, Executive Director
 Patrick J. Falvey, General Counsel/Assistant Executive Director
 Doris E. Landre, Secretary
 Anthony J. Barber, Director of Tunnels, Bridges and Terminals
 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
 John Hauptert, 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
 Phil LaRocco, Director, Economic Development
 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
 David Z. Plavin, Deputy Chief Financial Officer
 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, Chief Financial Officer and Director, Finance Department
 Kristina E. Weisenstein, Administrative Assistant
 Marvin Weiss, Director, Office of Minority Business Development

The meeting was called to order by the Chairman.

(Board - 1/22/87)

Memorial to Honorable Philip B. Hofmann

The Chairman addressed the Board upon the death of the Honorable Philip B. Hofmann. 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 Commissioner Philip B. Hofmann on December 30, 1986.

Philip B. Hofmann was appointed a Commissioner of the Port Authority by Governor William T. Cahill in 1971 to fill the unexpired term of Commissioner Charles Engelhard. In June 1973, Governor Cahill reappointed him to a full six-year term. He resigned from the Board in April 1974.

As a Commissioner, Philip Hofmann served as Vice-Chairman and as a member of the Committee on Port Planning. He also was Vice-Chairman of the Committee on Construction and a member of the Committee on Finance.

Philip Hofmann was Chairman of the Board and Chief Executive Officer of Johnson & Johnson when he joined the Port Authority. His forty-odd years in both the parent company and in its many divisions and subsidiaries in the United States and abroad gave him a unique background of business, finance, and management experience that made him a valued member of the Port Authority Board. Philip Hofmann gave generously of his time and his experience in his work as a Commissioner. When he resigned from the Port Authority, the Executive Director wrote in the Weekly Report, "Despite his unfortunately short tenure, his unequivocal integrity and dedication to the fulfillment of the Port Authority role made him an outstanding Commissioner, and a friend."

Philip Hofmann's dedication to the public good was evidenced also by his service as Chairman of the New Jersey Alliance of Businessmen and as associate trustee of the University of Pennsylvania as well as by the many awards bestowed upon him: Wharton School Alumni Society's Gold Medal in 1972, New Jersey Industrialist of the Year and B'nai B'rith Humanitarian Award in 1968, B'nai B'rith President's Award in 1969, and the Martin Luther King Jr. Award of the Black Fathers Association, the Round Table Award of the Raritan Valley Hospital and the Distinguished Eagle Scout Award of the Thomas A. Edison Council of the Boy Scouts of America. He received honorary doctorates from the University of Pennsylvania, Rider College in Lawrenceville, Monmouth College in Long Branch and the Philadelphia College of Pharmacy and Science.

A skilled driver of four-in-hand teams, Philip Hofmann was one of the world's most distinguished whips and had been presented with a silver whip last May by Queen Elizabeth II for his contributions to horse sports. He was one of the founding fathers of the sport of combined driving, staging the first such event in the United States at Johnson Park in Piscataway in 1969. He was a director of both the U.S. Equestrian Team and the American Horse Shows Association and a founder of the U.S. Combined Training Association.

(Board - 1/22/87)

The Commissioners of The Port Authority of New York and New Jersey, 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 Commissioner Philip A. Hofmann.

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of December 11, 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.

The Secretary reported that in the December 11, 1986 Minutes on page 460, the following paragraph should be inserted before the paragraph which appears on that page.

“RESOLVED, that the Committee on Finance be and it hereby is authorized to reaffirm said certification on behalf of the Port Authority at such time as such Consolidated Bonds or Consolidated Notes are issued, provided that there is no substantial adverse change in the economic basis for said certification; and it is further”

She further reported that in the November 13, 1986 Minutes on page 435C, paragraph 5, line 10 the word “and” should be deleted.

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 January 22, 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 January 22, 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 January 22, 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 January 22, 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 - 1/22/87)

The World Trade Department - Newark Legal and Communications Center - Increase in Project Authorization

It was reported that at its meeting on September 12, 1985, the Board authorized the Acting Executive Director to proceed to implement a project for the development of an office building to be known as the Newark Legal and Communications Center (NLCC), 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.

As a result of recent marketing efforts, staff has reached agreement in principle with the law firm of Sills, Beck, Cummis, Zuckerman, Radin, Tischman & Epstein (Sills Beck) for a 25-year lease in the NLCC whereby Sills Beck will occupy three floors with expansion to a fourth floor in the eleventh year of the term of the lease.

Furthermore, staff has been engaged in ongoing discussions with several other firms whose space requirements exceed the total available space in the building, as currently authorized.

Therefore, subject to Board approval, staff has determined that it would be cost-effective with minimal disruption to the present completion schedule to expand the building by three additional floors. It is anticipated that this modification will result in a two-month delay in completion. The additional three floors will result in an increase in the total net rentable square feet available for sale or lease in the building to approximately 72,750 square feet.

The Board, at its meeting on March 13, 1986, authorized the Executive Director, with the concurrence of the Committee on Construction, to enter into an agreement with a construction management firm to provide for the performance of construction management services and general conditions work during the design and construction phases of the NLCC project. Subsequently, on April 9, 1986, the Executive Director authorized the retention of Thacker Organization for a two-year period, effective May 1986. As a result of the extra time needed to design three additional floors, staff deems it necessary to retain Thacker Organization for a period of time longer than the two years originally authorized.

The Board, at its meeting on May 10, 1984, previously authorized the Executive Director to enter into an agreement with The Grad Partnership of Newark, New Jersey for architectural and engineering services related to the construction of an office building and its related infrastructure and a pedestrian walkway in Newark, New Jersey in the vicinity of Pennsylvania Station/PATH terminus, at an estimated cost of \$2.5 million. The addition of three floors to the NLCC project will require that The Grad Partnership perform additional architectural and engineering services in connection with the design and preparation of contract drawings and specifications for the additional floors, as well as for other modifications to the building systems necessitated by the addition of these floors. The estimated cost of the additional work is approximately \$300,000.

(Board - 1/22/87)

At its meeting on September 11, 1986, the Board authorized the Executive Director to enter into an installment contract of sale with the firm of Podvey, Sachs, Meanor & Catenacci (Podvey Sachs) for the purchase of approximately 29,400 usable square feet of space in the NLCC, together with an option for the purchase of approximately 9,800 additional usable square feet. In addition, the Board authorized the Executive Director to make payments to Podvey Sachs of an amount equal to one-half the difference between Podvey Sachs' rent at its present location and the rent for a one-year extension on approximately 6,300 rentable square feet, said payment not to exceed \$5 per rentable square foot. As a result of the increased time needed for the design and construction of three additional floors, it will be necessary for Podvey Sachs to negotiate an additional extension for its space at Gateway I in Newark beyond the one year originally contemplated. It is expected that this additional time will be approximately two to three months and the maximum financial exposure to the Port Authority will be approximately \$8,000.

It was therefore recommended that the Board authorize:

1. an increase in the total project cost for the Newark Legal and Communications Center (NLCC) for the construction of three additional floors at an expenditure presently estimated at \$7.5 million, inclusive of architectural, construction management, engineering, financing and administrative expenses;

2. the Executive Director to extend the present two-year agreement with Thacker Organization for construction management services and to make additional payments totalling \$116,000 (included in the increase of \$7.5 million referred to in Recommendation 1) to Thacker for services rendered during the extension period;

3. an increase in payments to The Grad Partnership to provide for architectural and engineering services in connection with the design and preparation of contract drawings and specifications for the three additional floors as well as other necessary modifications to the building systems necessitated by the addition of the three floors at an amount presently estimated at \$300,000 (included in the increase of \$7.5 million referred to in Recommendation 1); and

4. payment to Podvey, Sachs, Meanor & Catenacci (Podvey Sachs) of an amount (included in the increase of \$7.5 million referred to in Recommendation 1) equal to one-half the difference between Podvey Sachs' rent at its present location and rent for one year, or longer, if required, on approximately 6,300 rentable square feet, at an amount presently estimated at \$8,000.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, an increase in the total project cost for the Newark Legal and Communications Center (NLCC) for the construction of three additional floors at an expenditure presently estimated at \$7.5 million, inclusive of architectural, construction management, engineering, financing and administrative expenses; and it is further

RESOLVED, the Executive Director is authorized to extend the present two-year agreement with Thacker Organization for construction management services and to make additional payments totalling \$116,000 (included in the increase of \$7.5 million referred to in Recommendation 1) to Thacker for services rendered during the extension period; and it is further

RESOLVED, an increase is authorized in payments to The Grad Partnership to provide for architectural and engineering services in connection with the design and preparation of contract drawings and specifications for the three additional floors as well as other necessary modifications to the building systems necessitated by the additional of the three floors at an amount presently estimated at \$300,000 (included in the increase of \$7.5 million referred to in Recommendation 1); and it is further

RESOLVED, payments to Podvey, Sachs, Meanor & Catenacci (Podvey Sachs) is authorized of an amount (included in the increase of \$7.5 million referred to in Recommendation 1) equal to one-half the difference between Podvey Sachs' rent at its present location and rent for one year, or longer, if required on approximately 6,300 rentable square feet, at an amount presently estimated at \$8,000.

(Board - 1/22/87)

Kennedy International Airport - Unarmed, Uniformed Guard Service - Authority to Award Contract No. AYB-807

It was reported that the present contract covering the unarmed, uniformed guard service at Kennedy International Airport, under which the contractor provides security guard service for certain aeronautical area access points, the International Arrivals Building and select public and employee lots, expires on March 31, 1987.

It is recalled, that as set forth in the report presented to the Committee on Operations on August 14, 1986 in response to the concerns about the level of security at airports around the world, staff had studied the effectiveness of contract security guard services at Kennedy International, Newark International and LaGuardia Airports. The study resulted in recommendations to implement certain changes in order to substantially upgrade the standards of the overall airport security program and specifically improve the quality and calibre of the guards providing the service. The changes to be implemented include increased compensation, better qualification of guards, increased levels of training, more stringent background investigations, as well as improvements in vehicles used in the guard service, communication enhancements and standardized uniforms.

Certain items of these recommendations have been phased in as part of the negotiations to extend the contract with the current contractor, International Total Services, Inc., to March 31, 1987.

The contract hereunder, which provides for an initial two-year period commencing on April 1, 1987 and three one-year extensions exercisable at the option of the Port Authority, includes all the study group recommendations as previously mentioned. Although these enhancements will result in increased costs, a majority of which are recoverable under current arrangements with users of the airport, it is believed they will result in a better security service in the Port Authority areas of responsibility at the airport.

Potential bidders were notified that they would have to meet certain prerequisites to be able to submit a bid which generally consist of the following:

1. the bidder must have at least five years of experience in the actual operation of a contract guard service;
2. the bidder must recently have had an annual gross income from the operation of its guard service of at least \$3 million; and
3. the bidder must have provided a minimum of 10,000 straight time hours of industrial or commercial guard or watchman service in a week during a specified period prior to the bid opening.

Bids were solicited on the basis of: (a) 182,040 estimated hours of post coverage per year; (b) provision for nine vehicles to be used exclusively in providing guard service; (c) provision for a full-time Management Representative; and (d) provision for 8,750 Assistant Management Representative hours, per year.

It was therefore recommended that the Executive Director be authorized for, and on behalf of the Port Authority, to award Contract AYB-807 for uniformed guard service at Kennedy International Airport to the lowest qualified bidder, all in accordance with the foregoing.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board hereby: (1) authorizes the Executive Director, for and on behalf of the Port Authority, to award a two-year contract commencing on or about April 1, 1987 to the lowest qualified bidder for providing unarmed, uniformed guard service at Kennedy International Airport which includes coverage for certain aeronautical access points, the International Arrivals Building and select public and employee parking lots, all in accordance with the foregoing; (2) authorizes the Director of Aviation, at his discretion to exercise three one-year extensions of the contract at the option of the Port Authority, subject to escalation of prices as provided for in the contract; all in accordance with the foregoing; and (3) authorizes the Director of Aviation to order extra work to be provided by the contractor during the term of the contract including option years, with additional payments for said extra work not to exceed 15% of the total contract price, all in accordance with the foregoing; and it is further

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

(Board - 1/22/87)

La Guardia Airport - Unarmed, Uniformed Guard Service - Authority to Award Contract
No. AGA-102

It was reported that the present contract covering the unarmed, uniformed guard service at LaGuardia Airport, under which the contractor provides security guard service for aeronautical area access points has been in place as a adjunct operation of the Kennedy International Airport Security guard contract and expires on March 31, 1987.

It is recalled that, as set forth in the report presented to the Committee on Operations on August 14, 1986 in response to the concerns about the level of security at airports around the world, staff had studied the effectiveness of contract security guard services at Kennedy International, Newark International and LaGuardia Airports. The study resulted in recommendations to implement certain changes in order to substantially upgrade the standards of the overall airport security program and specifically improve the quality and calibre of the guards providing the service. The changes to be implemented include increased compensation, better qualification of guards, increased levels of training, more stringent background investigations, as well as improvements in vehicles used in the guard service, communication enhancements and standardized uniforms.

Certain items of these recommendations have been phased in as part of the negotiations to extend the contract with the current contractor, International Total Services, Inc., to March 31, 1987.

The contract hereunder, which provides for an initial two-year period commencing on April 1, 1987 and three one-year extensions exercisable at the option of the Port Authority, includes all the study group recommendations as previously mentioned. Although these enhancements will result in increased costs, a majority of which are recoverable under current arrangements with users of the airport, it is believed they will result in a better security service in the Port Authority areas of responsibility at the airport.

Bids are being solicited from a list of qualified minority vendors developed by the General Services Department and the Office of Minority Business Development based on: (a) 29,200 estimated hours of post coverage; (b) provision for one vehicle to be used exclusively in providing guard service; and (c) provision for 8,750 Assistant Management Representative hours, per year.

During the extension period, if any, prices will be adjusted based upon changes in the Consumer Price Index. Any adjustment of the prices during the extension period will also result in appropriate changes in the minimum wage and minimum supplemental benefit requirements for the contractor's employees set forth in the contract.

It was therefore recommended that the Executive Director be authorized, for and on behalf of the Port Authority, to award Contract AGA-102 for uniformed guard service at LaGuardia Airport to the lowest qualified bidder, all in accordance with the foregoing.

(Board -1/22/87)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board hereby authorizes: (1) the Executive Director, for and on behalf of the Port Authority, to award a two-year contract commencing on or about April 1, 1987 to the lowest qualified bidder for providing unarmed, uniformed guard service at LaGuardia Airport which includes coverage for aeronautical access points, all in accordance with the foregoing; (2) the Director of Aviation, at his discretion, to exercise three one-year extensions of the contract at the option of the Port Authority, subject to escalation of prices as provided for in the contract, all in accordance with the foregoing; and (3) the Director of Aviation to order extra work to be provided by the contractor during the term of the contract including option years, with additional payments for said extra work not to exceed 15% of the total contract price, all in accordance with the foregoing; and it is further

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

(Board - 1/22/87)

Newark International Airport - Unarmed, Uniformed Guard Service - Authority to Award Contract No. A-4004

It was reported that the present contract covering the unarmed, uniformed guard service at Newark International Airport, under which the contractor provides security guard service for aeronautical and non-restricted area access points, expires on March 31, 1987.

It is recalled, that as set forth in the report presented to the Committee on Operations on August 14, 1986 in response to the concerns about the level of security at airports around the world, staff had studied the effectiveness of contract security guard services at Kennedy International, Newark International and LaGuardia Airports. The study resulted in recommendations to implement certain changes in order to substantially upgrade the standards of the overall airport security program and specifically improve the quality and calibre of the guards providing the service. The changes to be implemented include increased compensation, better qualification of guards, increased levels of training, more stringent background investigations, as well as improvements in vehicles used in the guard service, communication enhancements and standardized uniforms.

Certain items of these recommendations have been phased in as part of the negotiations to extend the contract with the current contractor, Lansdell Protective Agency, Inc., to March 31, 1987.

The contract hereunder, which provides for an initial two-year period commencing on April 1, 1987 and three one-year extensions exercisable at the option of the Port Authority, includes all the study group recommendations as previously mentioned. Although these enhancements will result in increased costs, a majority of which are recoverable under current arrangements with users of the airport it is believed they will result in a better security service in the Port Authority areas of responsibility at the airport.

Potential bidders were notified that they would have to meet certain prerequisites to be able to submit a bid which generally consist of the following:

1. the bidder must have at least five years of experience in the actual operation of a contract guard service;
2. the bidder must recently have had an annual gross income from the operation of its guard service of at least \$2.5 million; and
3. the bidder must have provided a minimum of 6,500 straight time hours of industrial or commercial guard or watchman service during a week in a specified period prior to the bid opening.

Bids were solicited on the basis of:(a) 118,660 estimated hours of post coverage; (b) provision for four vehicles to be used in providing guard service; (c) provision for a full-time Management Representative; and (d) provision for 8,750 Assistant Management Representative hours per year.

During the extension period, if any, prices will be adjusted based upon changes in the Consumer Price Index. Any adjustment of prices during the extension period will result in appropriate changes in the minimum wage and minimum supplemental benefit requirements for the contractor's employees set forth in the contract.

(Board - 1/22/87)

It was therefore recommended that the Executive Director be authorized, for and on behalf of the Port Authority, to award Contract No. A-4004 for uniformed guard service at Newark International Airport to the lowest qualified bidder, all in accordance with the foregoing.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board hereby authorizes: (1) the Executive Director, for and on behalf of the Port Authority, to award a two-year contract commencing on or about April 1, 1987 to the lowest qualified bidder for providing unarmed, uniformed guard service at Newark International Airport which includes coverage of aeronautical and non-restricted area access points, all in accordance with the foregoing; (2) the Director of Aviation, at his discretion to exercise three one-year extensions of the contract at the option of the Port Authority, subject to escalation of prices as provided for in the contract, all in accordance with the foregoing; and (3) the Director of Aviation to order extra work to be provided by the contractor during the term of the contract including option years, with additional payments for said extra work not to exceed 15% of the total contract price, all in accordance with the foregoing; and it is further

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

(Board - 1/22/87)

Kennedy International Airport - International Arrivals and Wing Buildings - Surrender of Lease AYA-465 By Societe Anonyme Belge D'Exploitation De La Navigation Aerienne and New Agreements with other Airlines

It is recalled that in the early 1970's the Board authorized an expansion program by the Port Authority for the East and West Wing Buildings and the International Arrivals Building at Kennedy International Airport; and new 25-year Wing Building Leases to expire on May 16, 1996 for space in the expanded facility. These new leases included Societe Anonyme Belge D'Exploitation de la Navigation Aerienne (SABENA's) Wing Building Lease, AYA-465, for its terminal facility in the West Wing Building.

In the early 1980's SABENA was faced with serious financial problems and the prospect of ceasing operations at Kennedy International Airport unless it could negotiate satisfactory arrangements with its employees' unions and thereafter be handled by another airline. SABENA was successful in the objective and, with the concurrence of the Port Authority, moved its passenger operations to the American Airlines unit terminal in May 1983. Also with the concurrence of the Port Authority it subleased its terminal facility in the West Wing Building initially to Transamerica Airlines, and later also to Dominicana de Aviacion C por A. As of September 30, 1986, Transamerica ceased operations at Kennedy International Airport leaving Dominicana as the sole operator in the SABENA space.

A number of airlines have expressed interest to the Port Authority in operating their own terminal facilities in the SABENA space including Pakistan International Airlines Corp., Nigeria Airways Limited and Saudi Arabian Airlines Corp. Staff believes that this space would be utilized for the maximum benefit of airport operations if the Port Authority now regains direct control thereof and is able to make direct arrangements with airlines for its use.

Thus, the Port Authority has offered to accept from SABENA a surrender of its Wing Building Lease and to pay to SABENA the amount of \$1.3 million in consideration of its unamortized investment in its exclusive West Wing Building terminal space.

Pakistan International Airlines Corp. and Nigeria Airways Limited have operated at the Wing Building at Kennedy International Airport for many years, being handled by other airlines. Both have expressed the desire to conduct their own terminal operations in the Wing Buildings, and staff has concluded that upon the surrender by SABENA, short-term arrangements of approximately one year covering their occupancy and operations in the former SABENA space should be entered into while discussions continue pertaining to more permanent arrangements for use of the space, including modifications to the exclusive premises which may be required to upgrade the facility and to provide for use by more than one airline. The rental called for under the arrangements with Nigeria and Pakistan would at least equal the rental which would have been paid by SABENA, plus an additional amount representing an appropriate amortization of the payment made to SABENA by the Port Authority for its improvements.

It was therefore recommended that the Executive Director be authorized, for and on behalf of the Port Authority, to enter into agreements with Societe Anonyme Belge D'Exploitation de la Navigation Aerienne (SABENA), Nigeria Airways Limited and Pakistan International Airlines Corp. at Kennedy International Airport, all in accordance with the foregoing.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board hereby authorizes the Executive Director, for and on behalf of the Port Authority, all in accordance with the foregoing, to: (1) enter into an agreement accepting from Societe Anonyme Belge D'Exploitation de la Navigation Aerienne (SABENA) a surrender of its Wing Building Lease AYA-465 covering exclusive space in the West Wing Building and the use of associated common areas and facilities in the East and West Wing Buildings and International Arrivals Building at Kennedy International Airport, and providing for a payment to SABENA of an amount not to exceed \$1.3 million in consideration of SABENA's unamortized investment in its exclusive space; and (2) enter into agreements with Pakistan International Airlines Corp. and/or Nigeria Airways Limited for a period of approximately one year for the space surrendered by SABENA at rates at least equal to those to have been paid by SABENA, plus an additional payment to the Port Authority covering an appropriate amortization of the Port Authority's payment to SABENA for its unamortized investment.

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

(Board - 1/22/87)

Kennedy International and Newark International Airports - Purchase of Sixty Replacement Aircraft Fueling Hydrant Carts and Ten Additional Aircraft Fueling Hydrant Carts

It was reported that the function of a hydrant cart is to transfer fuel from an in-ground distribution system to an aircraft by reducing fuel pressure from the hydrant to allowable aircraft limits, by starting and stopping the fuel flow, and by metering and filtering the fuel.

Within the current hydrant cart fleet, which services both Kennedy International and Newark International Airports, a total of 151 carts, there exist 60 300-series carts which have been in service since 1973. These carts have reached the end of their useful service life and require replacement or extensive rehabilitation. The remaining 91 are 800-series carts, which were rehabilitated in 1981.

Based on several factors including cost, rehabilitation feasibility, suitability for future mission and the impact on cart availability while rehabilitation would take place, staff recommends the replacement option. Concurrence with this program has been received from the Airline Fuel Committees of both Kennedy International and Newark International Airports. The replacement program is scheduled to commence in the Summer of 1987, to proceed at an anticipated rate of four units per month, and to conclude with total replacement by the Fall of 1988. Thirty-one of the replacement carts are to be utilized at Newark International Airport and 29 are to be utilized at Kennedy International Airport.

In addition, ten new hydrant carts should be purchased for Newark International Airport, in anticipation of fueling demands for Terminal C. The current Newark fleet size of 35 will be expanded by a need for 22 carts at Terminal C, the amount stipulated in the lease, and an additional three carts for increased demands in Terminals A and B and Federal Express. These carts are to be delivered by October 1987.

In the event that the total Newark demands do not meet current projections, fewer carts would be ordered.

The contracts for the 70 cab/chassis and fueling systems will be publicly advertised and bids are expected in late January 1987. In order to meet the required delivery dates, it is recommended that the Executive Director be authorized to award the contracts.

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

1. in addition to any powers he may have with respect to such contract under the By-Laws, either to award a publicly advertised contract for the manufacture and furnishing of 70 cab/chassis for 750 GPM hydrant carts to 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 bid accepted or to reject all bids; and

(Board - 1/22/87)

2. in addition to any powers he may have with respect to such contract under the By-Laws, either to award a publicly advertised contract for the manufacture and furnishing of 70 fueling systems for 750 GPM hydrant carts to 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 bid accepted, or to reject all bids; all in connection with the acquisition of 70 aircraft fueling hydrant carts for Newark International and Kennedy International Airports.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized in addition to any powers he may have with respect to such contract under the By-Laws, either to award a publicly advertised contract for the manufacture and furnishing of 70 cab/chassis for 750 GPM hydrant carts to 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 bid accepted or to reject all bids; and it is further

RESOLVED, that the Executive Director is authorized in addition to any powers he may have with respect to such contract under the By-Laws, either to award a publicly advertised contract for the manufacture and furnishing of 70 fueling systems for 750 GPM hydrant carts to 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 bid accepted, or to reject all bids; all in connection with the acquisition of 70 aircraft fueling hydrant carts for Newark International and Kennedy International Airports; and it is further

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

(Board -1/22/87)

Purchase of Replacement Helicopter

It was reported that in 1987 the Port Authority's MBB BO-105 CBS helicopter will be five years old and will have reached the cyclical replacement point staff have found to be both cost and maintenance effective for this type of helicopter. The proposed 1987 budget includes a replacement cost figure of \$1.8 million. Staff estimates that the existing BO-105 would realize a selling price in the range of approximately \$400,000 when put out for bid, which will partially offset the replacement cost of the helicopter.

Aviation staff have reviewed the manufacturer's data and made actual flight evaluations of all available comparable helicopters to choose the best possible replacement. Taking into account such variables as price, passenger and pilot comfort, and all weather capability, staff have concluded that another Bell 222 type would best suit the agency's needs. A used 1983 model Bell 222B helicopter priced at \$1.4 million has been identified. This helicopter is fully equipped with many desirable features that would complement the helicopter operation. Among the major features are a fully certified Instrument Flight Rule (IFR) capability with weather radar, six passenger seating, dual Sperry auto pilots, retractable landing gear with pop-out floats, and the ability to carry litters to fulfill med-evac emergency missions. If this aircraft is purchased from Bell the price will include detailed inspection by Bell, painting in Port Authority colors to Port Authority specifications and a warranty from Bell covering the helicopter for the earlier of 500 flight hours or six months. A new, comparably equipped Bell 222B would cost approximately \$2.3 million.

The helicopter proposed for purchase was used by Anheuser Busch Corporation, a well established corporate helicopter user whose operating, maintenance and safety record is comparable to that of the Port Authority. Life expectancy projections for this generation helicopter is approximately nine to ten years of comparable Port Authority use. Staff have reviewed the maintenance and flight logs for this helicopter and have verified that Anheuser Busch flew the craft approximately one-half the number of annual flight hours as is typical for Port Authority helicopters. This fact, coupled with the standard of care and maintenance the aircraft appears to have received, leads staff to evaluate its previous service as equivalent to two years of Port Authority use. Therefore, the remaining service life for this helicopter is estimated at seven to eight years.

Because of its unusually attractive ownership history and condition, other helicopter operators have also shown an interest in purchasing this particular aircraft. In order to secure it for the Port Authority, a \$20,000 non-refundable payment, which served as consideration for the extension of a 45-day exclusive option to purchase, was authorized by the Executive Director. The \$20,000 will be credited to the purchase price of the helicopter.

It was therefore recommended that the Board authorize:

1. the purchase of a used Bell 222B type eight-place, six passenger helicopter, at a total price of \$1.4 million from Bell Helicopter Textron, Inc., Fort Worth, Texas, to replace the existing MBB BO-105 CBS Boelkow helicopter (N9380A); and

(Board - 1/22/87)

2. disposition of Port Authority MB BO-105 CBS Boelkow helicopter for sale by bid to the high bidder with a bid price of approximately \$400,000 at a minimum.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize: (1) the purchase of a used Bell 222B type eight-place, six-passenger helicopter, at a total price of \$1.4 million from Bell Helicopter Textron, Inc., Fort Worth, Texas, to replace the existing MBB BO-105 CBS Boelkow helicopter (N9380A); and (2) disposition of Port Authority MB BO-105 CBS Boelkow helicopter for sale by bid to the high bidder with a bid price of approximately \$400,000 at a minimum; and it is further

RESOLVED, that the form of the agreements for purchase and sale be subject to the approval of General Counsel or his authorized representative.

(Board - 1/22/87)

Settlement of Claim - Garsite Products - Airport Crash/Fire/Rescue Vehicle

It was reported that in September 1982, the Executive Director authorized the award of a purchase contract for an airport crash/fire/rescue (C/F/R) vehicle to replace a damaged vehicle, to the low bidder, Garsite Products, Inc., of Deer Park, Long Island, New York, at its bid price of \$295,870.

The functional specifications for this new vehicle prepared by the Port Authority included numerous automotive design and fire-fighting technological improvements over the previous generation of C/F/R vehicles. These improvements, among others, required the ability to vary independently the speed of the vehicle and the fire-fighting pump while using only a single engine, and the utilization of a smaller, more maneuverable truck made possible by a new type of fire-fighting foam. In addition to completing the Port Authority fleet of C/F/Rs, staff also wanted a pilot vehicle to evaluate these improved operational features in anticipation of a full scale replacement program for all C/F/R vehicles. The C/F/R vehicle, which was designed and manufactured by Garsite to meet Port Authority performance requirements, was delivered in June 1984.

During field testing, a variety of deficiencies surfaced. These included the inability to accurately and consistently proportion the fire-fighting foam, pneumatic and electrical systems faults, and failures in the power steering pump, power divider main shaft, and engine thrust bearings.

Garsite made numerous repairs and modifications at its own expense, which resulted in the vehicle meeting the requirements of the functional specifications. The Port Authority therefore was able to conduct a number of the planned evaluations. Despite Garsite's best efforts, other failures occurred until January 1986, when a major engine fire rendered the vehicle useless. Following the fire, the cause of which could not be fully determined, staff determined that the vehicle should not be repaired since staff was not confident that the vehicle would properly operate when needed for an emergency, although the vehicle was capable of being repaired to an operational condition.

Staff and Garsite thereupon began a joint analysis of the history and experience of the vehicle. It was staff's position that the vehicle had not initially met the contractual requirements and never achieved the reliability required for a vehicle of this type. Garsite contends that although there were initial design and manufacturing problems, these problems have been solved, that the engine fire was due to a Port Authority modification, and that the vehicle should have been returned to service.

Following negotiations over several months, it was tentatively agreed that in light of the fact that the Port Authority did receive substantial benefits during the vehicle's testing and evaluation, a settlement which would require Garsite to pay the Port Authority \$175,000 in return for the damaged vehicle, would be fair and reasonable.

(Board - 1/22/87)

It was therefore recommended that the Board authorize the Executive Director to enter into an agreement with Garsite Products, Inc., for the settlement of a claim against Garsite Products, Inc., by the Port Authority in connection with the purchase and subsequent failure of an Airport Crash/Fire/Rescue Vehicle, such agreement to provide for:

1. a payment of \$175,000 to the Port Authority in return for the failed vehicle; and
2. a release of Garsite Products, Inc., from all further liability to the Port Authority in connection with the vehicle.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to enter into an agreement with Garsite Products, Inc., for the settlement of a claim against Garsite Products, Inc., by the Port Authority in connection with the purchase and subsequent failure of an Airport Crash/Fire/Rescue Vehicle, such agreement to provide for: (1) a payment of \$175,000 to the Port Authority in return for the failed vehicle; and (2) a release of Garsite Products, Inc., from all further liability to the Port Authority in connection with the vehicle; and it is further

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

(Board - 1/22/87)

Furnishing General Office Supply Requirements

It was reported that Contracts PSS-86-30 and PSS-86-31A provide for the furnishing of office stationery and supply products and delivery of these items to the World Trade Center and other Port Authority facilities. Compensation is based on the unit price bid for each of 224 specific items and on the bid discount from list price for the balance of the vendor's stationery and supply catalog.

These contracts permit Port Authority staff to acquire needed office or stationery products within minimal lead times without the costs associated with repetitive bidding and inventory carrying and redistribution costs. The process also eliminates the need for substantial increases in storage space at both the World Trade Center and the Central Stockroom at Port Elizabeth. Overall savings in annual costs for stockroom space, inventory carrying cost and redistribution are approximately \$500,000 per year. This stockless supply contract concept was first introduced into the Port Authority in 1973 and with improvements incorporated in early 1986 has been operating successfully since that time.

In August of this year as preparation of contract specifications was underway a detailed user survey was distributed to all Port Authority staff who order office and stationery products under the contract. The survey results indicate that staff were satisfied with the improvements in delivery times which had been made during 1986. Their satisfaction is further evidenced by increases in use of the contract vendor from an average \$34,811 per month to \$46,536 per month during the year.

Bids for Contract PSS-86-30 were publicly advertised and solicited from 66 suppliers. On December 2, 1986, the following bids were received:

	Total Estimated Cost (One Year)
LOPC Division of Joyce International Great Neck, New York	\$ 967,625
Manhattan Stationery New York, New York	1,112,335

In addition, seven incomplete proposals were received. Bids were solicited based on a unit price for 224 specific high usage items and on a discount from list price in the current United Stationers Catalog for other stationery and supply items.

(Board -1/22/87)

Bids for Contract PSS-86-31, a minority set aside representing 20% of the total Port Authority requirement, were solicited from three prequalified Port Authority certified minority suppliers, and on December 2, 1986, three incomplete proposals were received. Rama Office Products, Inc., submitted the lowest overall proposal but significantly underpriced many of their unit items. After review of its pricing, Rama Office Products, Inc., asked for and was granted permission to withdraw. J. Cherry Corporation submitted the second lowest proposal but seriously imbalanced pricing on many of the specified items. The company's available financial data indicated an inability to sustain any significant losses that might result from such price imbalancing. Proftech Corporation submitted prices which were significantly higher than those of LOPC, and their prices were considered excessive. Therefore, all proposals were rejected.

Based on these proposals and ensuing discussions with all the vendors, staff determined that a potentially satisfactory contract could be negotiated with Proftech Corporation. After these discussions, Proftech was able to restructure its proposal and offer more favorable pricing for specified items and a higher discount on the balance of its catalog items. Contract PSS-86-31A reflects these revisions and it is estimated to cost \$274,000 in the first year.

Both contracts permit escalation for the 224 specified items on each contract anniversary date based upon the percentage changes for individual items contained in the Office Products Pocket Pricing Guide published by United Stationers. Pricing for all other items for the second and all succeeding years, including any extension thereof, is based upon the list prices in each subsequent year's United Stationers' Catalog less the bid discount. Both contracts have a three-year term and provide that the Port Authority may extend the contracts for two additional one-year periods.

LOPC Division of Joyce International (formerly Litton Office Products Centers, Division of Litton Business System, Inc.) has satisfactorily provided these services to the Port Authority for the past fourteen years and is the present contractor.

Proftech Corporation has not previously performed similar work for the Port Authority. Its capability and references have been reviewed, and it is considered qualified to meet the requirements of Contract PSS-86-31A. Proftech Corporation has been certified as a minority vendor by the Port Authority's Office of Minority Business Development.

It was therefore recommended that the Board authorize:

1. the award of Contract PSS-86-30, Furnishing General Office Supplies, World Trade Center and Select Facilities, to the low bidder, LOPC Division of Joyce International, Great Neck, New York, for a three-year period beginning March 1, 1987;
2. the award of negotiated Contract PSS-86-31A, Furnishing General Office Supplies, Select Facilities, to Proftech Corporation, Tarrytown, New York, a minority business enterprise, for a three-year period beginning March 1, 1987; and

(Board -1/22/87)

3. the Executive Director, in his discretion, to authorize the exercise of the Port Authority's options to extend each contract for up to two additional one-year periods.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the award of Contract PSS-86-30, Furnishing General Office Supplies, World Trade Center and Select Facilities, to the low bidder, LOPC Division of Joyce International, Great Neck, New York, for a three-year period beginning March 1, 1987, be and it hereby is authorized; and it is further

RESOLVED, that the award of negotiated Contract PSS-86-31A, Furnishing General Office Supplies, Select Facilities, to Proftech Corporation, Tarrytown, New York, a minority business enterprise, for a three-year period beginning March 1, 1987, be and it hereby is authorized; and it is further

RESOLVED, that the Executive Director is authorized, in his discretion, to exercise the Port Authority's options to extend each contract for up to two additional one-year periods.

Chairman Kaltenbacher announced the appointment of John E. Hauptert as Treasurer.

Whereupon, the meeting was adjourned.

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

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MINUTES of meeting of The Port Authority of New York and New Jersey held Thursday, February 12, 1987 at the Port Authority offices, One World Trade Center, City, County and State of New York.

PRESENT:

NEW JERSEY

Philip D. Kaltenbacher, Chairman
 Jerry Fitzgerald English
 William K. Hutchison
 Henry F. Henderson, Jr.

NEW YORK

Robert F. Wagner, Vice-Chairman
 William J. Ronan
 James G. Hellmuth
 John G. McGoldrick

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, Superintendent of Police, Public Safety
 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 Hauptert, 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, Economic Development
 Donald R. Lee, Director of Audit
 Lillian C. Liburdi, Director of Management and Budget
 Katharine B. MacKay, Assistant Executive Director/Administration
 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
 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, Assistant Executive Director/Capital Programs
 Kristina E. Weisenstein, Administrative Assistant
 Marvin Weiss, Director, Office of Minority Business Development
 Stanely R. Kramer, Bond Counsel, Hawkins, Delafield & Wood
 Donald J. Robinson, Bond Counsel, Hawkins, Delafield & Wood

The meeting was called to order by the Chairman.

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of January 22, 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 February 12, 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 February 12, 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 February 12, 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 February 12, 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 - 2/12/87)

The Port Authority Industrial Park at Yonkers - Surrender Agreement with J.F. Macri, Inc.

It was recommended that the Board authorize the Executive Director, on behalf of the Port Authority, to enter into a surrender agreement with J.F. Macri, Inc. for its premises at the Port Authority Industrial Park at Yonkers substantially in accordance with the following terms and conditions. J.F. Macri, Inc. would surrender both of its leases (one in Building No. 8 on or about February 15, 1987 and one in Building No. 3 on or about April 1, 1987) at the Port Authority Industrial Park at Yonkers and the Port Authority will pay J.F. Macri, Inc. approximately \$388,000 for the surrender and moving expenses. The surrender will enable the Port Authority to demolish Building No. 8 which is in a deteriorated condition. J.F. Macri, Inc. would not agree to surrender Building No. 8 unless it could surrender its premises at Building No. 3 as well.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized, on behalf of the Port Authority, to enter into the surrender agreement with J.F. Macri, Inc. described above; the form of the surrender agreement to be subject to the approval of General Counsel or his designated representative.

(Board - 2/12/87)

The World Trade Center - Port Authority Offices - Modular Workstations Purchase

At its meeting on July 10, 1986, the Board authorized the award, during 1986, of contracts for the purchase and installation of approximately 700 modular workstations and related conference room and reception area furnishings for Port Authority offices at The World Trade Center to the lowest bidder from among the authorized distributors of three manufacturers. The use of this purchase for economic development impact purposes necessitates a new authorization.

Manufacturers and distributors of modular workstations will be invited by public advertisement to submit proposals. Responsive proposals will first be evaluated for conformance to technical specifications and design acceptability. Those proposals which qualify will be further evaluated based on purchase price and, for proposal comparison only, in keeping with the business development component of the Port Authority's economic development strategy, a negotiable credit (up to a stated maximum) based on economic development impact factors will be given to firms expanding their operations in either state or establishing a new facility in the Port District. Should none of the economic development proposals be satisfactory, the order would be awarded without reference to economic impact to that firm which is otherwise qualified and which submits the lowest reasonable proposal price.

This will be a unit price contract providing for a stated discount from the manufacturer's catalogue. If the contract is awarded to a firm receiving an economic development impact credit, that firm would receive a comparable credit on any additional World Trade Center modular workstation orders within the next five years. Certain payments under the contract would be withheld until the firm submits a signed lease or other executed document as evidence of having fulfilled its economic development commitment. Other incentives, such as funding of on-the-job training through a private industry council, may also be included. Subject to additional authorization, as may be appropriate, partial advances for plant and equipment may be offered if the firm locates a new facility at a Port Authority industrial park.

This equipment may be eligible for inclusion in the Port Authority Operating Equipment Lease Financing Program, presently authorized at a maximum principal amount outstanding at any one time of \$25 million.

The following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized, in his discretion, (a) to award a contract for the purchase and installation of approximately 700 modular workstations for Port Authority offices at the World Trade Center to that firm whose products meet the technical specifications and whose design is acceptable, which is qualified by reason of responsibility, experience and capacity to perform the contract and whose proposal price (which may or may not include an economic development impact credit, which may be negotiated) is deemed reasonable, and to order extra work up to the amount of 10% of the proposal accepted; or (b) to reject all proposals, and it is further,

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

(Board - 2/12/87)

Enlargement of Foreign-Trade Zone No. 49 through Expansion or the Establishment of a Subzone to include the IMTT-Bayonne Facility in Bayonne, New Jersey

It was reported that IMTT-Bayonne has requested that the Port Authority submit an application for zone expansion or subzone establishment on its behalf. Foreign-Trade Zone status of the IMTT-Bayonne facility would ensure that it would remain competitive with other Foreign-Trade Zone operators involved in liquid bulk terminal operations. Furthermore, such status would create economic benefits for IMTT-Bayonne, its customers and the region at large. Lack of status would erode a substantial portion of its existing business, and result in the elimination of some 25 permanent jobs.

Current interpretation of Foreign-Trade Zone regulations leaves unclear whether expansion or the establishment of a subzone is more appropriate; hence, authority was requested for either.

IMTT-Bayonne is involved in the transport, storage, and blending of refined liquid petroleum products and crude oil, and the storage of other bulk liquids such as chemicals and vegetable oils. It currently employs 125 people. IMTT-Bayonne is owned by International Matex Tank Terminal, Inc.

Gasoline blending involves the mixing of foreign and domestic chemical components to produce finished gasoline. Under Foreign-Trade Zone status, the applicable duty on foreign components could be lowered to the applicable duty rate for imported finished gasoline. This would reduce duty payments and provide an incentive for the utilization of domestic components through the substitution of blended gasoline for imported finished gasoline. IMTT-Bayonne has all the necessary environmental permits to conduct these activities.

In addition, Foreign-Trade Zone status would enable IMTT-Bayonne's customers to defer duty on imported petroleum products and eliminate duty on re-exported products which could create a totally new export market.

Upon securing zone status IMTT-Bayonne has agreed to enter into an appropriate agreement with the Port Authority which will insure that the site will be operated by it without cost, expense, or risk of loss to the Port Authority.

Potential regional benefits of zone status include: increased tonnage of the Port; private capital investment of \$10 million for the construction of one million barrels of storage; and incentive for the increased use of domestic gasoline components; creation of a minimum of 25 permanent jobs and 20 construction jobs; retention of 125 existing jobs; and provision of a more competitive source of fuel.

(Board - 2/12/87)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director to file an application with the Foreign-Trade Zones Board of the United States Department of Commerce for the expansion of Foreign-Trade Zone No. 49, which consists of 2,100 acres at the Port Newark/Elizabeth-Port Authority Marine Terminal, to include the IMTT-Bayonne facility in Bayonne, New Jersey or in the alternative to establish that facility as a subzone.

(Board - 2/12/87)

The World Trade Center - Continuation of Architectural and Engineering Services

The Board has to date authorized approximately \$39.1 million, including its last authorization of approximately \$1 million on January 10, 1985, for architectural and engineering design services for the World Trade Center.

In the early stages of the development of the World Trade Center complex it was decided to utilize the services of architectural and engineering firms for design services. The principal firms currently providing a majority of these services to the Port Authority are Leslie E. Robertson Associates, Joseph R. Loring & Associates, Inc. and Leo Kornblath Associates, P.C. Other firms continue to provide services to a lesser extent, including: Minoru Yamasaki & Associates, Arcop Associates, and Glenn Monigle & Associates, Inc.

The major programs that are expected to require the services of these firms include architectural, electrical, mechanical and structural designs for miscellaneous tenant alterations; feasibility studies; modifications to various World Trade Center systems, including river water and condenser water; interface with 7 World Trade Center and the World Financial Center; elimination of the stack effect problem; upgrading the aesthetics of the complex; and an additional entrance to 5 World Trade Center at Vesey Street.

An increase in authorized expenditures of approximately \$1,125,000 for architectural and engineering design services for the World Trade Center assures the continuity of these professional services, which safeguards the integrity of World Trade Center building systems, maintains the firms' responsibilities as architects and engineers of record and avoids the substantial financial outlay that would be necessary if other firms, which would require extensive preparation and research time, were hired.

The following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to expend approximately \$1,125,000 beyond that previously authorized for architectural and engineering services in connection with the design and construction of the World Trade Center.

(Board - 2/12/87)

Signature of Checks and Depository Service Agreements

On January 10, 1985, the Board adopted a resolution (revoking prior resolutions) entitled "Signature of Checks, Safe Deposit Boxes and Depository Service Agreements" concerning, in part, persons authorized to sign contracts and other documents in the absence of the Executive Director; persons authorized to sign, countersign, delegate the authority to sign or be delegated the authority to sign checks, drafts and transfer warrants; persons authorized to endorse for collection or deposit, in the name of the Authority, checks, drafts, certificates of deposit and other negotiable and non-negotiable paper; persons authorized to provide facsimile signatures for use on certain checks and; authorizations in connection with safe deposit boxes, night deposit agreements and special service agreements with depositories.

It is desirable to amend, in part, the authorizations contained in the above-mentioned resolution of the Board to reflect staffing changes of the Port Authority by deleting references to obsolete Port Authority titles and by designating other officers of the Port Authority with authority to perform such functions.

It is also desirable to reflect current practices by deleting references to persons authorized to rent, discontinue rental and have access to safe deposit boxes in the said resolution of January 10, 1985.

The following resolution was unanimously adopted:

RESOLVED, that the resolution of January 10, 1985, (appearing at pages 29 et seq. of the Official Minutes of that date), relating to signature of contracts and other documents in the absence of the Executive Director and the signature of checks, safe deposit boxes, and depository service agreements be and it hereby is revoked and rescinded in its entirety; and it is further

RESOLVED, that in all cases where the Executive Director has been or shall hereafter be authorized to sign contracts, agreements, instruments, documents or other papers on behalf of The Port Authority of New York and New Jersey (other than checks, drafts or commercial papers), and the Executive Director is unable to act because of absence or disability, then the Deputy Executive Director or the Assistant Executive Directors, or their successors in office or duties, shall be authorized to sign, and in all cases where any such contracts, agreements, instruments, documents or papers are signed by the Deputy Executive Director or the Assistant Executive Directors, or their successors in office or duties, all persons whatsoever shall be entitled to rely thereon without proof of the Executive Director's absence or disability; and it is further

(Board - 2/12/87)

RESOLVED, that checks and drafts drawn on behalf of The Port Authority of New York and New Jersey upon any and all banks, trust companies and other banking institutions in which any funds may at any time stand to the credit of The Port Authority of New York and New Jersey shall be signed as follows:

(1) Transfer Warrants, being checks or drafts bearing upon their face substantially the following phraseology, "Transfer Warrants - This check is issued only for the purposes of transferring funds from one depository of The Port Authority of New York and New Jersey to another", may be signed by the Chief Financial Officer, the Deputy Chief Financial Officer, the Comptroller, the Assistant Comptroller, the Treasurer, the Assistant Treasurer, the Manager, Cash, Capital and Debt Management, the Senior Financial Analyst in Treasury, the Staff Financial Analyst in Treasury, the Financial Analyst in Treasury, the Associate Financial Analyst in Treasury, or the Assistant Financial Analyst in Treasury, without co-signature and without limitations as to amount.

(2) Any check or draft (other than a Transfer Warrant), the amount of which shall be in excess of \$50,000, shall be signed by either the Executive Director, the Deputy Executive Director, the Assistant Executive Director, the Chief Financial Officer, the Treasurer or the Assistant Treasurer, and shall be countersigned by the Executive Director, the Assistant Executive Director, the Chief Financial Officer (if they shall not have signed same), the Deputy Chief Financial Officer, the Comptroller, the Deputy Comptroller or the Assistant Comptroller; provided, however, that the Executive Director, the Treasurer and the Comptroller, respectively, as appropriate, may delegate such authority to sign such checks or drafts in his absence to the Assistant Executive Director/Administration, the Manager, Cash, Capital and Debt Management, the Senior Financial Analyst in Treasury or the Staff Financial Analyst in Treasury and the Manager of General Accounting or the Manager of Financial Accounting, respectively.

(3) Any check or draft, the amount of which shall be \$10,000 or less and which is issued only for the purpose of making payroll expenditures, shall be signed by either the Comptroller, the Deputy Comptroller, the Assistant Comptroller, the Manager of General Accounting or the Manager of Financial Accounting, without co-signature.

(4) Any check or draft (other than a Transfer Warrant or check or draft issued only for the purpose of making payroll expenditures), the amount of which shall be \$50,000 or less, shall be signed either by the Chief Financial Officer, the Treasurer, the Assistant Treasurer, the Manager, Cash, Capital and Debt Management, the Senior Financial Analyst in Treasury, the Staff Financial Analyst in Treasury, the Financial Analyst in Treasury, the Associate Financial Analyst in

(Board - 2/12/87)

in Treasury or the Assistant Financial Analyst in Treasury, or (but only if drawn on the bank with which there is on deposit the petty cash fund of a particular Port Authority trade development office, regional sales office or the Port Authority's Washington Office) by the Manager or the Assistant Manager of such trade development office, regional sales office and for the Washington Office, by the Port Authority's Washington Representative, without co-signature; and it is further

RESOLVED, that any depository designated by the Committee on Finance with which The Port Authority of New York and New Jersey shall have established a "Payroll Account" be and it hereby is requested, authorized and directed to honor all checks drawn in the name of The Port Authority of New York and New Jersey on said bank (including those drawn to the individual order of any person or persons whose names appear thereon as signer or signers thereof) in the amount of \$5,000 or less, when bearing the phrase "Payroll Account" and when bearing or purporting to bear the facsimile signature of any one or more of the following: the Comptroller, the Deputy Comptroller, the Assistant Comptroller, the Manager of General Accounting or the Manager of Financial Accounting; and such depository shall be entitled to honor and to charge The Port Authority of New York and New Jersey for all such checks, regardless of by whom or by what means the actual or purported facsimile signature or signatures thereon may have been affixed thereto, if such facsimile signature or signatures resemble the facsimile specimens from time to time filed with the bank by the Secretary or other officer of The Port Authority of New York and New Jersey; and it is further

RESOLVED, that any depository designated by the Committee on Finance with which The Port Authority of New York and New Jersey shall have established an account be and it hereby is requested, authorized and directed to honor all checks drawn in the name of The Port Authority of New York and New Jersey on said bank in the amount of \$5,000 or less, when not drawn on a Payroll Account and when bearing or purporting to bear the facsimile signature of any one or more of the following: the Manager, Cash, Capital and Debt Management, the Senior Financial Analyst in Treasury, the Staff Financial Analyst in Treasury, the Financial Analyst in Treasury, the Associate Financial Analyst in Treasury, or the Assistant Financial Analyst in Treasury; and such depository shall be entitled to honor and to charge The Port Authority of New York and New Jersey for all such checks, regardless of by whom or by what means the actual or purported facsimile signature or signatures thereon may have been affixed thereto, if such facsimile signature or signatures resemble the facsimile specimens from time to time filed with the bank by the Secretary or other officer of The Port Authority of New York and New Jersey; and it is further

(Board - 2/12/87)

RESOLVED, that any and all banks, trust companies and other banking institutions in which funds may at any time stand to the credit of The Port Authority of New York and New Jersey be and they hereby are authorized to honor all checks and drafts signed on behalf of The Port Authority of New York and New Jersey in accordance with the terms of this resolution; and it is further

RESOLVED, that the Treasurer, the Assistant Treasurer, the Manager, Cash, Capital and Debt Management, the Senior Financial Analyst in Treasury, the Staff Financial Analyst in Treasury, the Financial Analyst in Treasury, the Associate Financial Analyst in Treasury, the Assistant Financial Analyst in Treasury, and the Senior Cashier in Treasury be and each of them hereby is separately authorized to endorse for collection or deposit to the credit of The Port Authority of New York and New Jersey any and all checks, drafts, certificates of deposit and other negotiable and non-negotiable commercial paper to be credited to the account of The Port Authority of New York and New Jersey in any bank, trust company or other banking institution; and it is further

RESOLVED, that the Chief Financial Officer, the Deputy Chief Financial Officer, the Comptroller, the Assistant Comptroller, the Treasurer, and the Assistant Treasurer be and each of them hereby is separately authorized to enter into night deposit agreements and other such special service agreements with any depository designated by the Committee on Finance; and it is further

RESOLVED, that the foregoing authority shall be granted to the successors in office or duties of all of the positions named herein.

(Board - 2/12/87)

1987 Vehicular Equipment Purchase Program

The Port Authority's fleet of trucks, construction and snow removal equipment, emergency vehicles, passenger vehicles, and other miscellaneous vehicular equipment is reviewed annually to determine which units should be replaced, as well as how many additional units will be required to meet day-to-day organization needs.

The 1987 program is anticipated to total 428 units. \$9.83 million will be for the replacement of 329 existing vehicles, and \$3.94 million will be for the purchase of 99 additional units requested by various departments. Trucks and emergency construction and special snow equipment represent 72% of the anticipated total cost of the 1987 Vehicular Equipment Purchase Program. Three additional orders will be for passenger vehicles that will not be used for police or field operations and maintenance functions. Since many of the heavy duty emergency and specialty vehicles to be purchased require long lead times for delivery, actual expenditures for the 1987 Vehicular Equipment Purchase Program will be approximately \$4 million in 1987, \$5.8 million in 1988 and \$4 million in 1989.

The vehicular equipment will be acquired by:

1. receiving bids on a series of contracts, each not to exceed a term of three years, for the purchase of vehicular equipment for all Port Authority facilities and departments and in the case of each such contract either entering into said contract with the lowest qualified bidder thereon or rejecting all bids, the bids on passenger vehicles, however, to be limited to equivalent models of selected vehicle manufacturers;
2. exercising options for the purchase of such equipment under existing contracts authorized by the Board in connection with previous vehicular equipment purchase programs; and
3. negotiating and entering into contracts, or participating in New York or New Jersey state or city contracts, in order to advance the Port Authority's Minority Business Development Program or to take advantage of discounts realized as a result of bulk purchases, and negotiating and entering into contracts with sole source suppliers for the purchasing of vehicular equipment.

The decision to solicit new bids, exercise existing options, negotiate, or participate in state or city contracts for vehicular equipment will be based primarily on an economic assessment at the time of vehicle procurement.

Approximately 10% of the 1987 Vehicular Equipment Purchase Program will be set aside for minority vendor participation. The set-aside portion will consist of light operational vehicles, such as station wagons, pickup trucks, vans and pool sedans, the category of vehicles where minority firms' pricing has traditionally been very competitive.

The following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized under the 1987 purchase program, in addition to any powers he may have under the By-Laws with respect to such contracts, to purchase vehicular equipment over a three-year period at a total expenditure not to exceed \$13,773,500, the vehicular equipment to be

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acquired by: (1) receiving bids on a series of contracts, each not to exceed a term of three years, for the purchase of vehicular equipment for all Port Authority facilities and departments and in the case of each such contract either entering into said contract with the lowest qualified bidder thereon or rejecting all bids, the bids on passenger vehicles, however, to be limited to equivalent models of selected vehicle manufacturers; (2) exercising options for the purchase of such equipment under existing contracts authorized by the Board in connection with previous vehicular equipment purchase programs; and (3) negotiating and entering into contracts, or participating in New York or New Jersey state or city contracts, in order to advance the Port Authority's Minority Business Development Program or to take advantage of discounts realized as a result of bulk purchases, and negotiating and entering into contracts with sole source suppliers for the purchasing of vehicular equipment; and it is further

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

(Board - 2/12/87)

Personnel Department - Retention of Professional Services for Human Resource Management Programs on an As-Needed Basis for 1987

On January 9, 1986, the Board extended the authority originally granted to the Personnel Director by the Board on April 11, 1985, to retain various professional services and employment agencies on an as-needed basis. On March 14, 1985, and on February 13, 1986, the Board authorized the Personnel Director to retain professional and instructor services to assist in the design and delivery of a variety of human resource programs including, but not restricted to, Executive Development, Affirmative Action Awareness and Sensitivity Training, Supervisory Development, Performance Appraisal and Succession Planning.

It is anticipated that in 1987 there will be a need to fill executive and specialized positions in highly competitive fields resulting from the Port Authority's capital program and other major program initiatives. Executive search firms and employment agencies will be required to augment staff's efforts in recruiting for critical positions in highly competitive fields, such as management information systems and engineering.

In addition, for 1987 a major part of anticipated expenditures in the area of professional and instructor services is targeted in the areas of executive development, affirmative action, training, and junior and middle management development. Professional and instructor services are needed to continue Executive Development Program activities, which will include distinguished lecturers, workshops, seminars, staff assessment, and residency programs in areas such as leadership and teambuilding, problem solving and decision making, public communications, business presentations, information processing, finance, and project management. An Equal Opportunity Affirmative Action Program started in 1985 for field supervisors will be continued in 1987. Professional services will continue to provide staff members with a better understanding of the critical issues involved in managing a diverse work force.

In 1987, staff also plans to undertake a comprehensive junior and middle management development program. Instructor services will be needed to supplement in-house staff services in areas such as writing, business presentations, and instructor training workshops. In addition, it is anticipated that professional services will be needed in areas such as succession planning and testing.

The Personnel Department will select firms to provide these services, taking into consideration their experience and record of accomplishment. Minority and women business enterprises specializing in these fields have been identified, and a good faith effort will be made to meet a participation goal of 10% for firms owned and controlled by minorities and 2% for firms owned and controlled by women.

The following resolution was unanimously adopted:

RESOLVED, that the Personnel Director is authorized to retain various professional and instructor services, employment agencies and search firms on an as-needed basis to assist the Personnel Department in its recruitment, training and development of key human resources at an aggregate amount not to exceed \$550,000 for 1987, the form of the retention agreements to be subject to the approval of General Counsel or his authorized representative.

(Board - 2/12/87)

Port Newark - Norse Terminal Corporation - Amendment to Lease

It was recommended that the Board authorize the Executive Director, on behalf of the Port Authority, to enter into an agreement amending the Port Authority's lease agreement with Norse Terminal Corporation for 5.1 acres of open area at Port Newark covering the construction of a rail bottom dump pit and equipment to handle export coal and other bulk commodities, except cement, and the preferential right to berth one vessel at Berth No. 30 substantially in accordance with the terms hereafter set forth. The amendment will provide the Port Authority with the right to terminate the letting effective either on May 1, 1987 or on May 1, 1988 on 60 days' prior notice without cause on payment to Norse of \$80,000. In order to expedite construction the Port Authority entered into a three-year lease with Norse commencing May 1, 1986 which was unconditionally terminable on 30 days' notice. Staff agreed to seek authorization to delete this right. The lease provides for an annual rent of \$111,122.50. This annual rent will escalate each May 1st by an amount equivalent to the increase in the Consumer Price Index over the prior twelve months. Additionally, Norse will pay annually wharfage charges on a minimum of 225,000 tons of coal or other bulk commodities, except cement, at prevailing tariff charges.

Norse has invested an estimated \$1 million.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into the agreement described above amending the lease with Norse Terminal Corporation at Port Newark, the form of the agreement be subject to the approval of General Counsel or his designated representative.

(Board - 2/12/87)

**New York City Passenger Ship Terminal - Port Newark - Elizabeth and Brooklyn-Port Authority
Marine Terminals - Maintenance Dredging - Contract MFP-167 - Authority to Award**

Contract MFP-167 requires the contractor to remove and dispose of approximately 550,000 cubic yards of accumulated siltage material at the New York City Passenger Ship Terminal, Port Newark and the Elizabeth and Brooklyn-Port Authority Marine Terminals. The contract also requires the contractor to perform cleaning of intake flume on a net cost basis, roughly estimated at \$85,000.

Bids will be solicited by public advertisement and are presently scheduled to be received on February 19, 1987.

Prompt award of the contract is necessary in order to provide sufficient depths for continued shipping operations.

The following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized, in addition to any powers he may have with respect to such contract under the By-Laws, either to award Contract MFP-167, New York City Passenger Ship Terminal, Port Newark and Elizabeth and Brooklyn-Port Authority Marine Terminals, Maintenance Dredging, to the lowest qualified 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 and to order extra work up to the amount of 10% of the bid accepted and to order net cost work, or to reject all bids.

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Kennedy International Airport - Employee Parking Lot No. 7 Bus Service - Contract Award

It was recommended that the Board authorize the Executive Director to award Contract AYB-800 to provide shuttle bus service between Employee Parking Lot No. 7 and various locations in the Central Terminal Area at Kennedy International Airport to Greenway Transportation, Inc. and its parent corporation, Caravan Transportation, Inc., acting jointly and severally, the lowest qualified bidder as determined by public bidding. Greenway's bid provides for a charge per bus hour of \$18.93 yielding an estimated annual contract cost of \$864,438 based upon 45,665 estimated hours of bus service per year. The contract is for an initial term of two years with two two-year Port Authority options to extend at a charge subject to adjustment based upon changes in specified consumer and producer price indexes.

It was also recommended that the Director of Aviation be authorized, in his discretion, to exercise the two extension options of the contract and to order extra work under the contract in an amount not to exceed 10% of the estimated total contract cost.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is hereby authorized to award Contract No. AYB-800 to Greenway Transportation, Inc. and its parent corporation, Caravan Transportation, Inc., jointly and severally; and it is further

RESOLVED, that the Director of Aviation is hereby authorized, in his discretion, to exercise the two extension options of such contract and to order extra work under the contract up to 10% of the estimated total contract cost; and it is further

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

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Goethals Bridge and Outerbridge Crossing - Rivet Replacement - Contract MFB-110.009 - Award

This contract is the first stage of a program to replace missing and deteriorated rivets at all Port Authority bridges. Contract MFB-110.009 provides for replacing missing and deteriorated rivets at the Goethals Bridge and Outerbridge Crossing with high strength bolts. It also includes replacement of deteriorated portions of the bridges' structural members.

The contract also provides for removal and replacement of concrete and pavement and removal and reinstallation, or replacement, of storm drain piping to provide access for the replacement of rivets and disconnection and adjustment of steelwork; all to be performed on a net cost basis presently estimated at roughly \$400,000.

A portion of the work will be performed during non-peak hours to minimize interference with traffic operations. Minority business enterprise participation is not anticipated.

The contract was publicly advertised and on January 27, 1987 the following bids were received:

	Classified Work	Unclassified Work	Estimated Total Amount
Karl Koch Erecting Co., Inc. Carteret, New Jersey	\$1,557,100	\$ 922,900	\$2,480,000
B & B Welding, Inc. College Point, New York	1,617,300	903,000	2,520,300
USX Corporation Iselin, New Jersey	1,267,000	2,047,000	3,314,000
E. Daskal Corp. Suffern, New York	1,918,700	1,456,875	3,375,575
The Hallen Construction Co., Inc. Island Park, New York	1,787,450	2,519,000	4,306,450
Industrial Engineering Works Trenton, New Jersey	3,484,750	2,293,000	5,777,750
Bellezza Company, Inc. South Kearny, New Jersey	8,465,100	1,315,500	9,780,600

Karl Koch Erecting Co., Inc. submitted the lowest bid and was determined by the Chief Engineer to be qualified to perform the contract.

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The following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized, to award Contract MFB-110.009, Goethals Bridge and Outerbridge Crossing, Rivet Replacement to Karl Koch Erecting Co., Inc., at its low bid price of \$2,480,000 to order extra work up to the amount of \$248,000 and to order net cost work; and it is further

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

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Meritorious Service Award of Police Commendation Medal to Police Officer William A. Curran and Police Officer Frank E. Jacobs

It was recommended that the Police Commendation Medal be awarded to Police Officer William A. Curran and Police Officer Frank E. Jacobs.

The Police Commendation Medal under Board Resolution on March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed outstanding service or has shown exceptionally meritorious performance in the duty assigned to him.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 12, 1944, as amended, a Police Commendation Medal is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Police Officer William A. Curran and Police Officer Frank E. Jacobs it is recommended that the Police Commendation Medal award be given on the following grounds:

At 11:00 p.m., on June 30, 1986, Police Officer William Curran and Police Officer Frank Jacobs were ending their shift and were returning to the police desk in New Jersey from the George Washington Bridge Bus Terminal. While driving across the Upper Level of the bridge, the officers received a radio transmission reporting that a woman was poised outside the railing on the North Walkway near the New Jersey Tower.

Because they were already travelling toward the North Walkway, Officer Curran and Officer Jacobs arrived in seconds. At the scene the officers' professional training helped them realize immediately the precariousness of the situation. They observed a young woman (later identified as 17-year old Carmen Roa) perched on a narrow 3-inch ledge outside the walkway railing. Several men were trying to talk to her. The two police officers sensed the woman was distraught and had lost her emotional control. This was confirmed by an eyewitness, Michael Kramer, one of the pedestrians strolling across the bridge on that summer evening. Mr. Kramer stopped when he noticed the woman standing outside the handrail of the bridge. The desperate woman asked him to help her. "I told her I would help her in any way I could", said Mr. Kramer. "Then she asked me to push her. I told her if she needed my help to jump, then she really did not want to jump. Three other men arrived and we all tried talking to her, but it did not seem to help."

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Both officers climbed onto the walkway as traffic sped by their patrol vehicle. They had to act quickly and carefully to help the frantic woman. Officer Jacobs immediately began talking to the men to determine if they knew the young woman. Simultaneously, Officer Curran slowly began moving towards the woman while formulating a way to thwart her attempt at suicide. Suddenly, without further word or sign, the woman turned away from the civilians and the officers, faced the river below and screamed, "I'm jumping!" Then she let go of her handhold on the railing.

Instantly, Officer Curran lunged at the woman and successfully grabbed her clothing and arm. In his selfless and unhesitating attempt to save her, his forward motion over the four foot high railing continued, and Officer Curran found that he was still sliding dangerously over the smoothly rounded surface of the railing. In that instant, both he and the woman could have fallen 250 feet to their deaths. During those tense moments Officer Jacobs quickly snatched hold of Officer Curran's gun belt, and began helping everyone back to safety. Both officers then combined their efforts to bring the fiercely struggling woman onto the walkway and out of danger.

For their heroic and selfless actions in putting aside their own safety in order to save the life of a despondent woman, it is recommended that the Police Commendation Medal be awarded to Police Officer William A. Curran and Police Officer Frank E. Jacobs.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Police Commendation Medal to Police Officer William A. Curran and Police Officer Frank E. Jacobs.

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Meritorious Service Award of Police Commendation Medal to Police Officer William Luongo

It was recommended that the Police Commendation Medal be awarded to Police Officer William Luongo.

The Police Commendation Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed outstanding service or has shown exceptionally meritorious performance in the duty assigned to him.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Police Commendation Medal is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Police Officer William Luongo it is recommended that the Police Commendation Medal award be given on the following grounds:

On November 24, 1986, at 4:15 a.m., Police Officers William Luongo, Wilfred Barriere and William Moran were returning to Queens Central Booking after dropping off evidence at the New York City Police Laboratory. The officers decided to stop for coffee at the Sage Diner, 80-30 Queens Boulevard in Elmhurst. Unknown to the officers at that time, an armed robbery was taking place at the diner.

After parking their vehicle, Officers Luongo and Moran walked up the steps into the diner. Officer Barriere walked to the side of the diner to investigate an unattended vehicle whose motor was left running.

Entering the diner, Officer Luongo followed Moran into the vestibule. When Officer Moran pushed open the second set of doors, he and Luongo were viciously attacked by two armed suspects who were waiting for the officers to enter. When the gunfire erupted, Officer Luongo quickly evaluated the situation. He was unable to return fire because Officer Moran was between himself and the suspects. Once Moran began shooting as he backed out the diner, Officer Luongo decided to take cover outside the diner and engage the suspects. Officer Luongo turned to exit and, while doing so, was shot in the back of his right shoulder. Officer Moran was struck twice.

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Although wounded, Officer Luongo remained calm and approached Officer Barriere, telling him they had been shot. Officer Moran, following Luongo outside, headed for cover behind the police vehicle. Behind Moran one of the suspects emerged and fired at Moran. Officer Barriere then engaged the suspect in a gun battle wounding him. Suddenly there was a loud crash to the right of Officer Luongo and Officer Barriere as the second suspect broke a window to get out of the diner.

Seeing the suspect with gun in hand, Officer Luongo fired at him as did Barriere. The officers drove the suspect back into the diner. Then, Officer Luongo covered Barriere who handcuffed the suspect.

Assured that Officer Barriere was back and behind cover, Officer Luongo entered the police vehicle. Both Officer Luongo and Officer Moran then proceeded to Jamaica Hospital for much-needed medical attention.

For demonstrating an exceptional degree of good judgment and for incurring personal risk to protect others, it is recommended that the Police Commendation Medal be awarded to Police Officer William Luongo.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Police Commendation Medal to Police Officer William Luongo.

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Meritorious Service Award of Police Commendation Medal to Police Officer Joseph J. Rullo

It was recommended that the Police Commendation Medal be awarded to Police Officer Joseph J. Rullo.

The Police Commendation Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed outstanding service or has shown exceptionally meritorious performance in the duty assigned to him.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Police Commendation Medal is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Police Officer Joseph J. Rullo it is recommended that the Police Commendation Medal award be given on the following grounds:

On patrol on the afternoon of July 9, 1986, Police Officer Joseph Rullo and Police Officer Benjamin Gallo were riding in their patrol vehicle at LaGuardia Airport. At 4:30 p.m., a radio transmission came over the car radio stating that a boat had capsized and the occupants were in the water. Officer Rullo and Officer Gallo quickly responded to the end of Runway 31 where Flushing Bay borders the airport.

As they arrived at the scene, the officers observed the overturned boat with two men trying to stay afloat in Flushing Bay. They realized that the noise and the tremendous force of the jetblasts from departing aircraft were a contributing factor to the boating accident. Police Officer Rullo quickly assessed the situation and realized that things would get worse for the floundering men unless quick and decisive action was taken. He shed his gun belt and uniform shirt, handed them to his partner for safekeeping, and then plunged into the turbulent and fuel-contaminated water.

Braving the choppy waters and continued jet blasts, Officer Rullo swam approximately 75 yards to the boat. As he neared the craft, he heard the two men yelling loudly that they were drowning. Relying on his professional training in water rescue, he knew the dangers to both himself and the two men. Officer Rullo reached the overturned boat and quickly took charge.

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Assuring the two men that they would not drown and that help was on the way. Officer Rullo calmed their fears. He was now able to execute his rescue plan. By placing each individual on either side of the boat they could maintain a handhold and keep their heads above the choppy water. This maneuver stabilized the small boat. Officer Rullo then swam to the rear of the boat where he could watch and make sure that both men were still hanging on. Despite his exhaustion from the long swim out to the boat, Officer Rullo began to swim and push the boat in front of him towards the dike which lined the shore by Runway 31.

By this time, personnel on the shore had contacted the New York City Harbor Patrol and asked the Control tower to halt the departing flights over the rescue area. When the air traffic was stopped on Runway 31, Officer Rullo's attempt to reach the shoreline became more of a reality. Now only the strong tide stood in his way, dragging the boat and its two bedraggled victims northward away from the shoreline. After several grueling minutes of pushing the men and boat towards the shore, a New York City Patrol boat reached the small craft and completed the rescue. Officer Rullo and the two men were pulled onto the larger boat.

The exhausting swim and mouthfuls of oily, polluted water caused Officer Rullo to begin vomiting once he was onboard the rescue boat. Oxygen had to be administered to Rullo and he was transported to Booth Memorial Hospital for treatment.

For his heroic and unselfish actions in saving the lives of two men who were struggling to stay alive after their boat overturned in Flushing Bay, it is recommended that the Police Commendation Medal be awarded to Police Officer Joseph Rullo.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Police Commendation Medal to Police Officer Joseph J. Rullo.

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Meritorious Service Award of Police Commendation Medal to Police Officer Edward Werfelman

It was recommended that the Police Commendation Medal be awarded to Police Officer Edward Werfelman.

The Police Commendation Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed outstanding service or has shown exceptionally meritorious performance in the duty assigned to him.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Police Commendation Medal is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Police Officer Edward Werfelman it is recommended that the Police Commendation Medal award be given on the following grounds.

At approximately 25 minutes past midnight on Tuesday, June 10, 1986, Police Officer Edward Werfelman was on routine foot patrol at the Port Authority Bus Terminal. While patrolling around the perimeter of the terminal, Officer Werfelman's attention was drawn to the east side of Eighth Avenue where he observed two men engaged in a struggle. Upon hearing one man's pleas for help, he realized this was not a routine fight between individuals but an assault in progress. Officer Werfelman immediately responded by dodging traffic to cross Eighth Avenue and calling for backup on his portable radio.

As the officer drew closer, he observed one man wielding two knives and stabbing the other man. A crowd which had gathered on the sidewalk watched in horror. Officer Werfelman repeatedly called to the suspect to stop his actions as he ran towards the scene. Intent on stabbing his victim, the suspect completely ignored the officer. Although Officer Werfelman was legally within proper police procedure to fire at the assailant, he recognized the threat of serious injury to both the victim and the close crowd of onlookers. Instead the officer tackled the armed assailant as he stood over the victim continuing his attack on the fallen man.

Police Officer Werfelman and the husky 5'11" assailant then engaged in a violent struggle on the ground. During this struggle, the officer managed to knock one of the knives from the assailant's hand. Police backup units arrived on the scene at this time and helped Officer Werfelman subdue the struggling aggressor. The assailant was isolated from the victim and crowd. Finally, the assailant was persuaded to drop the remaining knife in his hand and submit to arrest. He kept yelling "I want to kill that (expletive deleted); he should be dead."

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Suffering from multiple stab wounds to his chest, back, hand and feet, the 56-year old victim was transported to Bellevue Hospital. Emergency surgery was performed and eventually the victim did recover from his wounds.

The suspect was taken into custody with less force than was justified to effect the arrest. Officer Werfelman later testified before the New York County Grand Jury. An indictment was secured for attempted murder and assault in the first degree.

For his prompt and decisive actions without regard for his own life and his valiant restraint in the use of deadly force, it is recommended that the Police Commendation Medal be awarded to Police Officer Edward Werfelman.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Police Commendation Medal to Police Officer Edward Werfelman.

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Meritorious Service Award of Commendation Medal to Timothy Gunnell and Daniel DiSanzo.

It was recommended that the Commendation Medal be awarded to Timothy Gunnell and Daniel DiSanzo.

The Commendation Medal under the Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed outstanding service or has shown exceptionally meritorious performance in the duty assigned to him.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Commendation Medal is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Timothy Gunnell and Daniel DiSanzo it is recommended that the Commendation Medal award be given on the following grounds:

On Saturday, January 4, 1986 at 3:30 p.m., Motorman Daniel DiSanzo, operating a 33rd Street to Hoboken train, was informed by his Conductor that a passenger on board was brandishing a knife and threatening other passengers on the train.

Motorman DiSanzo contacted the PATH Trainmaster by radio to request police assistance upon arrival on Track 2 at the PATH Hoboken Terminal. He indicated that the disturbance was in the fourth car. Motorman Timothy Gunnell, sitting in his train cab at the Hoboken Station, overheard the call for assistance on the train/wayside radio, left his train, and positioned himself in the vicinity of the four car marker.

When the train pulled into the station, Motorman DiSanzo, in accordance with PATH Standard Operating Procedures, platformed the train but did not open the car doors and awaited the arrival of PATH police. DiSanzo left his cab and proceeded toward the area of the fourth car. Motorman Gunnell, from his position on the platform, observed a dangerous man threatening passengers with a knife. Realizing he was trapped, the individual shattered the window with his knife and burst through the window of the car to take flight. Motorman Gunnell attempted to coax the man into dropping the knife by talking to him in a soothing manner. But the man lunged violently at him with the knife, and Gunnell, moving quickly to the side, managed to seize the man's hand and wrestle him down to the platform. Fortunately, at this time, Motorman DiSanzo arrived at the scene and assisted Gunnell in restraining the dangerous man. Without concern for their personal safety, Motormen DiSanzo and Gunnell succeeded in disarming the knife-wielding man, thus preventing any injuries as a result of this incident.

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The prompt, selfless action taken by DiSanzo and Gunnell was clearly appreciated by our passengers. One patron present at the incident wrote to express the following praise. "I must say this was the most distressing and frightening experience I have ever had. When the train pulled into Hoboken, this deranged man broke through the window with the knife and was still threatening. The motorman... retrieved the knife from this maniac and in my opinion, as well as the opinion of many other passengers, saved many lives. I, therefore, wish to commend this motorman for his outstanding performance as a human being who literally put his own life on the line and, again, in my opinion went well beyond his line of duty."

For their decisive actions, without regard to their own safety, to prevent harm to PATH patrons, it is recommended that the Commendation Medal be awarded to Motorman Timothy Gunnell and Motorman Daniel DiSanzo.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Commendation Medal to Timothy Gunnell and Daniel DiSanzo.

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Meritorious Service Award of Commendation Medal to Aurora Insernia, William Hoare, Anthony Pullara and George Schmitt

It was recommended that the Commendation Medal be awarded to Aurora Insernia, William Hoare, Anthony Pullara and George Schmitt.

The Commendation Medal under Board Resolution of March 2, 1944, as amended, is to be award to an employee only in those cases where the employee has performed outstanding service or has shown exceptionally meritorious performance in the duty assigned to him.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Commendation Medal is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Aurora Insernia, William Hoare, Anthony Pullara and George Schmitt it is recommended that the Commendation Medal award be given on the following grounds:

At 11:10 p.m., on June 11, 1986, Aurora Insernia was assigned to relief duties for the Patron Aide in the assistance booth on the main floor of the North Wing of the Port Authority Bus Terminal near the Eight Avenue entrance. She happened to glance up toward the second floor balcony and spied a man hoisting himself up onto the 5 foot glass partition that tops the brass railing running around the perimeter of the hugh lobby well. It was evident to her that he was intent on jumping off the balcony guard rail to the diamond hard terrazzo floor of the Terminal more than two stories below, and committing suicide.

Ms. Insernia, concerned for the man's safety, left her booth and called up to him from the floor below, exchanging names with him to get his attention. As they chatted, he climbed down from his precarious perch and agreed to allow her to approach him. Ms. Insernia first signaled nearby workers for assistance, and while she quickly ascended the nearby escalator, three SEMAC Structural Mechanics, William Hoare, Anthony Pullara and George Schmitt, who were at work on scaffolding nearby and who saw this drama unfolding, approached the man from behind. At the same time, other employees on the scene notified Bus Terminal police officers of the problem.

When the would-be suicide caught sight of the SEMAC team headed his way, and could no longer see Ms. Insernia, he panicked and tried to climb back over the balcony partition. Dashing back into his line of sight, Ms. Insernia assured him that the SEMAC team were "good guys", "OK" and begged him to allow them to approach. She promised that she was on her way to him, would be there in seconds -- if only he would hold tight. Once again reassured by her voice and presence, the man relaxed, subsided and climbed docilely back down.

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Ms. Insernia dashed back to the escalator and tore up to the balcony. But, just as she rounded the bend at a dead run, Port Authority Bus Terminal Police, accompanied by a canine member of their team, were approaching from the other end of the Terminal. Agitated by the sight of Ms. Insernia running at full tilt along the suburban concourse, the dog burst into a loud, roaring bark, the sound of which echoed painfully off the enclosed terrazzo, bronze and glass interior of the Terminal. Terrified by the sudden sound of the barking dog and the sight of unknown and possibly threatening assailants advancing on him, the would-be suicide victim launched himself for the top of the glass partition and started climbing over it to secure himself out of reach of danger – or of assistance.

The three SEMAC crewmen threw themselves at the man, forcing him down from the rail, grappling furiously with his maddened strength and, finally, sitting on him, quieted him on the floor. The arriving police put restraints on him and, after a brief struggle of their own, succeeded in subduing him and taking him away. Later investigation revealed that this had been the victim's third suicide attempt in as many months and that he was, in fact, only very recently released from psychiatric observation in one of the city's hospitals.

In an age where compassion and concern for one's fellow man are all too often virtues which are out of fashion, these four people went beyond the call of duty to save the life of another human being. Had he been successful in his attempt, he would no doubt have achieved his final goal – for the more than 30-foot fall from the balcony to the hard terrazzo below would likely not only have killed him but might well have injured or killed unsuspecting patrons below.

For their alertness, presence of mind, rare ability to act effectively when well intended others might have failed, and for action clearly beyond the limits of official duty, it is recommended that the Commendation Medal be awarded to Aurora Insernia, William Hoare, Anthony Pullara and George Schmitt.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Commendation Medal to Aurora Insernia, William Hoare, Anthony Pullara and George Schmitt.

Award of Distinguished Service Medal to George Azrak

It was recommended that the Distinguished Service Medal be awarded to George Azrak.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed unusually efficient or distinguished service involving exceptionally good conduct, judgment and initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of George Azrak it is recommended that the Distinguished Service Medal award be given on the following grounds:

George Azrak began his career with the Port Authority in 1958 as an Assistant Engineer-Civil in the Planning Division of the Marine Terminals Department. Since that time, he has earned assignments at increasing levels of responsibility in the Engineering Department, with the Maintenance Engineering Design Division and with Staff Engineering Maintenance and Construction (SEMAC). He is presently a Senior Engineer with the Aviation Department's Construction Unit at Newark International Airport.

Mr. Azrak was primarily involved with the supervision of contracts for construction and rehabilitation of paved areas and utility facilities at a number of facilities during the first ten years of his service and for the past eighteen years solely at Newark International Airport.

In his assignment at Newark International Airport, George Azrak has supervised a staff of field engineers and inspectors in heavy construction projects. He has supervised the construction or rehabilitation of most of the aeronautical and vehicular pavements in use at the airport and, more recently, bridge construction and building construction. In addition, he has been instrumental in the coordination and resolution of potential problems in matters relating to paving and utility facilities at Newark International Airport. His years of experience, particularly with regard to the changing state-of-the-art of pavement construction, have been of great value to the Port Authority. He has provided technical expertise in the development of construction procedures that are now utilized in pavements consisting of a Lime-Cement-Flyash base and fibrous concrete.

(Board - 2/12/87)

George Azrak has proved to be the focal point of a number of principal activities at the facility. In addition to his supervisory functions, he prepares the Long-Range Forecast of projects that are required to maintain the structural integrity of Newark International Airport pavements. He sets priorities and schedules for the rehabilitation projects, taking into account the urgency and extent of repairs, operational considerations and economics.

Also, the rapid growth being experienced at Newark International Airport has required that modifications to existing facilities and on-going construction be effected in minimal time. He has reacted to time constraint demands in a positive manner. Recently, he suggested and prepared the plans for a number of changes related to the site preparation for Long-Term Parking Lots E and F. These changes involved field adjustments to the basic design criteria, were confirmed by the Engineering Department and then incorporated into the plans and specifications. As a result, savings will be realized in the approximate aggregate amount of \$100,000.

George Azrak's review of the plan for the replacement of structural roadway pavement convinced him that complete replacement might not be necessary. He proceeded to establish a program and sequence of investigatory work to allow for a full-depth evaluation of the condition. He was correct in his assumptions, and revised the scope of work necessary to assure the integrity of the roadway surface. This particular incident, which is only one of many that exemplify his value to the Port Authority, resulted in a cost savings of approximately \$60,000.

Because of his technical proficiency and supervisory capability, George has earned and maintained the respect of his fellow employees and of the contractors engaged in work under his supervision. His rapport with his fellow employees and contractors has resulted in the Port Authority's obtaining a higher than usual degree of cooperation and competence in the performance of the contracts he supervises.

For his dedicated service and his consistently high level of performance and achievement over a long and productive Port Authority career, it is recommended that the Distinguished Service Medal be awarded to George Azrak.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to George Azrak for the performance of outstanding service.

(Board - 2/12/87)

Award of Distinguished Service Medal to Seymour M. Burg

It was recommended that the Distinguished Service Medal be awarded to Seymour M. Burg.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed unusually efficient or distinguished service involving exceptionally good conduct, judgment and initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Seymour M. Burg it is recommended that the Distinguished Service Medal award be given on the following grounds:

For over three decades, Seymour Burg, Chief of the Law Department's Leases and Operating Agreements Division, has brought to his work as a lawyer for the Port Authority outstanding professional ability, a keen intellect and an exemplary devotion to public service. Virtually all of the Aviation Department's leases and concession agreements are the result of his masterful handiwork.

Mr. Burg began his Port Authority service in 1953 as an attorney in the old Leases and Concessions Division of the Law Department. In 1982, he became Chief of the renamed Leases and Operating Agreements Division where he continued to perform with marked distinction. All Port Authority revenues, except for tolls, fares and interest income, come through the medium of agreements drafted by his division. In 1985, more than 70% of the Port Authority's one billion dollars of gross operating revenues were covered by agreements prepared or reviewed by Mr. Burg and his staff.

While he has contributed his impressive drafting, practical negotiating and counseling skills to numerous Port Authority projects, his work in the field of air terminal leases and concession arrangements has been truly outstanding. With rare professional skill, he has negotiated and drafted every possible sort of airport agreement. Those with air carriers relating to air terminal tenancies, most of which included complex construction and financing arrangements, hangar occupancies and use of common airport areas; those with cleaning, parking, ramps, and other types of service contractors; and those with ground transportation operators, rent-a-car companies, oil companies and hotel operators.

(Board - 2/12/87)

As Chief of the Law Department division with the largest number of attorneys, Mr. Burg has major supervisory responsibilities which he performs in his usual exemplary fashion. Indeed, the administration of his division reflects his never-flagging zeal in protecting the Port Authority's legal interests as well as his unrivaled knowledge of Port Authority business affairs. A realistic benchmark by which to judge his contribution to the Port Authority is the almost complete lack of litigation or dispute with respect to the literally thousands of agreements he has prepared or for which he has been responsible over a period of more than 30 years.

Throughout his career, Mr. Burg has met with remarkable good humor every conceivable deadline with which he has been confronted. He has received numerous accolades over the years from fellow members of the bar and Port Authority department directors have commended him for his efforts in seeing to it that detailed and complex agreements were hammered out in a timely and professional manner.

For his professionalism and expert lawyering exercised on behalf of the Port Authority over a long and distinguished career, it is recommended that the Distinguished Service Medal be awarded to Seymour M. Burg.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to Seymour M. Burg for the performance of outstanding service.

(Board - 2/12/87)

Award of Distinguished Service Medal to James Browne

It was recommended that the Distinguished Service Medal be awarded to James Browne.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed unusually efficient or distinguished service involving exceptionally good conduct, judgment and initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of James Browne it is recommended that the Distinguished Service Medal award be given on the following grounds:

Since joining the Port Authority in 1962, James Browne has been a leader in the application of operations research methods to improve Port Authority operations and plans.

In his early years, Mr. Browne used computer simulation, based on mathematical models he developed, to produce the first train schedules for the Port Authority's newly acquired PATH system, to analyze and improve the design of The World Trade Center elevator system and to determine the operating requirements for an expanded international arrivals building at Kennedy International Airport to accommodate a new generation of aircraft and baggage handling systems. The World Trade Center elevator simulation was the first successful simulation of a modern elevator system and was the forerunner of a new method adopted by major elevator companies around the nation for evaluating potential control system design changes.

Over his almost 25 years in the Operations Standards Division and the Management Engineering and Analysis Division, he has been involved in a multitude of studies of Port Authority operations resulting in numerous service improvements for Port Authority patrons and tenants. These ranged from improving passenger handling at the Port Authority Bus Terminal and scheduling Toll Collectors to operations planning studies on traffic patterns, parking facilities design and rail systems evaluations. Other applications of operations analysis dealt with internal systems such as automated inventory control and external programs such as the staggered work hours experiment, in which over 100,000 people in lower Manhattan changed their work schedules. In the late seventies, he pioneered the use of computer simulation in the financial analysis of major Port Authority investments, leading to new and improved analysis procedures that are still being used today.

(Board - 2/12/87)

Besides his reputation at the Port Authority for excellence in operations analysis, Mr. Browne has made a lasting mark in the wider professional and academic world. He was instrumental in developing new employee scheduling methods that are treated at length in the standard text on Operations Management. He has more than twenty technical publications to his credit in journals such as Industrial Engineering, Transportation Science, Management Science and Traffic Engineering as well as several chapters in books on computer applications, financial modeling and the use of management science in government.

In 1981, Mr. Browne was awarded the Port Authority's Cullman Fellowship so that he could write the book, "Management and Analysis of Service Operations," which was subsequently published in 1984. A review in the *Journal of Industrial Engineering* called this book one of the few serious books on how to manage service operations and one that should be required reading for anyone involved in the management of innovation in the corporate world.

Mr. Browne has been active in teaching operations research and management science methods not only to Management Engineering staff on-the-job, but also has twenty years experience in teaching evening courses in management science, operations research and related courses at the New Jersey Institute of Technology, Steven's Institute, Rutgers University in New Jersey, and at St. John's, Fordham and Pace Universities in New York. He has also developed and taught three systems analysis courses for Port Authority staff within the Career Development Program, in cooperation with the Personnel Department.

In his career Mr. Browne has been selected to work as a member of numerous task forces and interdepartmental project teams involved in major Port Authority decisions. These included: the Kennedy Airport Access Project, the Direct Rail Access Project (Penn Station, N.Y.), Federal Highway Administrator [Tolls Pricing], the Aldene Plan Scheduling, the Transportation Task Force (Committee on the Future), the Electronic Technology Task Force, the Central Terminal Area (Kennedy) Master Plan Evaluation, The World Trade Center Sale, and the Value Analysis of Rail-Ferry Alternatives.

For his excellent and sustained performance in the creative application of operations research to improve the operations of the Port Authority over a long, distinguished and varied career, it is recommended that the Distinguished Service Medal be awarded to James Browne.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to James Browne for the performance of outstanding service.

(Board - 2/12/87)

Award of Distinguished Service Medal to John Dragonette

It was recommended that the Distinguished Service Medal be awarded to John Dragonette.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed unusually efficient or distinguished service involving exceptionally good conduct, judgment and initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of John Dragonette it is recommended that the Distinguished Service Medal award be given on the following grounds:

John Dragonette first joined the Port Authority in 1956 as a Planning Technician in the Comprehensive Planning Division of the Port Development Department. In that position, he participated in studies on the need for new marine terminals, studied Port Authority terminals and transportation projects, and supervised field survey teams in the collection of origin and destination data.

Shortly thereafter, Mr. Dragonette began what was to be the beginning of a career which spans 30 years of involvement with just about every aspect of the development of The World Trade Center. He put his background in architecture and city planning to good use when he was asked to undertake the task of studying the feasibility of a World Trade Center in lower Manhattan. Being a land planner and understanding the vast problems involved in relocating tenants, traffic and streets, he sat down and independently came up with a site, which later became the site for The World Trade Center.

John Dragonette worked for the Port Development Department until 1962 when he was promoted to the position of Urban Renewal Specialist in the Director's Office of the then newly-formed World Trade Department. As an Urban Renewal Specialist, he researched the complex urban renewal implications of The World Trade Center and developed a schedule for obtaining urban renewal assistance. His expertise in street and traffic planning, zoning matters, real estate taxes and tenant relocation payments contributed significantly to the early stages of The World Trade Center project. His meticulous analyses helped to formulate a real estate tax formula that was amenable to both The City of New York and the Port Authority.

(Board - 2/12/87)

In 1965, Malcolm Levy, who was developing and recruiting staff for The World Trade Center project, asked John to work for him as a Project Administrative Planner in the World Trade Department. Mr. Dragonette performed liaison duties between management and The World Trade Center architectural and engineering consultants and reviewed and approved all expenditures charged against these projects by the consultants. He assumed the responsibility of participating in the negotiating and of writing and administering over \$50 million in architectural, engineering and specialty consulting agreements. In this capacity, he maintained a delicate balance between the requirements of consultant and owner for almost 20 years without a mishap.

In addition to being responsible for writing, administering and controlling all of the major consulting agreements dealing with construction and operations of The World Trade Center, in 1971 he was also named the Secretary of the Claims Committee which includes members from the Law and Finance Departments. In this capacity, he has been responsible for evaluating and determining the value of claims amounting to hundreds of millions of dollars and for the development and implementation of individual and overall claim procedures. He has held this post as Secretary of the Claims Committee for the last fifteen years.

In 1973 Mr. Dragonette was promoted to his present position as World Trade Center Project Administrator. In this capacity, he deals constantly with many outside people, including government officials, contractors, architects, lawyers, and principals of various organizations that are connected with The World Trade Center project. He has the prime responsibility for the administration and control of design consultants' costs and develops and implements cost control guidelines. Because of his expertise on The World Trade Center project, in late 1975 he was asked to be part of a three-member team that ventured to Egypt to present a report to the Arab International Bank on the feasibility of a Cairo World Trade Center. As a result of this presentation, construction began on a World Trade Center project in Cairo.

For his outstanding efforts, abilities and achievements and for consistently contributing key ideas and recommendations that have greatly benefited the development of The World Trade Center complex, it is recommended that the Distinguished Service Medal be awarded to John Dragonette.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to John Dragonette for the performance of outstanding service.

(Board - 2/12/87)

Award of Distinguished Service Medal to John P. Faldetta

It was recommended that the Distinguished Service Medal be awarded to John P. Faldetta.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed unusually efficient or distinguished service involving exceptionally good conduct, judgment and initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal award was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of John P. Faldetta it is recommended that the Distinguished Service Medal award be given on the following grounds:

John P. Faldetta began his career with the Port Authority 36 years ago as a Lobby Information Agent at the Port Authority Bus Terminal, where he served for ten years, attaining the level of Chief Dispatcher. In 1960, he left the Bus Terminal and joined the Kennedy International Airport staff as a Terminal Services Agent. Since then, he has served continuously in the airport's Terminal Services Unit and has progressed steadily through the ranks to his current position of Assistant Chief Terminal Services Supervisor, the highest field supervisory position in the Terminal Services Unit.

Throughout his career and especially during his eight years as Assistant Chief Terminal Services Supervisor, Mr. Faldetta has distinguished himself as an exceptionally valuable employee and particularly as an effective Supervisor who not only manifests genuine concern for his staff but also for the patrons he is responsible for serving. Quality service is a hallmark of his career and as he passes through the arrivals buildings he is constantly critiquing the operation to ensure the highest level of service is maintained. His suggestions for a broader smile, greater attentiveness and better ways to serve passengers have contributed immeasurably to maintaining the highest possible service standards at the International Arrivals Building.

During the past several years, there has been a succession of changes in the management of the Terminal Services Unit, and Mr. Faldetta has given unselfishly of himself on these occasions to ensure that the continuity of operation is maintained among administrators and that new administrators are afforded the necessary orientation and briefing to ensure their successful assumption of duties. To accomplish this, and still carrying out his own heavy burden of responsibilities, he has voluntarily worked long overtime hours.

(Board - 2/12/87)

During his long career, Mr. Faldetta has compiled such a basis of operational experience that he is the first person consulted anytime a change is made in the International Arrivals Building that could impact on its operation. He can be counted on to swiftly appraise the impacting factors and formulate an operations plan that is not only efficient from a staffing standpoint but ensures the maintenance of highest service standards of the Port Authority.

Mr. Faldetta has also proven himself to be an able and sensitive leader and, through the years, has forged an efficient and properly trained team. He is acutely perceptive of the strengths and weaknesses of his staff and can be counted on to give them carefully meted-out instructional support, wise counsel and, when needed, appropriate disciplinary actions. Despite the fact that he is ultimately responsible for a staff that numbers over 200 people during the summer peak season, he greets and indoctrinates virtually every employee who joins the unit and, in short order, is able to recall their names so he can relate with them in a warm and effective way. This sensitivity and personalization have earned him the respect and loyalty of his peers and subordinates.

For his long and dedicated service to the Port Authority, marked by a constant concern for the maintenance of the highest standards of service to the traveling public, it is recommended that the Distinguished Service Medal be awarded to John P. Faldetta.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to John P. Faldetta for the performance of outstanding service.

(Board - 2/12/87)

Award of Distinguished Service Medal to William F. Forman

It was recommended that the Distinguished Service Medal be awarded to William F. Forman.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed unusually efficient or distinguished service involving exceptionally good conduct, judgment and initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal award was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of William F. Forman it is recommended that the Distinguished Service Medal award be given on the following grounds:

William F. Forman began his combined Hudson & Manhattan and PATH Career in August of 1955 as a Signal Helper and entered the Signal Apprentice Program in May 1956. Due to his exceptional ability to assimilate the complexities of the railroad's signal system and related equipment, he was soon promoted to the position of Signal Repairman I in July 1958. With the creation of PATH in 1962, he played an active role during the often difficult transition period. His skill and knowledge of the signal system helped keep PATH running and proved invaluable in making many needed improvements.

As a Signal Repairman I, Mr. Forman has consistently displayed excellent judgment in the performance of his duties. Due to his years of experience, his acquired knowledge and his desire to perform the Signal Repairman responsibilities to the best of this ability, he has earned the well deserved reputation as the expert in his field of endeavor. This reputation casts him as a role model for the younger members of the Signal Section, and his leadership-by-example style is a quality that each and every employee of the division, including Supervisors, peers and lower level signal employees, admire and seek to emulate.

(Board - 2/12/87)

Due to the nature of his expertise, he frequently responds to emergency situations – many of which occur during severe weather periods when the compressed air lines for PATH signal system can freeze and become damaged. Mr. Forman commonly performs complex signal equipment repairs and modifications in the midst of adverse weather conditions including sub-zero temperatures and extraordinary wind chill factors. On February 15, 1979, he responded to a major service disruption caused by a signal malfunction at the Hackensack River Bridge during a period of extremely cold weather. His knowledge and initiative proved to be a key factor in the timely restoration of service. During another disruption at the same bridge on December 23, 1983, his outstanding efforts, again in severe cold, resulted in the prompt restoration of service. In responding to so many of these emergencies, Mr. Forman has consistently displayed an incredible innate sense of urgency, and knows by instinct where all the priorities lie in most any critical situation that could arise within his area of responsibility.

Throughout his 31 year career, he has performed frequently as a group leader and at times as Acting Signal Foreman. In these positions, he has consistently displayed exceptional leadership qualities and the ability and expertise to direct his co-workers to the completion of complex and, many times, difficult projects. His initiative and determination on these occasions allow his supervisors the luxury of concentrating their attention on other areas, recognizing the fact that Mr. Forman's area is in capable hands. He demonstrates enthusiasm dedication and loyalty to the PATH Corporation, and his pride and confidence in his abilities are qualities well known and respected by all.

For his long and dedicated career, in which he has demonstrated exceptional ability to respond to emergency repairs of the railroad's signal system, and for his excellent judgment in the performance of his duties, it is recommended that the Distinguished Service Medal be awarded to William F. Forman.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to William F. Forman for the performance of outstanding service.

(Board - 2/12/87)

Award of Distinguished Service Medal to Alfred Hammon

It was recommended that the Distinguished Service Medal be awarded to Alfred Hammon.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed unusually efficient or distinguished service involving exceptionally good conduct, judgment and initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Alfred Hammon it is recommended that the Distinguished Service Medal award be given on the following grounds:

Beginning with his graduation from the U.S. Merchant Marine Academy and his early service as an officer on American commercial vessels, Alfred Hammon has had a broad and meritorious career in the maritime field. During part of his 30 year Port Authority career, he worked in the Planning and Development Department and made a significant contribution toward meeting the key navigational needs of the Port of New York and New Jersey. Coordinating Federal channel maintenance, channel and other marine improvements studies and enhancing navigational aids, were his early and continuing efforts.

He was one of the key innovators of the Federal Waterfront Cleanup Project an effort which has become a key ingredient in many of the public and private waterfront development projects in both New Jersey and New York. He was awarded the Executive Director's Award of Achievement in 1977 for his efforts in the Waterfront Cleanup Project.

Both planning and channel dredging became infinitely more complicated in the late 1970's, as environmental concerns resulted in a myriad of Federal and State laws and regulations. Mr. Hammon was the pioneer both for the Port of New York and New Jersey as well as for the national port system in addressing these environmental concerns while working to ensure that projects progressed and were completed. Through his work for the North Atlantic Ports Association, where he served in many capacities, including President, and for his work for the American Association of Port Authorities, where he served as a Committee Chairman, Mr. Hammon has become a nationally recognized authority on dredging matters. He was also closely associated with the entire Federal Coastal Zone Management Program from its inception and served as a member of the early Federal Advisory Commission that addressed that issue.

(Board - 2/12/87)

He has been the prime mover in the local industry organization, "Save Our Port," and has continued to service on the Coordinating Committee for the eminently successful Waterfront Cleanup Program. Throughout his career, he has been a most articulate spokesman for the port and has vigorously and successfully championed its growth and development in countless public hearings, meetings, dinners and Congressional hearing rooms. If the Port could be said to have a "voice," Alfred Hammon would arguably meet the term more than any single individual of the last decade.

Mr. Hammon's latest and perhaps most important contribution to the port, the Port Authority and the maritime industry is the leading role he played in shepherding the negotiations with the U.S. Army Corps of Engineers on critical channel improvement projects. Despite sometimes overwhelming obstacles, he has insured "his port" and the entire port industry a viable channel improvement program. In this respect, over his long career, he has secured millions of dollars worth of Federal support for improvements to the Port of New York and New Jersey.

For his dedicated service to the Port Authority and to the region at large, marked by 30 years of distinguished accomplishments and excellent judgment, it is recommended that the Distinguished Service Medal be awarded to Alfred Hammon.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to Alfred Hammon for the performance of outstanding service.

(Board - 2/12/87)

Award of Distinguished Service Medal to Leo M. Halley

It was recommended that the Distinguished Service Medal be awarded to Leo M. Halley.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed unusually efficient or distinguished service involving exceptionally good conduct, judgment and initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Leo M. Halley it is recommended that the Distinguished Service Medal award be given on the following grounds:

Leo M. Halley started his career in the Engineering Department as an Engineering Designer II in July, 1960 and rose to the position of Engineer of Design for the Maintenance Engineering Design Division. In January 1985, he joined the Rail Transportation Department as the Assistant Director for Capital and Operations Planning. He has consistently displayed sound, professional judgment, initiative and competence throughout his career and these characteristics strengthened his ability to assume increasingly difficult and responsible positions in the Engineering and Rail Transportation Departments.

His extraordinary talents and dedication were recognized early in his career and, as a result, he was rewarded by being assigned to a number of the Port Authority's most challenging assignments and projects. The World Trade Center design team, when faced with the unique problems attendant to designing and building the foundations and slurry retaining walls for two 110-story buildings, called on Leo's technical expertise. That portion of the project is still acclaimed as a tremendous engineering feat. Mr. Halley was then promoted to Engineer of Design for Railroads, a position he held from 1973 to 1980. In this role, he led the engineering team in designing and building the Journal Square Transportation Center. Again, innovative and sound design and construction concepts were his hallmark.

At that point in his career, it seemed that whenever the Port Authority had a different and particularly challenging engineering task to manage, Mr. Halley's talents were needed and, as such, he was assigned to lead the Port Authority Bus Terminal expansion job as its Project Manager. In leading the Bus Terminal project, he effectively used his communications skills to deal with community groups, private entities, and public agencies affected by this major construction program. He skillfully secured their cooperation, which led to the timely completion of this project. He also had the opportunity to provide engineering expertise to the LaGuardia Airport Runway Extension — again, an unusual engineering problem which extended the runways.

(Board - 2/12/87)

As the Port Authority's facilities began to age and maintenance became a significantly more important element in the Engineering Department's scope of work, Mr. Halley was assigned as the Engineer of Design for Maintenance. During this period, and under his leadership, the Maintenance Engineering Design Division designed and implemented a computerized contract status reporting system to efficiently monitor the ever increasing number of maintenance contracts managed by his team. Further, he served on the Maintenance Improvement Council and assisted in the development of the Design Division's Project Management System. During his tenure as Engineer of Design for Maintenance Engineering, the number and value of the contracts handled by this division increased significantly. Leo's ability to motivate staff, coupled with his concern for fostering excellence in their performance, led in great measure to the overall success of this program.

In 1985, Mr. Halley joined the Rail Transportation Department as Assistant Director for Capital Programs with the responsibility to oversee the \$800 Million Capital Improvement Program. He has effectively managed the very sensitive coordination of Capital Project elements with other departments in the Port Authority and has interfaced Capital Program needs with the daily operation of the PATH system. His extraordinary knowledge of the Port Authority, its engineering and project administration processes, and his knowledge of the agency's project management system, have contributed to the Rail Transportation Department's successfully implementing the program, particularly the PATH New Car and Car Rehabilitation Programs. His skills have also been invaluable in accomplishing other facets of the PATH CIP, particularly the PATH Safety and the PATH Station programs.

For his extraordinary engineering talents and his achievements in many of the Port Authority's most major construction programs. It is recommended that the Distinguished Service Medal be awarded to Leo M. Halley.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to Leo M. Halley for the performance of outstanding service.

(Board - 2/12/87)

Award of Distinguished Service Medal to James J. Nachstein

It was recommended that the Distinguished Service Medal be awarded to James J. Nachstein.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed unusually efficient or distinguished service involving exceptionally good conduct, judgment and initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of James J. Nachstein it is recommended that the Distinguished Service Medal award be given on the following grounds:

Chief Inspector James J. Nachstein has been a member of the Police Division since 1956. He was promoted to Sergeant in 1962, to Lieutenant in 1970, to Captain in 1973, to Deputy Inspector in 1976, to Full Inspector in 1982 and to Assistant Superintendent of Police and Chief Inspector in 1984.

During his career, Inspector Nachstein has worked at most Port Authority facilities and in areas that cover the full range of responsibilities of the Port Authority Police, including the Emergency Garages at both the Hudson River Crossings and the Port Authority airports. While still a police officer, he served as an Assistant to the Instructors in the Police Academy, specializing in the areas of fire fighting and emergency services.

In December of 1964, he assumed responsibilities as the Police Division's Personnel Sergeant, administering the Central Police Pool. While working in that capacity on the night of November 9, 1965, during New York City's first major blackout, then Sergeant Nachstein mobilized the Port Authority's resources to deal with that emergency. In 1970, as a Lieutenant, he developed and implemented the Port Authority's response plans to counter the burgeoning aircraft hijack threat that was endangering the lives of air passengers. Thanks to his leadership and skill, the FAA's program for preflight screening of passengers was implemented at LaGuardia Airport on a professional and cost-effective basis.

(Board - 2/12/87)

With his promotion to Captain in 1973, Inspector Nachstein assumed responsibility for the Port Authority Police Academy, the Central Police Pool and the Central Police Desk. During that time, working together with Lieutenant Joseph Verga (deceased), the entire training program of the Police Academy was revised and upgraded to enable all Port Authority Police Recruits to receive college credit for the Recruit Program upon graduation. This advanced standing influenced many Port Authority Police officers to continue their college educations. Today, through his efforts, working with the Personnel Department and the Police Division, who all worked together to encourage self-development through continuing education, the majority of Port Authority police officers now have college degrees.

In December of 1975, while a Captain and Commanding Officer of the Police Unit at LaGuardia Airport, he took command of an emergency that even today is still the most devastating terrorist incident to take place at a United States airport; the detonation of an explosive device at the TWA passenger terminal. That blast killed eleven and injured fifty persons, caused substantial damage to the terminal building and required unusual skills on his part in mobilizing resources and coordinating the efforts of the many agencies responding to, and assisting in, the emergency.

His promotion in 1975 to Deputy Inspector placed him in a position of responsibility for all police operations at all Port Authority field commands. This was followed by an assignment in the Police Planning Administration for contract negotiations labor relations, and grievance resolution until his promotion to Inspector in 1982.

Through the variety of responsibilities both in the field and in the Police Division, Inspector Nachstein developed unparalleled skills in leadership, planning, and allocation of resources. These skills were most recently demonstrated in the mobilization which was effected for the 1986 Liberty Weekend celebration, which stretched our resources to the limits, and in mobilizing the response to the violence which accompanied the first ILA strike to hit the Port of New York in fifteen years — a mobilization of resources that stabilized that dangerous condition with dispatch.

Inspector Nachstein's sensitivity to organizational goals as well as the personal and institutional needs of subordinate staff sets him apart as a leader in his field. Throughout his 30 years of service in the Police Division, he has consistently and effectively demonstrated an extraordinary dedication and loyalty to the highest traditions of police service and the Port Authority.

For his dedicated service and outstanding leadership to the Police Division of the Port Authority, it is recommended that the Distinguished Service Medal be awarded to Assistant Superintendent of Police/Chief Inspector James J. Nachstein.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to Assistant Superintendent of Police/Chief Inspector James J. Nachstein.

(Board - 2/12/87)

Award of Distinguished Service Medal to Alden L. West

It was recommended that the Distinguished Service Medal be awarded to Alden L. West.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed unusually efficient or distinguished service involving exceptionally good conduct, judgment and initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Alden L. West it is recommended that the Distinguished Service Medal award be given on the following grounds:

Alden West began his career as a Civil Engineer in the old Central Maintenance Engineering Division in 1952. His diligence, devotion, and technical expertise soon established him as an outstanding expert in the field of tunnel and bridge roadway maintenance paving, which demands a combination of superb field and design skills in order to successfully implement engineering plans. This is an especially complex discipline since highly traveled facilities, such as the Port Authority bridges and tunnels, cannot be closed for extensive periods of time without severely impacting on the economic life of the Port District. However, Al quickly demonstrated his mastery of these skills by bringing in nearly every project with which he was involved within budget and on time, and by having a perfect safety record on every project that he has supervised for twenty years.

In addition to his demonstrated field supervisory skills, Al introduced the use of latex concrete for Port Authority tunnels and bridges in order to cut down on curing time and thus enabling a more rapid startup of traffic on these structures. A further benefit of utilizing latex concrete for paving is an improved ability to seal out ponded water and relieve stress from daily traffic that otherwise might decrease the pavement's service life, thereby postponing future rehabilitation work and the inconvenience that periodic repaving would cause to patrons of our facilities.

Due to the nature of the job, Al has worked on holidays, weeknights, and double shifts in order to ensure the operation of Port Authority facilities.

In his present position as Assistant Engineer of Design, he supervises in a year 400 to 500 major works projects that vitally affect operations at all Port Authority facilities. These include the runway and taxiway paving and rehabilitation projects at Port Authority airports in New York² and New Jersey, which are recognized throughout the world for their state-of-the-art quality.

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In addition to his demonstrated technical expertise, his supervisory and tutorial skills are revealed by the many trainees and young engineers who have begun their Port Authority careers under Al's wing and have developed into Port Authority executive level staff.

For his outstanding technical expertise and diligent efforts in all of his project undertakings during 34 years of dedicated service to the Port Authority it is recommended that the Distinguished Service Medal be awarded to Alden L. West.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to Alden L. West for the performance of outstanding service.

(Board - 2/12/87)

Award of Distinguished Service Medal to Joseph P. Zitelli

It was recommended that the Distinguished Service Medal be awarded to Joseph P. Zitelli.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed unusually efficient or distinguished service involving exceptionally good conduct, judgment and initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Joseph P. Zitelli it is recommended that the Distinguished Service Medal award be given on the following grounds:

Joseph P. Zitelli is currently the Manager of Project Engineering Services in the Tunnels, Bridges & Terminals Department, having risen to that position through a series of career advances that included a facility management role, where he served as Assistant Manager of the Holland Tunnel. As project Engineering head, he is responsible for the implementation phases of a capital construction budget that will approach \$100 million annually over the next five years and an annual maintenance budget of an additional \$25 million. These figures reflect a primary focus on capital re-investment in the Tunnels, Bridges & Terminals physical plant to assure the structural integrity and optimum operating capability for the long term. The size, scope and age of the facilities under his jurisdiction are especially important to the region's ground transportation network and include the George Washington Bridge, Lincoln Tunnel, Holland Tunnel, New York Truck Terminal, the three Staten Island Bridges, the Port Authority Bus Terminal and the George Washington Bridge Bus Station.

Mr. Zitelli joined the Port Authority in 1953 with a background in civil engineering and has participated in almost every major project affecting our tunnels and bridges since that time. Early in his career, he was involved in coordinating and expediting such projects as the Lincoln Tunnel Third Tube, new tolls facilities and administrative buildings at the Holland Tunnel, roadway interchanges between the George Washington Bridge and the Palisades Interstate Parkway and, perhaps most noteworthy, the George Washington Bridge Lower Level project, which was completed in 1962, for which he was awarded the Executive Director's Award of Achievement.

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In more recent years, he has been responsible for the line department's technical planning oversight in progressing the George Washington Bridge Upper Deck replacement (1977-1978) in which a novel construction and design approach was worked out with the Engineering Department in the form of an orthotropic deck. He was the recipient of the Executive Director's Unit Citation for his efforts in connection with the Upper Deck replacement projects. Other major projects in which he was very heavily involved included the recently completed \$12 million Center Tube Roadway replacement at the Lincoln Tunnel and the current \$17 million roadway rehabilitation at the Outerbridge Crossing and the on going \$100 million replacement of the ceiling, curbs and drainage systems at the Holland Tunnel. Along with specialists in the Engineering Department, he has been instrumental in establishing and maintaining the very comprehensive inspection programs that assure the structural integrity of the Authority's bridges and tunnels.

Mr. Zitelli is regularly called upon by other agencies for advice and consultation on bridge and roadway projects and he has been the Chairman of the Engineering and Design Committee of the International Bridge, Tunnel and Turnpike Association for more than a decade, as well as serving as a member of its Research Committee.

For his consistently excellent performance throughout his long and distinguished career, it is recommended that the Distinguished Service Medal be awarded to Joseph P. Zitelli.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to Joseph P. Zitelli for the performance of outstanding service.

(Board - 2/12/87)

Award of Medal of Honor to Police Officer Wilfred Barriere

It was recommended that the Medal of Honor be awarded to Police Officer Wilfred Barriere.

The Port Authority Medal of Honor, under Board Resolution of March 2, 1944, as amended, is to be awarded to an individual who, in performing a specific act, demonstrated extraordinary bravery in the face of circumstances which would surely have led to grave personal injury or his own death should the slightest miscalculation have occurred.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a the Port Authority Medal of Honor award was established, which award is to be given to a Port Authority employee for the performance of outstanding service; and

WHEREAS, in the case of Police Officer Wilfred Barriere it is recommended that the Port Authority Medal of Honor award be given on the following grounds:

On November 24, 1986, at 4:15 a.m., Police Officers Wilfred Barriere, William Luongo and William Moran were returning to Queens Central Booking after dropping off evidence at the New York City Police Laboratory. The Officers decided to stop for coffee at the Sage Diner on Queens Boulevard. Although the diner appeared quiet enough from the outside, the patrons and employees were terrified. Two men, both armed with handguns had just pistol whipped one employee and robbed the others.

As the Officers approached the front steps of the diner, Officer Barriere noticed a vehicle parked on the side of the diner with no license plates on it. The vehicle was also unoccupied and its motor was running. Officer Barriere sensed that something was wrong and walked over to the car to investigate. Police Officers Luongo and Moran went up the steps into the diner.

As Officer Barriere cautiously approached the vehicle the unmistakable sound of gunfire pierced the air. He turned around and quickly moved to the front of the diner. Upon reaching the front of the diner he saw Officer Luongo running towards him saying he had been shot. Officer Moran was moving in the opposite direction towards the police vehicle. Behind Officer Moran was a gunman who fired at Moran. Realizing the extreme danger to the other officer and ignoring the danger to himself, Officer Barriere shouted at the gunman to distract and get the gunman to turn toward him. He turned and leveled his gun at Officer Barriere, who opened fire, dropping the gunman. Officer Barriere reloaded his revolver and took cover with Officer Luongo at the side of the diner. Suddenly there was a crash and glass littered the parking lot as the second gunman tried to go through the window. When the second gunman fired through that window, both Officer Barriere and Officer Luongo returned fire, driving him back into the diner to head for the back exit.

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Disregarding his own safety Officer Barriere then approached the wounded suspect, handcuffed him and secured his weapon.

Officer Barriere realized the seriousness of the wounds inflicted on both fellow officers. Officer Luongo had taken a bullet in the right shoulder, which traveled downward and rested close to the officer's spine. Officer Moran had been shot twice, one in the abdomen and once in the leg. He was bleeding profusely. Officer Barriere directed both officers to take the sector car and head for the hospital. Officer Barriere remained at the scene guarding the prisoner and protecting the scene until assistance arrived.

If it were not for Officer Barriere's quick thinking, extraordinary courage and selflessness in drawing fire from one of the gunmen, his fellow officers might not have survived that gun battle.

For his extraordinary bravery and selfless actions in the face of grave danger, it is recommended that the Medal of Honor be awarded to Police Officer Wilfred Barriere.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Medal of Honor to Police Officer Wilfred Barriere for the performance of outstanding service.

(Board - 2/12/87)

Award of Medal of Honor to Police Officer William Moran

It was recommended that the Medal of Honor be awarded to Police Officer William Moran.

The Port Authority Medal of Honor, under Board Resolution of March 2, 1944, as amended, is to be awarded to an individual who, in performing a specific act, demonstrated extraordinary bravery in the face of circumstances which would surely have led to grave personal injury or his own death should the slightest miscalculation have occurred.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a the Port Authority Medal of Honor award was established, which award is to be given to a Port Authority employee for the performance of outstanding service; and

WHEREAS, in the case of Police Officer William Moran it is recommended that the Port Authority Medal of Honor award be given on the following grounds:

On November 24, 1986, at 4:15 a.m., Police Officers William Moran, Wilfred Barriere and William Luongo were returning to Queens Central Booking after dropping off evidence at the New York City Police Laboratory. The Officers decided to stop for coffee at the Sage Diner, 80-30 Queens Boulevard in Elmhurst. Unknown to the Officers at that time, an armed robbery was taking place at the diner.

After parking their vehicle, Officer Moran and Officer Luongo walked up the steps to enter the diner. Officer Barriere walked to the side of the diner to investigate an unattended vehicle whose motor was left running.

Officer Moran was in front of Officer Luongo as they reached the second set of doors to enter the diner. As Moran walked inside he came face to face with two armed gunmen. A fraction of a second later the two suspects unleashed a barrage of bullets at the officers. Both officers were hit. Officer Luongo was hit in the right shoulder and Officer Moran was hit both in the abdomen and in the right leg. Officer Moran, although hit twice, drew his revolver and returned fire. This decisive action on Officer Moran's part enabled Officer Luongo to exit and Officer Moran to drag himself out. Officer Moran, with his gun now empty, took cover behind the police vehicle parked at the curb and began to reload. A short distance behind Officer Moran, one of the gunmen followed him out onto the sidewalk and fired, narrowly missing him. At this time Officer Barriere drew the gunman's fire, wounding him.

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Although bleeding heavily from wounds to his right leg and abdomen, Officer Moran managed to enter the police vehicle and radio detailed information to the police desk at Kennedy International Airport requesting assistance. He then picked up Officer Luongo and drove both of them to the emergency room of Jamaica Hospital. As he was driving he was losing consciousness, but he kept up radio communication with the police desk at Kennedy Airport, informing the desk of the shooting and the location of the diner and his own location as he headed toward the hospital. Both officers were in critical condition.

If it had not been for Officer Moran's courage in returning fire and providing protection for his partner as well as his extraordinary ability and determination to get his partner and himself to the hospital, despite the fact that he had two bullets in him, the outcome of that encounter might have been far worse.

For his extraordinary bravery in facing grave personal danger and for his selfless actions, it is recommended that the Medal of Honor be awarded to Police Officer William Moran.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Medal of Honor to Police Officer William Moran for the performance of outstanding service.

(Board - 2/12/87)

Award of Medal of Honor to Police Officer John E. Trommelen

It was recommended that the Medal of Honor be awarded to Police Officer John E. Trommelen.

The Port Authority Medal of Honor, under Board Resolution of March 2, 1944, as amended, is to be awarded to an individual who, in performing a specific act, demonstrated extraordinary bravery in the face of circumstances which would surely to have led to grave personal injury or his own death should the slightest miscalculation have occurred.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944 as amended, the Port Authority Medal of Honor award was established, which award is to be given to a Port Authority employee for the performance of outstanding service; and

WHEREAS, in the case of Police Officer John E. Trommelen, it is recommended that the Port Authority Medal of Honor be given on the following grounds:

On August 6, 1986 at 11:50 a.m., Police Officer John E. Trommelen, while off duty, was driving on Temple Street in Paterson, New Jersey. He observed a fire in a three-story residence at 169 Temple Street. He stopped his vehicle and ran towards the building. Upon questioning some onlookers, he was told there were people still inside the burning building. Observing the heavy smoke and flames coming from the second story of the frame house, Officer Trommelen concluded that those people were in extreme danger. He knew he had to act quickly because the fire was rapidly spreading. Without regard for his own personal safety, the officer entered the burning building and made his way to the second floor. Upon reaching this level, dense smoke forced him to remain low, crawling on his hands and knees. Relying on his professional training, Officer Trommelen began a systematic search for any occupants. The first victim he found was Mr. Hugo Perona, who was the owner of the home. Although Mr. Perona was burned over 50% of his body, he was still conscious. The officer calmed him and helped carry out the injured man with the assistance of John State, another passerby.

Upon assuring the safety and well being of Mr. Perona, Officer Trommelen was advised that there was still another person in the house. At that point a police unit, not a fire unit arrived. Trommelen, along with a Paterson police officer, Patrolman Kevin Hancock, and Mr. State, went to the rear of the house where the fire originated on the second floor. With the aid of a step ladder, the rescuers climbed onto a porch roof to gain access to a second victim, Mrs. Perona. Unfortunately, Mrs. Perona sustained burns over 90% of her body. In a semiconscious state,

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Mrs. Perona told them that there was a baby on the third floor where the bedrooms were located. While the Paterson police officer and civilian took Mrs. Perona off the roof, Officer Trommelen decided to enter the build for the third time— this time alone, fully aware of the risk he was taking. Realizing that the intense flames and heat posed a threat to his personal safety, he soaked himself with water from a garden hose which neighbors threw up to help him. There was no sign of the Fire Department and despite the heavy smoke and flames, the officer went in again to search for the baby. Once inside, Officer Trommelen located the stairs to the third floor. Upon reaching the third floor, he encountered the most life-threatening conditions. Thick smoke and intense heat were building up on the upper floor. Driven by his intense concern for human life, he began a search of the bedrooms.

After frantically searching the rooms and finding no one, the officer realized then that the smoke and high temperature were affecting his breathing capability. Unable to remain on the third floor, he removed a blanket from one of the beds and covered his head as a shield from the intense smoke. With the aid of the blanket the officer made his way back to the stairs. He started to descend the stairs when a fierce explosion shook the second floor, and hurled Officer Trommelen down the flight of stairs to the second floor. He was then assisted onto the porch roof by the Paterson police officer and a civilian. Paterson firemen, who were now on the scene, assisted him down a ladder from the roof. Unknown to Officer Trommelen at that time was the fact that the baby had been taken to safety by her 13-year old sister, Rosa, at the onset of the fire.

Earlier, the two children, Rosa and Jackie, 5, had been eating lunch in the dining room when they heard their mother screaming. Thinking that her mother was yelling at her father, Rosa opened the door to the kitchen, saw the room in flames and shut the door to the kitchen. She grabbed her younger sister and fled the apartment.

Officer Trommelen was having difficulty breathing and was given oxygen at the scene. He was then transported to St. Joseph's Hospital in Paterson, New Jersey, where he was treated for smoke inhalation, minor cuts and bruises and x-rayed for a possible knee injury. Officer Trommelen was later released from the hospital.

One month after the fire, Mrs. Perona died from her injuries. Mr. Perona, although on the critical list, did leave the hospital after several operations.

For saving two lives in a critical life-threatening situation by acting without regard for his own life, in the finest tradition of Port Authority Police Service, it is recommended that the Medal of Honor be awarded to Police Officer John E. Trommelen.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Medal of Honor to Police Officer John E. Trommelen for the performance of outstanding service.

(Board - 2/12/87)

Award of Howard S. Cullman Distinguished Service Medal to Guy F. Tozzoli

It was recommended that the Howard S. Cullman Distinguished Service Medal be awarded to Guy F. Tozzoli for his creativity, unerring instincts and superb managerial abilities in conceiving and achieving bold public projects in a lifetime of service to the Port Authority and the Region.

The Howard S. Cullman Distinguished Service Medal, under Board Resolution of March 14, 1957, is to be awarded to a Port Authority employee who has performed the most outstanding service among those who qualify.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 14, 1957, the Howard S. Cullman Distinguished Service Medal was established, which award is to be given to a Port Authority employee who has performed the most outstanding service; and

WHEREAS, in the case of Guy F. Tozzoli is recommended that the Howard S. Cullman Distinguished Service Medal award be given on the following grounds:

For over 40 years, Guy F. Tozzoli, Director of the World Trade Department, has served the Port Authority with exceptional imagination, enthusiasm and achievement. With his unusually inventive mind, superior managerial talents and widely recognized persuasive abilities, he has produced spectacular results while playing key roles on a blue-ribbon list of Port Authority projects and programs.

Guy Tozzoli served in the United States Navy in two wars – in World War II before coming to the Port Authority and in the Korean War when he was recalled to active duty. Trained as a physicist, he joined the Port Authority as a Junior Engineer in 1946 and quickly began to develop his skills as a highly effective problem-solver and achiever. As Project Engineer for what is now the North Terminal at Newark International Airport, he supervised the engineering and construction of the first modern airport passenger terminal to be constructed by the Port Authority.

His promotion in 1955 to Manager of the Marine Planning and Construction Division made him responsible for the planning and supervision of construction of Port Authority marine terminal facilities at Brooklyn, Port Newark and the Elizabeth-Port Authority Marine Terminal. It was during his term in this position that most of the reconstruction of the Brooklyn Piers was completed. On this project, he successfully spear-headed the effort to produce innovative, functional and economic facilities – creating design concepts that were later used in the development of Port Elizabeth and Port Newark. Guy Tozzoli's superior negotiating skills flourished in his next assignment, as Director of the Transportation Section of the 1964-65 New York World's Fair. During this time, he also supervised the planning, construction and operation of the Port Authority Exhibit Building at the Fair. Mr. Tozzoli made the Transportation Section the most successful of the entire Fair.

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When Austin Tobin needed someone in 1962 to direct the planning, construction and operation of The World Trade Center, he selected Guy Tozzoli, who since then has provided dynamic leadership for every phase of the project. The challenges were massive: excavation around and under an operating PATH System; bringing steel bids \$30 million over forecast within budget; incredible construction feats; major negotiations with Customs, New York State, television broadcasters and others; a top-level restaurant that the professionals feared to risk; the first hotel in lower Manhattan in 100 years and the full rental of the Center's 10 million square feet of office space.

The results have been no less than magnificent. Over the years, the Trade Center's highly successful facilities and programs have become the model for many other cities worldwide, generating broad international respect for the Port Authority and the Region. Guy Tozzoli's leadership in creating the World Trade Institute and Xport Trading Company, among other programs, has assured the fulfillment of the Trade Center's legislative purpose. Under his stewardship, The World Trade Center — itself a significant success financially — sparked a burgeoning of development activity in lower Manhattan.

Guy Tozzoli was a founder of the World Trade Centers Association in 1968 and has been repeatedly elected president of that group since then. In 1973, he was awarded the Distinguished Service Medal in recognition of his remarkable accomplishments. Guy Tozzoli conceived and oversaw the implementation of The Teleport, a major pioneering venture dedicated last year as a space-age facility to handle the Region's rapidly expanding international communications needs. As other areas of the world began to create teleports of their own, following this Region's lead, Guy Tozzoli founded the World Teleport Association and served as its first president. In 1983, he was asked to take on responsibility for a new office building in Newark and quickly created the Newark Legal and Communications Center. The project has made great strides and is destined to serve as a powerful stimulus for the revitalization of downtown Newark.

Guy Tozzoli's career has been truly extraordinary. He is, without question, a visionary, consistently proposing great public works. But he is also an inspired builder. With the strong entrepreneurial talents that he brings to every public service assignment, he transforms these visions into practical facilities and programs that are highly successful both functionally and financially. Time and again, his determination and resilience in coping with setbacks have produced enthusiasm from despair, breakthroughs from stalemate, triumphs from losses.

For his creativity, unerring instincts and superb managerial abilities in conceiving and achieving bold public projects in a lifetime of service to the Port Authority and the Region, it is recommended that the Howard S. Cullman Distinguished Medal be awarded to Guy F. Tozzoli.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Howard S. Cullman Distinguished Service Medal be awarded to Guy F. Tozzoli for the performance of outstanding service.

**Consolidated Bonds, Series Fifty E and Fifty-One E - Report on Public Hearing -
Supplemental Coupon Exchange Program - Consolidated Bonds, Fiftieth and Fifty-
First Series**

At the present time, \$100,000,000 in principal amount of Consolidated Bonds, Fiftieth Series, Due 2017, 10-1/8%, and \$100,000,000 in principal amount of Consolidated Bonds, Fifty-first Series, Due 2019, 11%, are outstanding. In order to provide flexibility to reduce debt service costs, it would be desirable to include within the Port Authority's overall plan of financing, the establishment and authorization of the issuance and the sale of Consolidated Bonds, Series Fifty E, Due 2017, and Consolidated Bonds, Series Fifty-one E, Due 2019, in aggregate principal amounts of up to \$100,000,000 each, for purposes in connection with the refunding, as appropriate, of Consolidated Bonds, Fiftieth Series and Consolidated Bonds, Fifty-first Series, respectively.

The Board would provide for a supplemental coupon exchange program in which the Port Authority would request offers from the holders of Consolidated Bonds, Fiftieth Series, and Consolidated Bonds, Fifty-first Series, to exchange such bonds on a one-for-one basis for Consolidated Bonds, Series Fifty E or Consolidated Bonds, Series Fifty-one E bonds, as appropriate, with the new bonds to have a basic interest rate approximating current market interest rates at the time of the exchange, with essentially the same sinking fund schedule and maturity dates as the bonds being exchanged, and with incremental interest, to accrue only through the first call date for each of such Series sufficient to provide a yield on the Series Fifty E Bonds of 11% and on the Series Fifty-one E Bonds of 12%. Since Consolidated Bonds, Fiftieth Series, Due 2017, and Consolidated Bonds, Fifty-first Series, Due 2019, provide call protection to holders until December 1, 1992, and June 1, 1994, respectively, and Federal income tax laws presently preclude the advance refunding of bonds issued for the purposes of these bonds, the program would provide a method for reducing existing debt service costs.

The Executive Director would be authorized to conduct the program, including the preparation and revision of request materials in the name of and on behalf of the Port Authority for purposes of requesting offers from bondholders to exchange bonds. In the discretion of the Executive Director upon the conclusion of the offer period, such offers would be presented to the Committee on Finance; provided that no offers with respect to a Series would be so presented if the total of such offers, if accepted, would result in less than \$10 million of Bonds of such Series being exchanged. Pursuant to the Board's authorization in connection with the sale of each of the Series Fifty E and Series Fifty-one E Bonds, by the Committee on Finance, the Committee would accept or reject, in whole or in part, any such offers so presented.

Staff has had extensive discussions with E.F. Hutton & Company Inc., which has developed and administered, as dealer/manager, an exchange program for another governmental authority, and has provided the structure for the Port Authority's program. Therefore, it is recommended that E.F. Hutton & Company Inc., be appointed to act as Dealer/Manager for the program, in which capacity, among other responsibilities, it would identify the holders of the bonds to be exchanged and coordinate the public solicitation, including direct mailings and published advertisements. During the public solicitation period, the Dealer/Manager would serve as a source of information about the offer to exchange and would coordinate with brokers, dealers, commercial banks or trust companies (collectively "dealers") representing the holders of the bonds to

be exchanged. The Dealer/Manager would be compensated on the basis of \$3.75 for each \$1,000 in principal amount of Consolidated Bonds, Fiftieth Series and Fifty-first Series accepted for exchange by the Committee on Finance and for expenses as may be incurred with the Port Authority's written approval. Additionally the Port Authority would pay to any dealer (including the Dealer/Manager) depositing bonds which are accepted for exchange by the Committee, an amount not to exceed \$10.00 for each \$1,000 in principal amount of such bonds.

Additionally, a qualified banking institution would be required to serve as an Exchange Agent for the receipt of all bondholder transmittal letters and deposit of the bonds offered for exchange. The Exchange Agent would advise the Dealer/Manager and the Port Authority of the daily status of bondholder offers and would be responsible for disposition of deposited bonds in accordance with the instructions of the bondholder or the Port Authority, as appropriate, and, in the event of acceptance of bondholder offers, for delivery of the new bonds. The Chase Manhattan Bank, N.A., is the registrar and paying agent for Consolidated Bonds, Fiftieth Series and Fifty-first Series, and its appointment as the Exchange Agent would facilitate administration of the exchange. Therefore, it is also recommended that The Chase Manhattan Bank, N.A., be appointed as Exchange Agent, with compensation for such services not in excess of the standard rates generally prevailing in the market.

On February 10, 1987, public hearings relating to the Series Fifty E and Series Fifty-one E Bonds, were conducted by the Assistant Treasurer of the Port Authority at the offices of the Port Authority at One World Trade Center and at the offices of the Port Authority at the Journal Square Transportation Center. These hearings were held in accordance with the public approval provisions of Section 147(f) of the Internal Revenue Code of 1986, as amended, and the regulations with respect thereto, in connection with private activity bonds, upon public notice published on January 26, 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, such notices contained the following description of the Series Fifty E and Series Fifty-one E Bonds: "Consolidated Bonds of The Port Authority of New York and New Jersey to be denominated as Series Fifty E and Series Fifty-one E. The said obligations of the Port Authority would be issued for purposes of the refunding, directly, by offers to exchange, by request for tenders or otherwise, of Port Authority Consolidated Bonds, Fiftieth Series, Due 2017, and Port Authority Consolidated Bonds, Fifty-first Series, Due 2019, respectively, which were issued in connection with the Port Authority's plan of financing for various capital and other expenditures at the following facilities of the Port Authority located in the Port of New York District, to wit, with respect to Consolidated Bonds, Fiftieth Series, LaGuardia Airport, John F. Kennedy International Airport, Newark International Airport, Hudson Tubes portion of the Port Authority Trans-Hudson System, Lincoln Tunnel, George Washington Bridge, Bayonne Bridge, Outerbridge Crossing, Port Authority Bus Terminal, Port Authority Bus Programs, Elizabeth-Port Authority Marine Terminal, and Bathgate Industrial Park, an industrial park in The Bronx, N.Y.; with respect to Consolidated Bonds, Fifty-first Series, at LaGuardia Airport, John F. Kennedy International Airport, Newark International Airport, Hudson Tubes portion of the Port Authority Trans-Hudson System, Holland Tunnel, George Washington Bridge, Brooklyn-Port Authority Marine Terminal. The initial owner, operator or manager of these facilities is the Port Authority. Each of Consolidated Bonds, Series Fifty E and Series Fifty-one E would be in principal amount of up to \$100,000,000."

The Board would establish Consolidated Bonds, Series Fifty E, Due 2017, and Consolidated Bonds, Series Fifty-one E, Due 2019, and authorize the issuance of up

to \$100,000,000 in aggregate principal amount of each such Series of Bonds. The Committee on Finance would be authorized to sell and to deliver all or any part of each such Series of Bonds at such time or times on or before December 1, 1992, in the case of Series Fifty E, and on or before June 1, 1994, in the case of Series Fifty-one E, as it deems propitious, in one or more installments or lots, at public or private sale including the exchange of such bonds for all or a portion of Consolidated Bonds, Fiftieth Series, Due 2017, and Consolidated Bonds, Fifty-first Series, Due 2019, respectively, with such Series of Bonds bearing interest at a rate or rates, including fixed, variable or incremental interest rates or a combination thereof or without a stated rate of interest, to be fixed by the Committee, but in any event not in excess of 15% per annum.

The proceeds of each of Consolidated Bonds, Series Fifty E, and Consolidated Bonds, Series Fifty-one E, would be used for the purpose of refunding, directly, by offers to exchange, or otherwise, all or any part of Consolidated Bonds, Fiftieth Series, Due 2017, and Consolidated Bonds, Fifty-first Series, Due 2019, respectively, outstanding at the time of the sale of any installment of each such Series of Bonds.

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

The Board would also provide that no part of the proceeds of each of such Series of Bonds shall be invested directly or indirectly in such a manner as to cause the interest on each such Series of Bonds to be subject to Federal income taxes under Section 148 of the Internal Revenue Code of 1986, as amended, and the regulations with respect thereto.

The Board would also provide that certification on behalf of the Authority, 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; Deputy Comptroller; Assistant Comptroller; Treasurer or Assistant Treasurer of the Authority, and that any such action taken in connection therewith would be ratified; and that any action which may be necessary or desirable in connection with said Bonds to assure that such Bonds are in conformity with the provisions of Section 103 and Sections 147 through 150, inclusive, of the Internal Revenue Code of 1986, as amended, and the regulations with respect thereto, and to assure that the interest on said Bonds is not subject to Federal income taxes, may be taken by the Committee on Finance, the Chairman of the Authority, the Chairman of the Committee on Finance, the Executive Director, Assistant Executive Director, Chief Financial Officer, Deputy Chief Financial Officer or Treasurer of the Authority and that any such actions taken in connection therewith would be ratified.

The Series Fifty E and Series Fifty-one E Bonds would be dated as of their date, respectively, mature December 1, 2017 and June 1, 2019, respectively, and bear interest at a rate or rates including fixed, variable or incremental rates or a combination thereof or be issued without a stated rate of interest, to be fixed by the Committee on Finance not in excess of 15% 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 15% 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 1997 for

each such Series of Bonds, respectively, 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 1997, respectively, for each such Series of Bonds, at prices beginning at 102% and descending to 100%.

Each such Series of Bonds would be issued in registered form, registered as to both principal and interest, in denominations of \$5,000 or integral multiples of \$5,000.

The Committee on Finance of the Authority would be authorized (i) prior to the issuance of any installment of the Bonds of each Series, to change the date at which any of the Bonds of that installment would mature; provided, that said date or dates would not be later than December 1, 2017 with respect to the Series Fifty E Bonds and June 1, 2019 with respect to the Series Fifty-one E Bonds; (ii) prior to the issuance of any installment of the Bonds of each Series, to adjust or change the respective dates in connection with the redemption, retirement, call and sinking fund provisions of such installment; (iii) prior to the issuance of any installment of the Bonds of each 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 each 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; (iv) prior to the issuance of any installment of the Bonds of each Series, to reduce the percentages of face value relating to the optional call provisions for such installment; (v) prior to the issuance of the first installment of the Bonds of each Series, to provide for the Bonds of each Series to be issued on original issue as book-entry only securities taking account of the changes and adjustments authorized in the resolution establishing each Series of Bonds with respect to the issuance of the bonds of each Series as book-entry only securities; (vi) prior to the issuance of the first installment of the Bonds of each Series, to provide for the Bonds of each 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; (vii) prior to the issuance of any installment of the Bonds of each Series, consistent with the foregoing, to change or adjust the provisions of the bonds of such installment thereof to permit the issuance of such bonds or installments with a fixed, variable or incremental interest rate or rates or a combination thereof or without stated rate of interest; and (viii) prior to the issuance of the first installment of the Bonds of each Series, if it is desirable in connection with the use of the proceeds of the Bonds of each Series for the refunding of a Series of the Authority's obligations to renumber each such Series for purposes of identification, to renumber each such Series; (ix) prior to the issuance of the first installment of the Bonds of each 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 each such Series; and (x) to take such other action as in the opinion of the Committee will best serve the public interest.

Consolidated Bonds, Series Fifty E—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 "Series Fifty E, Due 2017," 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 Series Fifty E, Due 2017, 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.

Each installment of the bonds of this Series shall be dated as of the date of original issuance of such installment to the initial purchaser thereof, shall mature on December 1, 2017, and, except as provided below, 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 their date of issuance, not exceeding fifteen per centum (15%) per annum, payable on interest payment dates of June 1 and December 1, as may be determined by the Committee on Finance of the Authority. If the bonds of this Series shall bear a stated rate or rates of interest, interest shall be payable semi-annually commencing on the interest payment date next succeeding their date of issuance, and thereafter on each succeeding interest payment date until maturity or prior redemption. 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 including fixed, variable or incremental rates or a combination thereof, if any, or to determine that said bonds of this Series shall not bear a stated rate of interest.

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 and interest on the coupon bonds of this Series, if any, shall be payable upon presentation and surrender of the registered bonds of this Series by the registered holders thereof and upon the coupon bonds of this Series, if any, upon presentation and surrender of such bonds or the coupons appertaining thereto, as the case may be, 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. If on original issue 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, or successor law (hereinafter called the "Code"), or the regulations with respect thereto, which does not provide that, for the interest on the bonds of this Series to be considered exempt from Federal income taxes under Section 103 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 issue 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 regulations promulgated thereunder which provides that for the interest on the bonds of this Series to be considered exempt from Federal income taxes under Section 103 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, 1997, and prior to maturity, as follows:

(Board - 2/12/87)

At one hundred two per centum (102%) of their face value, plus accrued interest to the date fixed for redemption, at June 1, 1997, and thereafter and at or prior to June 1, 1999; 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, 2002; 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, 2017.

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 City of New York, State of New York, and also in a daily newspaper of general circulation in one or more of the following cities: the City of Boston, Commonwealth of Massachusetts; the City of Philadelphia, Commonwealth of Pennsylvania; the City of Chicago, State of Illinois; and the City of San Francisco, State of California. 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 issue 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 by which the Authority shall give notice of intention to redeem any bonds of this Series; *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 notice provisions of this paragraph shall apply to the 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 bonds 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 bonds 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, Series Fifty E, Due 2017, 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, 1997, 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, 1997, and thereafter and at or prior to December 1, 2016.

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

<u>Year</u>	<u>Cumulative Percentage of Total Principal Amount</u>	<u>Year</u>	<u>Cumulative Percentage of Total Principal Amount</u>
1997	1.5	2008	41.0
1998	3.5	2009	47.0
1999	6.0	2010	53.0
2000	8.5	2011	59.0
2001	10.0	2012	65.0
2002	14.0	2013	72.0
2003	17.0	2014	79.0
2004	21.0	2015	86.0
2005	25.0	2016	93.0
2006	30.0	2017	100.0
2007	35.0		

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 depository 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; Deputy 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
SERIES FIFTY E, DUE 2017**

No. C(50E)-
Maturity Date: December 1, 2017 Interest Rate:% Per Annum Dated: .. 19 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, 2017, 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 , 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 February 12, 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 1997 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, 1997, and thereafter and at or prior to December 1, 2016.

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, 1997, 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, 1997, and thereafter and at or prior to June 1, 1999; 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, 2002; 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, 2017.

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 City of New York, State of New York, and also in a daily newspaper of general circulation in one or more of the following cities: the City of Boston, Commonwealth of Massachusetts; the City of Philadelphia, Commonwealth of Pennsylvania; the City of Chicago, State of Illinois; and the City of San Francisco, State of California. 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 _____ day of _____, 19__.

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)

(Board - 2/12/87)

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

[Empty box for identifying number]

(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 the bonds shall have been actually issued, the bonds may nevertheless be issued as though the person who signed such bonds of this Series 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 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 later than December 1, 2017; (ii) 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 of such installment; (iii) 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; (iv) 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; (v) 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 issue 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; (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 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; (vii) prior to the issuance of any installment of the bonds of this Series, consistent with the foregoing, to change or adjust the provisions of the bonds of such installment thereof to permit the issuance of such bonds or installment with a fixed, variable or incremental interest rate or rates or a combination thereof; (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, Series Fifty E—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 12th day of February, 1987, the Authority adopted a resolution establishing a series of said Consolidated Bonds to be known as "Series Fifty E, Due 2017" (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 One Hundred Million Dollars (\$100,000,000) 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 One Hundred Million Dollars (\$100,000,000) in principal amount of Consolidated Bonds of the Authority of Series Fifty E, Due 2017, 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 Series Fifty E, Due 2017.

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(50E)-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; Deputy 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 for the purpose of refunding, directly, by offers to exchange, or otherwise, all or any part of Consolidated Bonds, Fiftieth Series, Due 2017.

SECTION 5. 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, Series Fifty E—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 Bonds, constituting Series Fifty E, Due 2017 (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 fifteen per centum (15%) per annum to maturity, and to do so in the name of and on behalf of the Authority, at public or private sale including the exchange of Consolidated Bonds, Series Fifty E, Due 2017, for all or a portion of the bonds constituting Consolidated Bonds, Fiftieth Series, Due 2017, with or without advertisement, in one or more installments or in one or more lots, at one or more times on or before December 1, 1992, and to apply the proceeds, if any, of such sale or sales as provided in the resolution authorizing the issuance of said bonds of this Series.

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 1, 1992, to determine the terms and conditions upon which sales shall be made and to accept or reject offers in connection with such sales, including offers for the exchange of Consolidated Bonds, Series Fifty E, Due 2017, for all or a portion of the bonds constituting Consolidated Bonds, Fiftieth Series, Due 2017, 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 said 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 said 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, and the regulations with respect thereto.

SECTION 6. The Committee; 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 and Sections 147 through 150, inclusive, of the Internal Revenue Code of 1986, as amended, and the regulations

with respect thereto, and that the interest on such bonds of this Series is not subject to Federal income taxes, 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; Deputy 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 action taken in connection therewith are hereby ratified.

Consolidated Bonds, Series Fifty-one E—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 "Series Fifty-one E, Due 2019," 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 Series Fifty-one E, Due 2019, 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.

Each installment of the bonds of this Series shall be dated as of the date of original issuance of such installment to the initial purchaser thereof, shall mature on June 1, 2019, and, except as provided below, 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 their date of issuance, not exceeding fifteen per centum (15%) per annum, payable on interest payment dates of June 1 and December 1, as may be determined by the Committee on Finance of the Authority. If the bonds of this Series shall bear a stated rate or rates of interest, interest shall be payable semi-annually commencing on the interest payment date next succeeding their date of issuance, and thereafter on each succeeding interest payment date until maturity or prior redemption. 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 including fixed, variable or incremental rates or a combination thereof, if any, or to determine that said bonds of this Series shall not bear a stated rate of interest.

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 and interest on the coupon bonds of this Series, if any, shall be payable upon presentation and surrender of the registered bonds of this Series by the registered holders thereof and upon the coupon bonds of this Series, if any, upon presentation and surrender of such bonds or the coupons appertaining thereto, as the case may be, 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. If on original issue 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, or successor law (hereinafter called the "Code"), or the regulations with respect thereto, which does not provide that, for the interest on the bonds of this Series to be considered exempt from Federal income taxes under Section 103 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 issue 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 regulations promulgated thereunder which provides that for the interest on the bonds of this Series to be considered exempt from Federal income taxes under Section 103 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, 1997, 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, 1997, and thereafter and at or prior to June 1, 1999; 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, 2002; 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, 2018.

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 City of New York, State of New York, and also in a daily newspaper of general circulation in one or more of the following cities: the City of Boston, Commonwealth of Massachusetts; the City of Philadelphia, Commonwealth of Pennsylvania; the City of Chicago, State of Illinois; and the City of San Francisco, State of California. 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 issue 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 by which the Authority shall give notice of intention to redeem any bonds of this Series; *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 notice provisions of this paragraph shall apply to the 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 bonds 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 bonds 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, Series Fifty-one E, Due 2019, 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, 1997, 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, 1997, and thereafter and at or prior to December 1, 2018.

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

<u>Year</u>	<u>Cumulative Percentage of Total Principal Amount</u>	<u>Year</u>	<u>Cumulative Percentage of Total Principal Amount</u>
1997	1.0	2009	35.0
1998	2.0	2010	41.0
1999	3.5	2011	47.0
2000	5.0	2012	53.0
2001	7.0	2013	59.0
2002	9.0	2014	65.0
2003	11.0	2015	72.0
2004	14.0	2016	79.0
2005	17.0	2017	86.0
2006	21.0	2018	93.0
2007	25.0	2019	100.0
2008	30.0		

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; Deputy 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
SERIES FIFTY-ONE E, DUE 2019**

No. C(51E)-

Maturity Date: June 1, 2019 Interest Rate:% Per Annum Dated: . . . 19 . . . 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, 2019, 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 , 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 February 12, 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 1997 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, 1997, and thereafter and at or prior to December 1, 2018.

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, 1997, 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, 1997, and thereafter and at or prior to June 1, 1999; 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, 2002; 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, 2018.

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 City of New York, State of New York, and also in a daily newspaper of general circulation in one or more of the following cities: the City of Boston, Commonwealth of Massachusetts; the City of Philadelphia, Commonwealth of Pennsylvania; the City of Chicago, State of Illinois; and the City of San Francisco, State of California. 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 _____ day of _____, 19 _____.

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

[Empty box for identifying number]

(Please Print or Type Name and Address of Assignee)

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

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

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 the bonds shall have been actually issued, the bonds may nevertheless be issued as though the person who signed such bonds of this Series 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 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 later than June 1, 2019; (ii) 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 of such installment; (iii) 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; (iv) 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; (v) 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 issue 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; (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 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; (vii) prior to the issuance of any installment of the bonds of this Series, consistent with the foregoing, to change or adjust the provisions of the bonds of such installment thereof to permit the issuance of such bonds or installment with a fixed, variable or incremental interest rate or rates or a combination thereof; (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, Series Fifty-one E—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 12th day of February, 1987, the Authority adopted a resolution establishing a series of said Consolidated Bonds to be known as "Series Fifty-one E, Due 2019" (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 One Hundred Million Dollars (\$100,000,000) 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 One Hundred Million Dollars (\$100,000,000) in principal amount of Consolidated Bonds of the Authority of Series Fifty-one E, Due 2019, 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 Series Fifty-one E, Due 2019.

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(51E)-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; Deputy 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 for the purpose of refunding, directly, by offers to exchange, or otherwise, all or any part of Consolidated Bonds, Fifty-first Series, Due 2019.

SECTION 5. 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, Series Fifty-one E—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 Bonds, constituting Series Fifty-one E, Due 2019 (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 fifteen per centum (15%) per annum to maturity, and to do so in the name of and on behalf of the Authority, at public or private sale including the exchange of Consolidated Bonds, Series Fifty-one E, Due 2019, for all or a portion of the bonds constituting Consolidated Bonds, Fifty-first Series, Due 2019, with or without advertisement, in one or more installments or in one or more lots, at one or more times on or before June 1, 1994, and to apply the proceeds, if any, of such sale or sales as provided in the resolution authorizing the issuance of said bonds of this Series.

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 June 1, 1994, to determine the terms and conditions upon which sales shall be made and to accept or reject offers in connection with such sales, including offers for the exchange of Consolidated Bonds, Series Fifty-one E, Due 2019, for all or a portion of the bonds constituting Consolidated Bonds, Fifty-first Series, Due 2019, 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 said 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 said 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, and the regulations with respect thereto.

SECTION 6. The Committee; 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 and Sections 147 through 150, inclusive, of the Internal Revenue Code of 1986, as amended, and the regulations with respect thereto, and that the interest on such bonds of this Series is not subject to Federal income taxes, 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; Deputy 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 action taken in connection therewith are hereby ratified.

**Consolidated Bonds, Series Fifty E - Supplemental Coupon Exchange Program -
Consolidated Bonds, Fiftieth Series - Appointment of Dealer/Manager**

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

RESOLVED, that the Executive Director be and he hereby is authorized to conduct a program, taking such actions as are deemed necessary or desirable in connection herewith, including the issuance of materials in the name of and on behalf of The Port Authority of New York and New Jersey for purposes of requesting offers from holders of The Port Authority of New York and New Jersey, Consolidated Bonds, Fiftieth Series, Due 2017, to exchange such bonds for a like principal amount of The Port Authority of New York and New Jersey, Consolidated Bonds, Series Fifty E, Due 2017, to be issued and sold by the Committee on Finance in connection with such exchange and to present such offers to the Committee on Finance; provided, however, that no such offers shall be so presented if the total of such offers would result in less than \$10 million of Consolidated Bonds, Fiftieth Series being exchanged; and it is further

RESOLVED, that E.F. Hutton & Company Inc., be and it hereby is designated and appointed as Dealer/Manager for and in connection with the Authority's request for offers from the holders of Consolidated Bonds, Fiftieth Series, Due 2017, to exchange such bonds as aforesaid; and it is further

RESOLVED, that the 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 enter into and execute an agreement on behalf of The Port Authority of New York and New Jersey with such Dealer/Manager providing, among other items, for compensation to E.F. Hutton & Company Inc., on the basis of \$3.75 for each \$1,000 in principal amount of Consolidated Bonds, Fiftieth Series accepted for exchange by the Committee on Finance and for expenses as may be incurred with the Authority's written approval, and to any dealer (including E.F. Hutton & Company Inc.) depositing bonds which are accepted for exchange by the Committee on Finance, an amount not to exceed \$10.00 for each \$1,000 in principal amount of such bonds so accepted for exchange by the Committee; and it is further

RESOLVED, that the Executive Director, Assistant Executive Director, Chief Financial Officer, Deputy Chief Financial Officer, Treasurer or Assistant Treasurer of the Authority, or any one of them, is hereby authorized to arrange for the preparation of such materials as may be necessary or desirable in connection with the request for offers from bondholders in the name and on behalf of The Port Authority of New York and New Jersey, describing the Authority's request for offers to exchange Consolidated Bonds, Fiftieth Series, Due 2017, for Consolidated Bonds, Series Fifty E, Due 2017, and the Authority and its financial condition, and making representations on behalf of the Authority; provided, however, that such materials shall not be issued on behalf of the Authority without the express consent of the Executive Director, Assistant Executive Director, Chief Financial Officer, Deputy Chief Financial Officer, Treasurer or Assistant Treasurer of the Authority, or any one of them. Subject to the foregoing, the Authority hereby approves the use of any such materials in connection with the

Dealer/Manager's solicitation of such offers from the holders of Consolidated Bonds, Fiftieth Series, Due 2017, to exchange bonds as aforesaid; and it is further

RESOLVED, that the form of such agreements and materials shall be subject to the approval of General Counsel or his authorized representative.

**Consolidated Bonds, Series Fifty E - Supplemental Coupon Exchange Program -
Consolidated Bonds, Fiftieth Series - Appointment of Exchange Agent**

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

RESOLVED, that The Chase Manhattan Bank, N.A., New York, New York, be and it hereby is designated and appointed as Exchange Agent for and in connection with request of the Authority to the holders of The Port Authority of New York and New Jersey, Consolidated Bonds, Fiftieth Series, Due 2017 for offers to exchange such bonds for The Port Authority of New York and New Jersey Consolidated Bonds, Series Fifty E, Due 2017; and it is further

RESOLVED, that the Executive Director, Assistant Executive Director, Chief Financial Officer, Deputy Chief Financial Officer, Treasurer or Assistant Treasurer of the Authority is hereby authorized to enter into and execute an agreement on behalf of the Authority with such Exchange Agent pursuant to which the Exchange Agent would act, and providing for compensation for such Exchange Agent not in excess of the standard rates generally prevailing in the market.

**Consolidated Bonds, Series Fifty-one E - Supplemental Coupon Exchange Program -
Consolidated Bonds, Fifty-first Series - Appointment of Dealer/Manager**

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

RESOLVED, that the Executive Director be and he hereby is authorized to conduct a program, taking such actions as are deemed necessary or desirable in connection therewith including the issuance of materials in the name of and on behalf of The Port Authority of New York and New Jersey for purposes of requesting offers from holders of The Port Authority of New York and New Jersey, Consolidated Bonds, Fifty-first Series, Due 2019, to exchange such bonds for a like principal amount of The Port Authority of New York and New Jersey, Consolidated Bonds, Series Fifty-one E, Due 2019, to be issued and sold by the Committee on Finance in connection with such exchange and to present such offers to the Committee on Finance; provided, however, that no such offers shall so presented if the total of such offers would result in less than \$10 million of Consolidated Bonds, Fifty-first Series being exchanged; and it is further

RESOLVED, that E.F. Hutton & Company Inc., be and it hereby is designated and appointed as Dealer/Manager for and in connection with the Authority's request for offers from the holders of Consolidated Bonds, Fifty-first Series, Due 2019, to exchange such bonds as aforesaid; and it is further

RESOLVED, that the 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 enter into and execute an agreement on behalf of The Port Authority of New York and New Jersey with such Dealer/Manager providing, among other items, for compensation to E.F. Hutton & Company Inc., on the basis of \$3.75 for each \$1,000 in principal amount of Consolidated Bonds, Fifty-first Series accepted for exchange by the Committee on Finance and for expenses as may be incurred with the Authority's written approval, and to any dealer (including E.F. Hutton & Company Inc.) depositing bonds which are accepted for exchange by the Committee on Finance, an amount not to exceed \$10.00 for each \$1,000 in principal amount of such bonds so accepted for exchange by the Committee; and it is further

RESOLVED, that the Executive Director, Assistant Executive Director, Chief Financial Officer, Deputy Chief Financial Officer, Treasurer or Assistant Treasurer of the Authority, or any one of them, is hereby authorized to arrange for the preparation of such materials as may be necessary or desirable in connection with the request for offers from bondholders in the name and on behalf of The Port Authority of New York and New Jersey, describing the Authority's request for offers to exchange Consolidated Bonds, Fifty-first Series, Due 2019, for Consolidated Bonds, Series Fifty-one E, Due 2019, and the Authority and its financial condition, and making representations on behalf of the Authority; provided, however, that such materials shall not be issued on behalf of the Authority without the express consent of the Executive Director, Assistant Executive Director, Chief Financial Officer, Deputy Chief Financial Officer, Treasurer or Assistant Treasurer of the Authority, or any one of them. Subject to the foregoing, the Authority hereby approves the use of any such materials in

connection with the Dealer/Manager's solicitation of such offers from the holders of Consolidated Bonds, Fifty-first Series, Due 2019, to exchange bonds as aforesaid; and it is further

RESOLVED, that the form of such agreements and materials shall be subject to the approval of General Counsel or his authorized representative.

**Consolidated Bonds, Series Fifty-one E - Supplemental Coupon Exchange Program -
Consolidated Bonds, Fifty-first Series - Appointment of Exchange Agent**

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

RESOLVED, that The Chase Manhattan Bank, N.A., New York, New York, be and it hereby is designated and appointed as Exchange Agent for and in connection with request of the Authority to the holders of The Port Authority of New York and New Jersey, Consolidated Bonds, Fifty-first Series, Due 2019 for offers to exchange such bonds for The Port Authority of New York and New Jersey Consolidated Bonds, Series Fifty-one E, Due 2019; and it is further

RESOLVED, that the Executive Director, Assistant Executive Director, Chief Financial Officer, Deputy Chief Financial Officer, Treasurer or Assistant Treasurer of the Authority is hereby authorized to enter into and execute an agreement on behalf of the Authority with such Exchange Agent pursuant to which the Exchange Agent would act, and providing for compensation for such Exchange Agent not in excess of the standard rates generally prevailing in the market.

Whereupon, the meeting was adjourned.

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Wednesday, February 25, 1987

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MINUTES of a special meeting of The Port Authority of New York and New Jersey held Wednesday, February 25, 1987 at the Port Authority offices, One World Trade Center, City, County and State of New York.

PRESENT:

NEW JERSEY

Philip D. Kaltenbacher, Chairman
 William K. Hutchison
 Henry F. Henderson, Jr.
 Robert V. Van Fossan

NEW YORK

William J. Ronan
 James G. Hellmuth
 John G. McGoldrick
 H. Carl McCall

Stephen Berger, Executive Director
 Patrick J. Falvey, General Counsel/Assistant Executive Director
 Doris E. Landre, Secretary
 Anthony J. Barber, Director of Tunnels, Bridges and Terminals
 Dorothy W. Dugger, Assistant Director, Public Affairs
 Christine Eibs, Special Assistant - Executive Branch Relations
 Louis J. Gambaccini, Assistant Executive Director/Trans-Hudson Transportation
 Katharine B. MacKay, Assistant Executive Director/Administration
 Hugh O'Neill, Assistant Executive Director/Policy Planning and Business Development
 David Z. Plavin, Deputy Chief Financial Officer
 Joseph L. Vanacore, Assistant Executive Director/Capital Programs
 Barry Weintrob, Chief Financial Officer and Director, Finance Department
 Kristina E. Weisenstein, Administrative Assistant

The meeting was called to order by the Chairman.

The Secretary reported that the meeting was duly called in accordance with the By-Laws.

(Board - 2/25/87)

Holland Tunnel - Acquisition of Real Property - Service Roadways and Improvements of Operations and Maintenance Facilities

The need for improved facilities at the Holland Tunnel has increased with the passage of time and growing traffic demands. Newport City Development Company, with Jersey City support and exercising its power of eminent domain, has been able to obtain Federal grants to acquire almost all of the private property interests around the Holland Tunnel as part of its approximately 270 acre development.

The Port Authority has conducted extensive discussions with Newport City during the past three years concerning the Port Authority's need to acquire certain real property interests in the vicinity of the Holland Tunnel to provide for toll plaza expansion, a right-of-way for service roads and additional off-street facilities required for the operation and maintenance of the tunnel. With the potential of traffic generation and traffic interference as the neighboring Newport development progresses, the Port Authority's acquisition of these property interests is a key to any future development of a comprehensive plan to centralize and improve traffic management capabilities and maintenance in the Holland Tunnel.

While staff's discussions with Newport City Development Corporation are ongoing, staff has been unable to reach an agreement with them with regard to the Port Authority's property requirements. Further delay in resolving these property issues can only adversely impact the efficient operation of the tunnel and future development of centralized facilities to maximize traffic management capabilities.

By resolution adopted at its meeting on December 11, 1986, the Board authorized the Executive Director to acquire from Newport City Development Company, by voluntary acquisition or condemnation, those property interests required for the Holland Tunnel's New Jersey plaza redevelopment. Staff recommends that the Board grant similar authorization for the acquisition of property interests required for necessary service roadways and future facility improvements.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that it be and is hereby found and determined that it is necessary for public use for Holland Tunnel purposes to acquire fee title to the real property described generally on a Drawing Numbered HTP-33, dated February 25, 1987, more particularly described as follows:

PARCEL 3

BEGINNING at a point formed by the intersection of the northerly line of Thirteenth Street (60 feet wide) with the easterly line of Provost Street (60 feet wide) and running the following four (4) courses and distances:

1. Northerly along the easterly line of Provost St. 25.00 feet to the southwesterly corner of a parcel of land conveyed to the State of New Jersey by deed from The Morris and Essex Railroad Company et al., dated March 14, 1929 and recorded in the Office of the Hudson County Register on April 8, 1929 in Deed Book 1711 at page 68; thence
2. Easterly along the southerly line of said parcel of land of The State of New Jersey 100.00 feet to a point in the westerly line of lands conveyed to the Port of New York Authority by deed from Raymond J. Otis, as Trustee in Bankruptcy of American Packing Corporation, dated January 20, 1954 and recorded in the Office of the Hudson County Register on January 29, 1954 in Deed Book 2577 at page 542; thence
3. Southerly along said westerly line of said lands of The Port of New York Authority 25.00 feet to a point in the northerly line of Thirteenth Street; thence
4. Westerly along the northerly line of Thirteenth Street 100.00 feet to the point and place of beginning.

BEING shown and designated as Lot 17 in Block 155 on the Tax Assessment Map of the City of Jersey City.

PARCEL 4

BEGINNING at a point formed by the intersection of the southerly line of Thirteenth Street (60 feet wide) with the easterly line of Provost Street (81 feet wide) and running the following four (4) courses and distances:

1. Easterly along the southerly line of Thirteenth Street 409.00 feet to a point; thence
2. Southerly parallel with the easterly line of Provost Street 192.00 feet to a point in the easterly prolongation of the northerly line of an 8-foot wide strip of land heretofore acquired on January 17, 1925 by the New Jersey Interstate Bridge and Tunnel Commission in condemnation proceedings instituted against Jarvis Realty Company, Inc. et al., in the New Jersey Supreme Court, Docket 4, Page 701; thence
3. Westerly parallel with the southerly line of Thirteenth Street and along said northerly line and its easterly prolongation 409.00 feet to a point in the easterly line of Provost Street; thence
4. Northerly along the easterly line of Provost Street 192.00 feet to the point and place of beginning.

BEING shown and designated as Lot A2 in Block 154 on the Tax Assessment Map of the City of Jersey City.

PARCEL 5

BEGINNING at a point which is the northwesterly corner of a parcel of land conveyed to the State of New Jersey by deed from The Morris and Essex Railroad Company dated July 1, 1922 and recorded in the Office of the Hudson County Register on February 26, 1923 in Deed Book 1465 at page 542, said point being further described as being the intersection of the first and second courses of said parcel of land and running the following nine (9) courses and distances:

1. Southeasterly, along the northerly line of said parcel of lands of the State of New Jersey, which line makes an interior angle of $103^{\circ}-24'-36''$ with the course numbered nine (9) hereinafter described in this description, 100.09 feet to a point; thence
2. Southeasterly, still along the northerly line of said lands of the State of New Jersey, which line makes an interior angle of $186^{\circ}-17'-51''$ with the preceding course, 83.54 feet to a point; thence
3. Northwesterly, along a line which makes an interior angle of $48^{\circ}-40'-26''$ with the preceding course, 301.27 feet to a point formed by the intersection of the third and fourth courses of a certain permanent subsurface easement designated Parcel No. 5 in a deed to the State of New Jersey from the Morris and Essex Railroad Company, dated January 6, 1926 and recorded in the Office of the Hudson County Register on March 29, 1926 in Deed Book 1604 at page 36; thence
4. Northwesterly, along a line which makes an interior angle of $152^{\circ}-55'-57''$ with the preceding course, 324.15 feet to a point formed by the intersection of the eleventh and twelfth courses of a certain parcel of land designated as Parcel 2 in a deed to The Port of New York Authority from the Erie-Lackawanna Railroad Company, dated September 8, 1964 and recorded in the Office of the Hudson County Register on September 23, 1964 in Deed Book 2957 at page 615; thence the following four (4) courses and distances along the northeasterly line of said Parcel 2
5. Southeasterly, along the arc of a circle concave to the northeast, having a radius of 992.66 feet, a central angle of $4^{\circ}-48'-06''$ and an arc length of 83.19 feet, the chord to said curve making an interior angle of $12^{\circ}-16'-$

(Board - 2/25/87)

26" with the preceding course, a distance of 83.17 feet to a point; thence

6. Southeasterly, along the arc of a circle concave to the northeast, having a radius of 1319.42 feet, a central angle of $3^{\circ}-36'-40''$ and an arc length of 83.16 feet, the chord to said curve making an interior angle of $176^{\circ}-13'-47''$ with the chord of the preceding course numbered five (5), a distance of 83.14 feet to a point; thence

7. Southeasterly, along a line which makes an interior angle of $177^{\circ}-06'-48''$ with the chord of the preceding course numbered six (6) a distance of 33.15 feet to a point; thence

8. Southeasterly, along a line which makes an interior angle of $177^{\circ}-18'-49''$ with the preceding course, 73.71 feet to a point; thence

9. Southerly, along the easterly side of the aforesaid Parcel 2 and its southerly prolongation, which line makes an interior angle of $225^{\circ}-45'-19''$ with the preceding course 236.59 feet to the point and place of beginning.

BEING shown and designated as Part of Lot All in Block 19 on the Tax Assessment Map of the City of Jersey City;

and it is further

RESOLVED, that the Executive Director, be and he is hereby authorized to acquire said property interests by voluntary acquisition, subject to the approval of the Committee on Construction as to the negotiated consideration, or by condemnation pursuant to Chapter 47 of the Laws of New York, 1931, and Chapter 4 of the Laws of New Jersey, 1931; and it is further

(Board - 2/25/87)

RESOLVED, that any condemnation action hereby authorized and all steps pertaining thereto shall be conducted under the supervision and direction of General Counsel, and he shall be and is hereby empowered to take all necessary steps for and incur all expenses necessary or incidental to the conduct of such proceedings.

Whereupon, the meeting was adjourned.

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

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MINUTES of meeting of The Port Authority of New York and New Jersey held Thursday, March 12, 1987 at the Port Authority offices, One World Trade Center, City, County and State of New York.

PRESENT:

NEW JERSEY

Philip D. Kaltenbacher, Chairman
 Jerry Fitzgerald English
 Robert V. Van Fossan
 Henry F. Henderson, Jr.
 Robert Van Buren

NEW YORK

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

Stephen Berger, Executive Director
 Patrick J. Falvey, General Counsel/Assistant Executive Director
 Doris E. Landre, Secretary
 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
 John Hauptert, 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
 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
 Morris Sloane, Deputy Director of Aviation
 Joseph L. Vanacore, Assistant Executive Director/Capital Programs
 Kristina E. Weisenstein, Administrative Assistant

The meeting was called to order by the Chairman.

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of February 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 March 12, 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 March 12, 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 March 12, 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 March 12, 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 - 3/12/87)

1987 Budget - January 1 through April 30, 1987

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.

The Board took these actions when it became apparent that review of the 1987 Budget would not be complete before the December 1986 meeting, a situation which continues until now. 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 1987 Budget presented to the Commissioners on October 29, 1986. It is expected that such payments will not exceed \$200 million per month through April 30, 1987.

The 1987 Budget is a financial planning tool which outlines the estimated expenditures for programs already authorized or to be considered by the Commissioners.

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 April 30, 1987, to make expenditures at a rate not to exceed \$200 million per month, including but not limited to personnel, materials, utilities, cleaning services and insurance, and to undertake contractual commitments, in accordance with the By-Laws, all as contemplated in the proposed 1987 Budget for The Port Authority of New York and New Jersey (including the anticipated expenditures of subsidiary corporations) presented to the Commissioners on October 29, 1986.

(Board - 3/12/87)

Bathgate Industrial Park - Lease Amendment to Lease Agreement with Protocom Devices, Inc.

It was recommended that the Board authorize the Executive Director, on behalf of the Port Authority, to enter into an agreement amending its lease with Protocom Devices, Inc. for its premises at the Bathgate Industrial Park substantially in accordance with the following terms and conditions. The Port Authority will provide up to \$1 million to Protocom. These funds would be provided in an amount not to exceed 20% of the total order amount of executed contracts between Protocom and its customers. The Port Authority will reserve the right to provide funds at its discretion but funds will not be provided against contracts that are less than \$500,000. The funds provided to Protocom will be secured by the contract payments due over the term of the contract. The monies provided by the Port Authority will be repaid as additional rental over varying terms depending upon the payment term of the specific contracts. Monies so provided will be repaid at the Citibank prime rate (as adjusted monthly) plus 200 basis points. Protocom is in a highly competitive business and it is anticipated that these funds will provide Protocom with the resources to compete for additional business and create more jobs for residents of the region and the South Bronx.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director, on behalf of the Port Authority, to enter into the amendment to the lease agreement with Protocom Devices, Inc. described above; the form of the lease amendment to be subject to the approval of General Counsel or his designated representative.

(Board - 3/12/87)

The World Trade Center - Contract WTC-115.221 - Asbestos Abatement - Tenth and Eleventh Floors - One World Trade Center - Authorization to Award

In line with the Port Authority's overall Asbestos Abatement Program, Contract WTC-115.221 is the first in a series of contracts for removal of asbestos from 30 floors of the first zone of One World Trade Center in accordance with present EPA and OSHA standards.

This contract provides for the demolition of the entire tenth and eleventh floors, removal of all asbestos-fireproofing materials and the furnishing and application of new non-asbestos spray-on fireproofing, all at One World Trade Center. In addition based on the contractor's performance, staff may negotiate to increase the contractor's scope of work to include the removal of asbestos from up to four additional floors at the World Trade Center.

Proposals were solicited on Contract WTC-115.221 from ten pre-qualified contractors and the following proposals were received:

Strategic Organizational Systems Environmental Engineering Division, Inc. San Francisco, California with offices in New York	\$1,717,390
Benjamin Kurzban & Son Control, Inc. Brooklyn, New York	1,972,600
Hesco Environmental Safety Company Secaucus, New Jersey	2,577,000
HRF Surface Cleaning South Hackensack, New Jersey	2,750,000
National Surface Cleaning, Inc., New York, New York	2,783,000
National Environmental Engineering Michigan City, Indiana	3,778,000

In addition, another proposal was received from Brand Asbestos Control Company, Inc. which was deemed non-responsive.

Strategic Organizational Systems Environmental Engineering Division, Inc. submitted the lowest proposal and the Director of World Trade and Economic Development has determined that Strategic Organizational Systems Environmental Engineering Division, Inc., is qualified to perform the work.

The following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to award Contract WTC-115.221, Asbestos Abatement, Tenth and Eleventh Floors, One World Trade Center to Strategic Organizational Systems Environmental Engineering Division, Inc., at its proposal price of \$1,717,390 and to order extra work up to the amount of \$345,000; and it is further

(Board - 3/12/87)

RESOLVED, that the Executive Director is authorized to negotiate with the contractor on Contract WTC-115.221 and enter into either a supplemental agreement to the contract which increases the scope of work to include the removal of asbestos from up to four additional floors at the World Trade Center, or a new contract for the removal of asbestos from up to four additional floors at the World Trade Center; and it is further

RESOLVED, that the foregoing supplemental agreement or new contract is subject to the approval of General Counsel or his authorized representative.

(Board - 3/12/87)

The World Trade Institute - Various Authorizations in Connection with the 1987 Activities

As the educational arm of the World Trade Center, the World Trade Institute has become a leading purveyor of training and information on international business for the world trade community. Through its approximately 600 seminars, courses and various training and technical assistance programs, the Institute served about 7,500 people in 1986.

The Institute relies on a cadre of outside speakers, chairpersons and contract personnel to provide the technical assistance necessary to present its programs on international taxation, finance, law, marketing, physical distribution and other subject. In 1986 the Institute used approximately 225 individuals for these services at an expenditure of just over \$400,000.

The majority of the outside specialists for Institute programs receive no fees and are reimbursed only for expenses. However, the Institute enters into a limited number of contracts that call for fee payments over \$10,000 per year (see attached).

The participation of all these outside specialists, projected at \$425,000 in 1987, is critical to the successful operation of the Institute, to ensure its high reputation with the business community, as well as to the production of Institute revenues in excess of \$3.5 million from this activity.

The following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to enter into agreements with outside speakers, chairpersons, and other technical specialists for the purpose of presenting World Trade Institute seminars at an estimated cost for 1987 of approximately \$425,000, the form of the agreements to be subject to the approval of General Counsel or his authorized representative.

(Board - 3/12/87)

Investment Management Agreement with Payden and Rygel

It was reported to the Board that investment of the Authority's operating, capital and reserve monies is currently handled on the basis of individual transactions executed by the Treasurer and Assistant Treasurer assisted by appropriate staff. In order to improve assessment of internal investment performance by providing comparative measures, staff has been investigating the possibility of having an outside investment management firm make investment decisions within appropriate parameters with respect to a portion of these monies.

This would be accomplished by providing for the firm of Payden and Rygel to actively manage up to \$50 million in cash or equivalent securities of funds held in the Consolidated Bond Reserve Fund for a six-month period (with an option for the Authority to extend the agreement for an additional six months) and for an equivalent amount to be managed by Treasury staff using the same investment parameters. These investment parameters would be consistent with the Authority's agreements with the holders of Consolidated Bonds and the Authority's existing investment policies.

All securities purchased by Payden and Rygel would be held in the depository currently designated by and in the name of The Port Authority of New York and New Jersey for the custody of securities purchased by the Authority.

Payden and Rygel's fee for the six-month term of the agreement would be at the annual rate of one-tenth of one percent of the weighted daily value of the amount under investment, calculated monthly. This amount would approximate \$25,000. If the Authority exercises its option to extend the agreement for an additional six months, the firm would receive for that six-month period its standard fee, which is at an annual rate of two-tenths of one percent of the weighted daily value of the amount under investment.

Payden and Rygel was established in August 1983 as an investment counseling firm, incorporated in March 1984, and is located in Los Angeles, California. Joan Payden and Sandra Rygel, the principals of the firm, previously had 38 years combined experience in investment management with the firm of Scudder, Stevens & Clark. With a staff of twenty, the firm currently manages \$4 billion in assets. The firm has been certified by the Port Authority's Office of Minority Business Development as a women's business enterprise.

It was therefore recommended that the Board authorize the Executive Director to enter into an agreement with the firm of Payden and Rygel to actively manage up to \$50 million in cash or equivalent securities of funds held in the Consolidated Bond Reserve Fund for a six-month period (with an option for the Authority to extend the agreement for an additional six months) at fees as described in this report.

(Board - 3/12/87)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director be and he hereby is authorized to enter into an agreement with the firm of Payden and Rygel to actively manage up to \$50 million in cash or equivalent securities of funds held in the Consolidated Bond Reserve Fund for a six-month period with an option for the Authority to extend the agreement for an additional six months, Payden and Rygel's fee for the first six-month period to be at the annual rate of one-tenth of one percent of the weighted daily value of the amount under investment, calculated monthly, and for the second six-month period to be at the annual rate of two-tenths of one percent of the weighted daily value of the amount under investment, calculated monthly; and it is further

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

(Board - 3/12/87)

Retention of Financial Management Advisor

It was recommended that the Board authorize the Executive Director to enter into an agreement with Mr. Edward M. Kresky, a recognized expert in municipal finance, effective February 1, 1987, to act as an advisor to the Port Authority with respect to organization and financial management activities for a period not to exceed eighteen months, at a cost not to exceed \$30,000, including out-of-pocket expenses. Mr. Kresky has previously served as a financial advisor to the Port Authority. Mr. Kresky would continue to advise on matters relating to the Port Authority's capital plan, organizational structure and the utilization of innovative financing techniques.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director be and he hereby is authorized to enter into an agreement with Mr. Edward M. Kresky, effective February 1, 1987, to provide for him to act as an advisor to the Port Authority on organization and financial matters for a period not to exceed eighteen months at a cost not to exceed \$30,000, including out-of-pocket expenses; and it is further

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

(Board - 3/12/87)

La Guardia Airport - Tele-Trip Company, Inc. - Business Service Center

It was recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into a permit with Tele-Trip Company, Inc. covering the operation of a Business Service Center at LaGuardia Airport substantially in accordance with the following terms and conditions. The permit would be for a one-year period with Tele-Trip paying varying percentage fees on its gross receipts averaging 10%. Tele-Trip would amortize its estimated \$90,000 capital investment to establish the Center over a five-year period with the Port Authority to reimburse Tele-Trip for its unamortized capital investment up to a maximum amount of \$72,000 in the event the Port Authority does not renew the permit after the first or any subsequent year or if the permit is revoked by the Port Authority without cause.

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 a permit with Tele-Trip Company, Inc. at LaGuardia Airport on the above terms and conditions; the form of the permit to be subject to the approval of General Counsel or his designated representative.

(Board - 3/12/87)

La Guardia Airport - East End Roadway Modifications - Phase II - Contract LGA-110.055 - Award and Increase in Project Authorization

It was reported that at its meeting on June 10, 1982, the Board authorized a two-phase project for the realignment of the east end roadways at LaGuardia Airport at a total estimated project cost of \$20,924,200. Phase I was completed in November 1984. The start of Phase II of the project was delayed to allow for the design of a third terminal at the east end. The construction of a third terminal was not contemplated at the time of the original authorization and was necessitated by a projection of increased passenger demand by the year 2000. Consequently, the east end roadway complex had to be extensively redesigned to accommodate the increased traffic. Phase II roadway construction is scheduled to commence April 1987 and to be completed May 1989.

Contract LGA-110.055 provides for the construction of a new roadway complex east of the Central Terminal Area to improve traffic flow at LaGuardia Airport. Construction of parking lots, entrance and exit toll booths, facilities for taxis and the installation of new signage are included in Contract LGA-110.055.

Maintenance of the new signage is to be performed pursuant to a separate agreement, Contract LGA-110.055A, by the manufacturer. The duration of the maintenance agreement is five years and includes a price escalation clause.

The construction contract includes a provision for the excavation of unsuitable material and backfill to be done on a net cost basis presently estimated at roughly \$10,000. Contract LGA-110.055 requires a good faith effort for Minority Business Enterprise participation of 10% for firms owned and controlled by minorities and 1% for firms owned and controlled by women.

A portion of the construction contract is eligible for Federal funds under the Airport Improvement Program.

The contract was publicly advertised and the following bids were received on February 24, 1987:

	Construction Contract - Lump Sum	Maintenance Agreement - Total Price	Combined Bid Amount
Grace Contracting Corp. Whitestone, New York	\$11,742,000	\$158,408	\$11,900,408
Edenwald Contracting Co., Inc. Whitestone, New York	12,383,000	159,138	12,542,138
Willetts Point Contracting Corp. Flushing, New York	12,476,000	158,408	12,634,408

(Board - 3/12/87)

Grace Contracting Corp. submitted the lowest combined bid for the construction contract and maintenance agreement and the Chief Engineer has determined that they are qualified to perform the contract.

The following resolution was unanimously adopted:

RESOLVED, that an increase in the estimated total project cost is authorized for the project for the realignment of the east end roadway complex at LaGuardia Airport from \$20,924,000 to \$23,024,000, including payments to contractors, extra work, and engineering, administrative and financial expenses; and it is further

RESOLVED, that the Board authorize the Executive Director to award Contract LGA-110.055, LaGuardia Airport, East End Roadway Modifications, Phase II, a construction contract, and LGA-110,055A, Agreement to Perform Maintenance of the LaGuardia Airport Variable Message Sign System, a maintenance contract, to Grace Contracting Corp., the bidder submitting the lowest combined bid, in the amount of \$11,742,000 for the construction and in the amount of \$158,408 for the maintenance and to order extra work up to the amount of \$1,174,200 under the construction contract and \$30,000 for the maintenance contract, and to order net cost work under the construction contract and to provide for escalation under the maintenance contract.

(Board - 3/12/87)

La Guardia Airport - Butler Aviation-LaGuardia, Inc. - Revised Authorization to Amend Fixed Base Operator Agreement

It was recommended that the Board amend its resolution of October 16, 1986 to authorize an additional total of \$110,000 in monthly credits to Butler Aviation-LaGuardia, Inc. for Butler's increased cost of operating a transportation service for general aviation customers from the Marine Air Terminal to Butler's remote aircraft parking areas at LaGuardia Airport, such credits to be applicable from August 20, 1986 through February 28, 1987.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the resolution of the Board of Commissioners adopted at its meeting on October 16, 1986 authorizing monthly credits to Butler Aviation-LaGuardia, Inc. at LaGuardia Airport is hereby amended in accordance with the foregoing.

(Board - 3/12/87)

La Guardia Airport - Pan Am Shuttle, Inc. - Revised Authorization to Enter into Passenger Terminal Airport Lease

It was recommended that the Board amend its resolution of August 14, 1986 authorizing the Executive Director, for and on behalf of the Port Authority, to enter into a specified Passenger Terminal Airport lease at LaGuardia Airport. As amended, the Executive Director would be authorized to enter into a lease with Pan Am Shuttle, Inc. and to make payments to Pan Am of up to \$15 million for its construction of the Passenger Terminal Facility with Pan Am paying a monthly facility rental based upon a factor of .01136597 for each dollar so paid by the Port Authority; the amount to be reimbursed to Pan Am for its unamortized investment cost in excess of Port Authority payments would be adjusted to an amount not to exceed \$6 million to be paid only if the Port Authority terminates or refuses to extend the term of the lease without cause; there would be a decrease of approximately \$4,800 per month in rental and \$2,250 per month in rental credit; and there would be an increase to an amount not to exceed \$2.3 million to reimburse Pan Am for its actual construction cost of the common taxiway.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the resolution of the Board of Commissioners adopted at its meeting on August 14, 1986 authorizing the Executive Director to enter into a Passenger Terminal Airport lease with Pan Am Shuttle, Inc. at LaGuardia Airport is hereby amended in accordance with the foregoing.

(Board - 3/12/87)

**Kennedy International Airport - International Arrivals Building Interim Improvement Program -
Authorization to Award Supplemental Agreement No. 3 to Contract JFK-110.060A
International Arrivals Lobby Escalator Contracts**

On January 9, 1986 the Board authorized a project for an interline baggage conveyor system at the International Arrivals Building (IAB) at Kennedy International Airport at an expenditure not to exceed \$7 million. On April 10, 1986 the Board authorized an amendment to the interline baggage conveyor system project to include other elements of a program of interim improvements to the IAB with total expenditures not to exceed \$24 million. Also, the Board authorized the award of Contract JFK-110.060A for building alternations in connection with the installation of the conveyor system and Supplemental Agreement No. 1 thereto for the rehabilitation and reconfiguration of the West Immigration and Naturalization areas to W.J. Barney Corporation, in amounts not to exceed \$3 million and \$3.4 million respectively. On August 14, 1986 the Board authorized Supplemental Agreement No. 2 with W.J. Barney Corporation for construction of certain retail sales space at the IAB at a cost not to exceed \$275,000.

The Interim Improvement Program for the IAB is intended to provide a measure of relief to the overburdened facility, particularly as related to the arrivals function. Within a few short months from authorization of the program, substantial beneficial results were evidenced in that interline passengers were served in their own exclusive area, congestion due to conflicting baggage movement was virtually eliminated in the Customs Hall, and many new amenities were in operation, including upgraded Customs counters and a baggage sorting area. Additionally, work on the West Immigration and Naturalization area is progressing toward full functional use by spring 1987.

The bulk of the alteration work has been performed under Contract JFK-110.060A and subsequent supplemental agreements by the W.J. Barney Corporation on a net cost basis. In order to assure beneficial use of the upgraded areas at the earliest time, portions of the field work must progress while design is being finalized. W.J. Barney has demonstrated that it has the resources, management skills and technical competence to meet the tight time constraints in a cost-effective manner. It is believed that by authorizing the continuation of their services for a significant portion of the remaining work under the program, the interests of the public and the Port Authority will be best served. Utilization of W.J. Barney Corporation will minimize additional mobilization cost, take advantage of Barney's familiarity with the work site and operational constraints, and avoid coordination problems.

The proposed work under Supplemental Agreement No. 3 falls within the scope of the program for interim improvements at the IAB authorized by the Board, and includes:

- Reconfiguration and reconstruction of East Immigration and Naturalization area
- Rehabilitation of IAB Lobby area
- Third floor corridor improvements
- Other associated alterations at the IAB
- At the option of the Port Authority, furnishing and installing of escalators for lobby area and associated alterations; however, this work may be performed under a separate bid contract.

(Board - 3/12/87)

All expenditures for work under Supplemental Agreement No. 3 to Contract JFK-110.060A would not exceed \$8 million. A portion of the work will be performed at night in order to minimize interfering with ongoing operations.

Under Contract JFK-110.060A and Supplemental Agreements Nos. 1 and 2, compensation is computed at the net cost of the work, plus 3.75%, plus an additional 20% if the work is performed by a subcontractor, and Contract JFK-110.060A requires that the contractor use every good faith effort to meet a goal of Minority Business Enterprise participation of 20% for firms owned and controlled by minorities and 2% for firms owned and controlled by women. These provisions will be incorporated into Supplemental Agreement No. 3.

The following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized: (1) to negotiate and enter into Supplemental Agreement No. 3 with W.J. Barney Corporation under Contract JFK-110.060A, International Arrivals Building, Interline Baggage Conveyor System, Miscellaneous Building Alterations, at a total expenditure not to exceed \$8 million, the work to include the reconfiguration and reconstruction of the East Immigration and Naturalization area, the rehabilitation of the IAB lobby area, third floor corridor improvements, other associated alterations to facilities at the IAB and at the option of the Port Authority, furnishing and installing of escalators for lobby area and associated alterations; and (2) in the event the escalator work is not ordered under Supplemental Agreement No. 3, to either authorize the award of: (a) a contract for the furnishing and installation of escalators for the IAB lobby; and (b) a contract for five years of maintenance of the escalators, to the contractor who (after solicitation of bids from a list of qualified contractors approved by the Chief Engineer) submits the lowest combined bid on both contracts, who, in his opinion, is qualified by reason of responsibility, experience and capacity to perform the contracts and whose bid price the Executive Director deems reasonable, and to order extra work up to 10% of the price for furnishing and installation of escalators and to order extra work up to 10% of the price for five years of maintenance and to provide for escalation of the price for maintenance; or to reject all bids; and it is further

RESOLVED, that the form of the Supplemental Agreement and contracts be subject to the approval of General Counsel or his authorized representative.

(Board - 3/12/87)

Kennedy International Airport - General Cleaning - Emergency Contract

It was recommended that the Board authorize the Executive Director to release Hispanic Maintenance Service, Inc. from its obligations to perform general cleaning services in the International Arrivals Building and other buildings at Kennedy International Airport under Port Authority Contract PSE-438 and to extend an emergency contract that he previously awarded covering such services to Triple A Maintenance, Inc., Secaucus, New Jersey, the lowest bidder, in response to the Port Authority's non-public solicitation of bids, at their bid price of \$3,509,870 on an annual basis for an initial term of six months with Port Authority options to further extend the contract thereafter on a monthly basis for a period not to exceed six months at no increase in contract price; and authorize the Director of Aviation to further extend the emergency contract in accordance with its terms and to order extra work thereunder in an amount equivalent to approximately 10% of the estimated total contract price.

The current contractor, Hispanic Maintenance Service, Inc. was awarded a two-year contract at its low bid price of \$5,257,978. Hispanic has advised that due to unanticipated increases in the costs of supervision, salaries and supplies, along with unprecedented increases in liability insurance rates, they would be unable to continue performing under the contract and that continued operation would result in bankruptcy. Staff has reviewed Hispanic's records and has concluded that they support their claims of financial distress. Rather than risk the business failure of this minority contractor, staff has agreed to release Hispanic from its obligations.

Whereupon, the following resolution was unanimously adopted.

RESOLVED, that the Executive Director is hereby authorized to release Hispanic Maintenance Service, Inc. from its obligations to perform cleaning services under Contract PSE-438 and is further authorized to extend for six months an emergency contract previously awarded to provide general cleaning services in the International Arrivals Building and other buildings at Kennedy International Airport to Triple A Maintenance, Inc. the form of the agreement to be subject in each instance to the approval of the General Counsel or his designated representative; and it is further

RESOLVED, that the Director of Aviation is hereby authorized to further extend the emergency contract for a period not to exceed six months on the same terms and to order extra work thereunder in an amount equivalent to approximately 10% of the estimated total contract price.

(Board - 3/12/87)

George Washington Bridge - Fort Lee Traffic Intersection Improvements

The 1985 "George Washington Bridge - Borough of Fort Lee Traffic Study" funded by the Port Authority and conducted by the URS Company, Inc., highlighted the importance of Lemoine Avenue for traffic flow to the George Washington Bridge. The New Jersey Department of Transportation (NJDEP) has been advancing a highway improvement program on Routes 5, 9W and 67, in the Borough of Fort Lee, involving modifications at nine street intersections. Since Lemoine Avenue is a major access route to the George Washington Bridge, the work at six of its intersections and particularly at Bridge Plaza South and Bridge Plaza North will facilitate traffic flow to the Upper Level plaza.

The New Jersey Governor's office has requested that the Port Authority provide an amount not to exceed \$2.03 million for six intersection improvements on Lemoine Avenue, in the vicinity of the George Washington Bridge, from funds made available for projects in the State of New Jersey pursuant to the Governors' Bi-State Agreement of 1983. NJDOT will be responsible for obtaining any additional funds for the six intersections and for funding the three remaining intersections.

Upon approval of this item by the Board, the contract will be advertised for bids by the NJDOT. The improvements at the nine intersections are expected to be completed by November 1990.

NJDOT's overall program involves cutback of curbs and widening of portions of Lemoine Avenue and Central Boulevard and the intersecting streets, as well as the installation of new traffic control signals and signs and repairs to the Lemoine Avenue bridge structures spanning the New Jersey approaches to the George Washington Bridge. The \$2.03 million includes an allowance of 10% of the construction cost for testing and engineering supervision of the construction. NJDOT will be responsible for all operations and maintenance at the intersections. All work which will impact on George Washington Bridge traffic will be performed during off-peak hours.

The work at the intersection of Bridge Place South and Lemoine Avenue will involve two parcels of property owned by the Port Authority. At its meeting on March 10, 1983, the Board found and determined that these two parcels, which total approximately 1,900 square feet, as shown on Maps GWBP-S54-NJ and GWBP-S56-NJ, are no longer required for operations at the George Washington Bridge and declared them surplus. Since the State of New Jersey at that time asked the Port Authority to sell to the State all or a portion of both parcels upon completion of a definitive engineering study of the intersection improvement, the Board authorized the Executive Director to negotiate a sale of all or portions of the two parcels. Since staff estimates the appraised value of the two parcels would not exceed \$30,000 and because the proposed improvement would facilitate traffic flow on the approaches to the George Washington Bridge, staff recommends that fee title to these two parcels be conveyed to the State for highway purposes for a nominal consideration.

(Board - 3/12/87)

Funds made available for projects in the State of New Jersey pursuant to the Governors' Bi-State Agreement of 1983 were initially \$137.5 million. As of November 1986, the Board has authorized \$89.4 million for regional infrastructure and transportation projects. With up to \$750,000 anticipated to be authorized by the Board for a study in connection with the Hudson Walkway project, up to \$2.03 million for the Fort Lee traffic intersection improvements, and \$10 million for planning studies for the Kearny Connection, Reverse Kearny Connection and Penn Station-Newark improvements, \$35.32 million remains available for other projects in the State of New Jersey.

The following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to: (1) enter into an agreement with the New Jersey Department of Transportation (NJDOT) providing for the reconstruction of six intersections on Route 67, Lemoine Avenue, in the Borough of Fort Lee, New Jersey; (2) provide to NJDOT from funds made available for projects in the State of New Jersey pursuant to the Governors' Bi-State Agreement of 1983 an amount not to exceed \$2.03 million for the work described above, including the costs for testing and engineering supervision of the construction; and (3) convey fee title to two parcels of Port Authority surplus property at the intersection of Bridge Plaza South and Lemoine Avenue, as shown on Maps GWBP-S54-NJ and GWBP-S56-NJ, to the State of New Jersey for highway purposes for a nominal consideration; and it is further

RESOLVED, that all documents required to consummate the aforesaid transactions be subject to the approval of General Counsel or his authorized representative.

(Board - 3/12/87)

George Washington Bridge - Rehabilitation of Expansion Joints - Contract GWB-110.088 - Project Authorization and Contract Awards

Contract GWB-110.088, George Washington Bridge, Rehabilitation of Expansion Joints, provides for the rehabilitation of the expansion joints of the upper level main span of the George Washington Bridge, including replacement of the existing welded-design finger joint gratings with new flame cut finger joint gratings and replacement of deteriorated seat angles which support the gratings, which is required because of the general deterioration of the existing expansion joints.

Bids were solicited from five contractors known to have the required qualifications to perform Contract GWB-110.088, and on February 24, 1987 the following bids were received:

	Estimated Total Amount
USX Corporation Iselin, New Jersey	\$3,383,300
Karl Koch Erecting Co., Inc. Carteret, New Jersey	3,680,000
Industrial Engineering Works Trenton, New Jersey	6,118,000

The Chief Engineer has determined that USX Corporation is qualified to perform the work.

The following resolution was unanimously adopted:

RESOLVED, that a project at the George Washington Bridge for the rehabilitation of the upper level main span expansion joints at an expenditure presently estimated at \$7,046,000 including payments to contractors, an allowance for extra work, and engineering, administrative and financing expenses is authorized; and it is further

RESOLVED, that the Executive Director is authorized to award Contract GWB-110.088, George Washington Bridge, Rehabilitation of Expansion Joints, to USX Corporation, at its bid price in the estimated amount of \$3,383,300 and to order extra work up to the amount of \$339,000.

(Board - 3/12/87)

Elizabeth-Port Authority Marine Terminal - Berths 52, 54, 56 and 58 - Rehabilitation - Contract EP-110.041 - Award

Contract EP-110.041 requires the contractor to repair and replace broken and missing piles, make timber and concrete repairs to the wharf structure and replace the fender system, at Berths 52, 54, 56 and 58 at the Elizabeth-Port Authority Marine Terminal. In addition, the contract provides for the replacement of missing or damaged bar reinforcement, including drilling and grouting, to be performed on a net cost basis presently estimated at roughly \$5,000.

The contract was publicly advertised and on January 8, 1987 the following bids were received:

	Classified Work	Unclassified Work	Estimated Total Amount
Marine Services Co. Newark, New Jersey	\$ 331,000	\$540,000	\$ 871,000
Linde-Griffith Construction Co. Newark, New Jersey	556,295	368,704	924,999
Simpson & Brown, Inc. Cranford, New Jersey	808,050	275,000	1,083,050
Gates Construction Corporation Little Ferry, New Jersey	623,450	515,550	1,139,000
J.E. Brenneman Company Philadelphia, Pennsylvania	881,575	405,000	1,286,575
Pressure Concrete & Grouting Co., Inc. South Orange, New Jersey	896,925	509,515	1,406,440
Atlantic Sea-Con, Ltd. Gloucester, Massachusetts	1,040,499	408,501	1,449,000
Spearin, Preston & Burrows, Inc. New York, New York	730,840	894,880	1,625,720

The Chief Engineer found the low bidder, Marine Services Co., not qualified to perform the work and recommends that Contract EP-110.041 be awarded to Linde-Griffith Construction Co., the second lowest bidder, which the Chief Engineer finds qualified to perform such contract.

(Board - 3/12/87)

The following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to award Contract EP-110,041 to Linde-Griffith Construction Co. in the estimated total amount of \$924,999 and to order extra work up to the amount of \$95,000.

(Board - 3/12/87)

Purchase of On-Line Inventory Management System and Associated Hardware

Since the initial implementation of the batch inventory control system in 1969, changing organizational requirements have necessitated numerous modifications to the original software. As a result, there has been a deterioration of both the reliability and timeliness of the information provided, resulting in unacceptable levels of stockouts throughout the system. An extensive review of the Port Authority's inventory management requirements indicated that an efficient on-line computerized inventory management system would increase productivity.

A Request for Proposal (RFP) for an on-line inventory management software system was prepared and publicly advertised, and six proposals were received. Only two of the proposals, by American Software, Inc. (ASI) and Tres Systems, Inc., were identified as meeting the RFP requirements. The other four proposals were deemed non-responsive. After extensive review of the ASI and Tres proposals, an interdepartmental evaluation committee unanimously recommended the proposal submitted by ASI as offering the best value based upon the evaluation criteria and staff subsequently entered into contract negotiations.

In addition, a contract was negotiated with ITT Courier for the purchase of computer terminals, associated hardware, and maintenance of the equipment for a period of one year.

ASI will provide services necessary to convert existing data to a format compatible with the new system, extensive system testing, thorough training for the users, and project management support through completion of the implementation of the system. In addition, ASI will provide maintenance of the system for five years including new releases, correction of any software problem that arises, and a 24-hour hotline for problem analysis in response to Port Authority inquiries. The contract with ASI will provide for installation and implementation of the software system over a period of ten months at a total estimated expenditure of \$632,000 and for maintenance of software for a period of five years at an estimated expenditure of \$110,000.

ITT Courier will provide computer terminal hardware, related equipment, and maintenance for a one-year period at a total estimated expenditure of \$120,000.

The more efficient management of stockroom inventories achieved through the use of the ASI system will:

(a) Recapture time lost on the job (estimated \$96,000) when facility maintenance personnel cannot obtain necessary materials from their on-site stockroom and leave the facility to purchase the material from local vendors;

(b) avoid the premium incurred on local purchases in (a) above (estimated \$105,000):
and

(c) reduce annual inventory carrying costs (estimated \$112,000).

(Board - 3/12/87)

In sum, these three items result in a first year savings estimated at \$313,000, which will escalate each year. The operating savings associated with these improvements will pay off the cost of the on-line inventory management software system in approximately 3½ years.

The following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to: (a) enter into a contract with American Software Inc., (ASI) of Atlanta, Georgia, to install and implement over a period of ten months an on-line inventory management software system at a total estimated expenditure of \$632,000, and to maintain the software for a period of five years at an estimated expenditure of \$110,000; and (b) enter into a contract with ITT Courier Terminal Systems, Division of ITT Systems, Inc., of New York, New York, for the purchase and maintenance for one year of computer terminal hardware and related equipment to be used in connection with the computerized inventory management software system at a total estimated expenditure of \$120,000; and it is further

RESOLVED, that the Director, General Services, is authorized to order extra work under the ASI contract up to the amount of \$74,000; and it is further

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

(Board - 3/12/87)

Hudson River Walkway - Exchange Place to Liberty State Park

The Hudson River Walkway ("the walkway") has been proposed as a continuous public access system along the eighteen miles of New Jersey shore on the Hudson River from the George Washington Bridge to Bayonne. Governor Kean, in his 1987 State of the State message, indicated that construction of the segment of walkway ("the segment") between PATH's soon-to-be remodeled Exchange Place Station and Liberty State Park in Jersey City is a priority of his administration.

The State of New Jersey has made an initial request to the Port Authority for \$750,000 to pay for the design, engineering, environmental analysis and preparation of permits for this segment. Included in the \$750,000 is a \$42,000 fee to be paid to the Trust for Public Land ("the Trust"), a non-profit group that makes advance acquisitions of land for public use. The Trust funds may also be used to pay for acquisition of easements, if required, legal fees, if any, and analysis for this segment's management and maintenance.

The New Jersey Department of Environmental Protection (NJDEP) will be responsible for the design and construction of the walkway, as well as for obtaining any additional funds required to complete the tasks, including funds for real estate acquisition, additional planning and construction.

It is anticipated that the design for this segment of the walkway will be more problematic and costly than that for the remainder, because this segment will span the Morris Basin Canal and a major consideration will be to retain the basin's function as a marina.

The following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to transfer up to \$750,000 to the State of New Jersey from the funds made available for New Jersey projects pursuant to the Governors' Agreement of June 1983 for uses in connection with the construction of the Exchange Place to Liberty State Park segment of the Hudson River Walkway to be agreed to by the Port Authority and the State of New Jersey, acting through the Commissioner of the New Jersey Department of Environmental Protection (NJDEP) and, in connection therewith; and it is further

RESOLVED, that the Executive Director, is authorized to enter into an agreement with NJDEP, which agreement would contain provisions, among others, whereby NJDEP would agree to spend the monies for the design, engineering, environmental analysis and preparation of permits and permit applications in connection with the construction of said walkway segment with the further provisions that: (a) NJDEP may assign up to \$42,000 of the total amount to the Trust for Public Land; and (b) the Port Authority will not be responsible for any property acquisition, construction or maintenance connected with the Exchange Place to Liberty State Park segment of the Hudson River walkway or the operation thereof; and it is further

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

(Board - 3/12/87)

New Jersey Transit - Kearny Connection and Reverse Kearny Connection Studies; and Penn Station, Newark Improvements

The New Jersey Governor's office has requested that the Port Authority provide payment of up to \$10 million to New Jersey Transit (NJT) from funds made available for projects in the State of New Jersey pursuant to the Governors' Bi-state Agreement of 1983. The payment would be used in connection with three New Jersey Transit public transportation projects, as follows:

– Up to \$4 million to reimburse New Jersey Transit for certain improvements in Penn Station Newark including door replacement, air conditioning, elevator access for the handicapped, roofing replacement, painting, and rehabilitation of parking areas used by PATH riders. These improvements form a part of an overall \$14.3 million capital improvement program to a facility which serves as a major terminal in the PATH system;

– Up to \$3.5 million to help defray the cost of conceptual planning and engineering studies for the "Kearny Connection." This connection would allow passengers on the Morris and Essex rail lines to connect with the Northeast Corridor in Kearny, providing them a one-seat ride into Penn Station New York. This project should ease demand at the Port Authority Bus Terminal and divert motorists from the Lincoln and Holland Tunnels.

– Up to \$2.5 million for advancing detailed operational planning and final engineering studies for the "Reverse Kearny Connection," which will allow some trains on the Northeast Corridor, North Jersey Coast and Raritan Valley lines to terminate at the Hoboken Terminal instead of Newark Penn Station. This project is important to the Port Authority since it will divert passengers from the Newark-World Trade Center PATH line, forestalling additional investment in PATH cars, for that service beyond those currently proposed, and will feed additional commuters to the proposed Hoboken-Lower Manhattan Ferry service.

The agreement between NJT and the Port Authority will provide that NJT will be completely responsible for all aspects of the studies and the capital improvements at Penn Station, Newark and for any additional funds required for completion of all work. The agreement will further provide that the Port Authority will not have any responsibility for the improvements contracted by NJT at Penn Station, Newark.

Funds made available for projects in the State of New Jersey pursuant to the Governors' Agreement of 1983 were initially \$137.5 million. As of November 1986, the Board had authorized \$89.4 million for regional infrastructure and transportation projects. With up to \$750,000 anticipated to be authorized for a study of the Hudson Walkway project, \$2.03 million for the Fort Lee traffic intersection improvements, and up to \$10 million for the "Kearny Connection" and "Reverse Kearny Connection" studies and Penn Station, Newark improvements, \$35.32 million remains available for other projects in the State of New Jersey.

(Board - 3/12/87)

The following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to enter into an agreement with New Jersey Transit (NJT) providing for payment to NJT, and to pay NJT in accordance with the agreement, up to \$10 million from funds made available for projects in the State of New Jersey pursuant to the Governors' Bi-state Agreement of 1983, allocated as follows: Up to \$4 million in reimbursement for certain improvement work, to be described in the agreement with NJT at Penn Station, Newark; up to \$3.5 million in reimbursement for conceptual planning and engineering studies of a proposed "Kearny Connection"; and up to \$2.5 million to allow NJT to advance the design and engineering studies for the "Reverse Kearny Connection"; and it is further

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

(Board - 3/12/87)

Toll Increase for Vehicular Crossings

As a result of rising operating and maintenance costs accompanied by major capital requirements of the Port Authority's Interstate Transportation Network of ground and mass transportation facilities, and after having made substantial efforts both to reduce expenditures at Port Authority facilities and to maximize revenues from its non-bridge and tunnel operations, it has become necessary for the Port Authority, as a self-supporting government agency, to readjust the rates of toll charged for use of its bridges and tunnels. This adjustment is required to sustain the agency's ability to maintain and finance its facilities, especially its Interstate Transportation Network, and to retain its sound financial standing.

Since World War II, the Port Authority has completed substantial capital construction programs that have served the economic requirements of the Bi-State port region. Through the application of prudent financial tests, as provided for in bond indentures and policies adopted by the Board, the Port Authority has carried out these public programs with the support of pooled revenues from all Port Authority facilities. These have formed the credit base for more than \$5 billion in debt sold to finance the Authority's facilities during this period. However, it has become increasingly clear that the Port Authority's continued capacity to carry out major capital programs has, in recent years, been shrinking substantially, primarily because of sharply increased operating and maintenance costs.

Expenses have increased despite an intensive staff program to reduce operating costs to the lowest possible levels consistent with acceptable standards of service. Viewed from the perspective of rising costs on the Port Authority's Interstate Transportation Network, the revenues derived from the 1984 bridge and tunnel toll increase – the second in the Authority's history – have been eroded. The annual revenue increase of about \$45 million from the 1984 toll adjustment has been more than offset by the increase in annual operating and maintenance expenses. This erosion does not even reflect the cost of carrying capital expenditures required over this period.

In addition to jeopardizing the Port Authority's ability to continue capital construction programs in connection with all of its facilities, the trend of increasing operating expenses will endanger the Authority's ability to meet its obligations, unless it is able to obtain compensating revenue increases.

Compounding the problem is the fact that an expanding, increasingly vigorous regional economy is spurring growth in travel across the Port Authority's Interstate Transportation Network as well as throughout the New Jersey/New York metropolitan area. The growth so far has resulted in greater congestion at both the Authority's vehicular facilities and on PATH, and calls for major capital and operating solutions to serve the economic needs of the region.

Furthermore, the Port Authority's Interstate Transportation Network is an aging system with most of its major facilities constructed more than 50 years ago. At a time when many of the system's facilities are being pressed to their capacity limits during expanding peak commuting hours, those same facilities are also facing the essential need for major rehabilitation and improvements to continue safe, reliable operations. Thus, the Port Authority must simultaneously respond to the dual pressures of maintaining an aged system while providing sufficient capacity to meet current and forecasted demands.

(Board - 3/12/87)

In recognition of the scope and complexity of this problem the Port Authority undertook to develop specific proposals to accommodate current demand and future growth.

A report entitled "Capital Needs & Planning for Port Authority Interstate Crosswater Facilities" was submitted to the Board by the Executive Director on November 24, 1986. This report focuses on the recent growth in usage of the Interstate Transportation Network of cross-water facilities, actions taken, current plans for expansion, the magnitude of the need for rehabilitation and modernization and the inability of the network to provide sufficient revenues to cover the cost of required capital improvements to the network.

The report concludes that a projected \$1.5 billion will have to be expended over the next five years for capital improvements to continue a safe, reliable operation of the Interstate Transportation Network while also adding capacity. The Port Authority's plans to add capacity include the PATH system capacity improvements program, the proposed implementation of a ferry service from New Jersey to Lower Manhattan and detailed planning for a possible expansion at the Staten Island bridges. Substantial additional revenues are required to support the funding of these and other capital expenditures.

The report further concludes that the Interstate Transportation Network cannot generate the required additional revenues under its current fare and toll structure. In fact, the network is generating insufficient revenues to cover its operating expenses and the gap between operating expenses and revenues is projected to widen significantly in the future. The Port Authority must act to provide sufficient revenues to its facilities so that the network can continue to serve the public fully.

As a result of the stated financial pressures, a proposal that the PATH fare be increased from its current \$.75 to \$1.00 in 1987 is also being proposed and is currently before the PATH Board of Directors. It should be noted, however, that even with the pending PATH fare increase, there would still be a need for an upward adjustment in the Authority's bridge and tunnel toll structure. Thus, in 1987, even assuming a \$1.00 PATH fare, the projected rate of return on the Authority's investment in its network facilities would still be a negative one. In fact, even under the modified toll schedule here recommended, including the PATH fare increase currently under consideration, the projected rate of return on the Authority's integrated network of ground and mass transportation facilities in 1987 is still expected to be well within the zone of reasonableness.

The Triborough Bridge and Tunnel Authority automobile round-trip toll on its major bridge and tunnel facilities, i.e. the Triborough, Bronx Whitestone, Throgs Neck and Verrazano Narrows Bridges, and the Queens Midtown and Brooklyn Battery Tunnels, is presently \$4.00. Thus, a \$3.00 round trip automobile toll on the Port Authority's vehicular crossings would still be below the rate at other vehicular crossings in the area.

(Board - 3/12/87)

In light of the stated needs, it was recommended that, pursuant to the policy adopted by the Board at its June 9, 1977 meeting, the Executive Director be authorized to make arrangements for public hearings on proposed increases in the rates of toll charged for use of the Port Authority's vehicular crossings. The notice of hearings is to set forth the proposed changes in the rates of toll, a comparison of existing and proposed toll schedules, and an estimate of the increase in revenues under the proposed change. The results of the hearings are to be reported by the Executive Director to the Board of Commissioners. It is proposed to hold public hearings on the recommended toll adjustments at convenient times and locations in New York City and New Jersey.

Under the proposed schedule, effective April 12, 1987, passenger automobile tolls would be increased from \$2.00 to \$3.00, bus tolls from \$2.00 to \$3.00 and truck tolls from \$1.50 per axle to \$3.00 per axle. In addition, the price of the Commuter Discount Ticket Book of 20 tickets would be increased from \$20.00 to \$40.00, reflecting a \$1.00 discount from the proposed \$3.00 cash auto toll. There would be no increase in the price of reduced-rate carpool ticket books (\$30.00 for 60 tickets) and toll scrip would continue to be available at a 10% discount from the cash toll. A copy of the proposed toll schedule is attached.

The restructured toll schedule will include appropriate authorization for: setting toll rates and fees for vehicles that exceed established size limitations and/or require special handling; setting terms and conditions for any ticket distribution channels; setting criteria on vehicular size limitations; and setting criteria with respect to hazardous material transportation regulations.

The proposed adjustments in the passenger automobile, bus and truck tolls are estimated to produce an increase in revenue of approximately \$108 million in 1987 or \$146 million on an annualized basis. The increased revenues are to be used for the operation, maintenance and improvement of the Port Authority's cross-water Interstate Transportation Network and other authorized Port Authority purposes.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is hereby directed to make arrangements for public hearings on proposed increases in the rates of tolls charged for use of the Port Authority's vehicular crossings, and to report to the Board on the results of the hearings; and it is further

RESOLVED, that the Executive Director is hereby authorized to implement the proposed toll adjustments, as set forth below, effective April 12, 1987 at 3:00 a.m., unless otherwise directed by the Board following receipt of a report from the Executive Director on the public hearings; and it is further

RESOLVED, that the resolution of the Board of Commissioners establishing tolls for use of vehicular crossings, adopted on November 10, 1983, be and the same is hereby amended, effective April 12, 1987 unless the Board directs otherwise following receipt of a report from the Executive Director on the public hearings, to read as follows:

RESOLVED, that for the purpose of establishing, levying and collecting tolls for the use of vehicular crossings, vehicles shall be classified as follows:

Class 1: Shall include the following vehicles having two axles and single rear wheels, unless they form parts of combinations included in Class 7: passenger automobiles, hearses, ambulances, vans, commercial limousines, taxicabs, trucks, and recreational vehicles.

Class 2: Shall include vehicles, other than omnibuses, with two axles and dual rear wheels, unless such vehicles form parts of combinations included in Classes 3, 4, 5 and 6.

Class 3: Shall include all vehicles with three axles, other than recreational vehicles with single rear wheels and omnibuses, unless they form parts of combinations included in Classes 4, 5, 6 and 7.

Class 3 shall also include combinations consisting of trucks or tractors and semi-trailers, the combinations having three axles.

Class 4: Shall include all vehicles with four axles, other than recreational vehicles with single rear wheels and omnibuses, unless they form parts of combinations included in Classes 5, 6 and 7.

Class 4 shall also include all combinations consisting of trucks or tractors and trailers or semi-trailers, the combinations having four axles.

Class 5: Shall include all vehicles with five axles, other than recreational vehicles with single rear wheels and omnibuses, unless they form parts of combinations included in Classes 6 and 7.

Class 5 shall also include all combinations consisting of trucks or tractors and trailers or semi-trailers, the combinations having five axles.

Class 6: Shall include all vehicles with six axles other than recreational vehicles with single rear wheels and omnibuses.

Class 6 shall also include all combinations consisting of trucks or tractors and trailers or semi-trailers, the combinations having six axles.

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Class 7: Shall include recreational vehicles having three or more axles with single rear wheels; and Class 1 or Class 11 vehicles in combinations with trailers or semi-trailers.

Class 8: Shall include omnibuses having two axles.

Class 9: Shall include omnibuses having three or more axles.

Class 11: Shall include motorcycles, with or without side cars, unless such motorcycles form parts or combinations included in Class 7; and it is further

RESOLVED, that the following tolls shall be charged per eastbound trip for the use of vehicular crossings, no tolls to be collected for westbound passage:

(a) Vehicles included in Class 1	\$ 3.00 each
(b) Vehicles included in Class 2	\$ 6.00 each
(c) Vehicles included in Class 3	\$ 9.00 each
(d) Combinations of vehicles included in Class 3	\$ 9.00 per combination
(e) Vehicles included in Class 4	\$12.00 each
(f) Combinations of vehicles included in Class 4	\$12.00 per combination
(g) Vehicles included in Class 5	\$15.00 each
(h) Combinations of vehicles included in Class 5	\$15.00 per combination
(i) Vehicles included in Class 6	\$18.00 each
(j) Combinations of vehicles included in Class 6	\$18.00 per combination
(k) Vehicles included in Class 7	\$ 1.50 per axle
(l) Combinations of vehicles included in Class 7	\$ 4.50 per three axle combination - (\$6.00 per four axle combination, etc.)
(m) Vehicles included in Class 8	\$ 3.00 each
(n) Vehicles included in Class 9	\$ 3.00 each
(o) Vehicles included in Class 11	\$ 2.00 each
(p) Combinations of vehicles with more than 6 axles	\$ 3.00 per axle;

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and it is further

RESOLVED, that the price of a 20 ticket Commuter Discount Ticket Book will be \$40.00 effective 3:00 a.m. of April 12, 1987. The price of a 20 ticket Commuter Discount Ticket Book will remain at the present price of \$20.00 through 3:00 a.m. of April 12, 1987. Any \$20.00 book sold through that time will be valid until the expiration date noted on the book.

Rates, terms and conditions for Carpool Ticket Books will remain the same. Toll Scrip will continue to be available at a 10% discount; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized to review and set periodically the toll rates in either the eastbound or westbound directions for "specials" and the fees for special inspections and/or escort services; "specials" are any vehicles, animals, or combinations of vehicles that:

(1) exceed established limitations for length, width, height or weight at Port Authority bridges and tunnels; and/or

(2) require special handling, inspections and/or escorts due to either their unique construction and/or design, type of cargo, speed maneuverability or other unusual operating characteristics or features, such as, but not limited to: operating characteristics or features associated with certain types of construction equipment, tracked vehicles, articulated vehicles, floats, animals ridden, led or herded, animal drawn vehicles, and it is further

RESOLVED, that the Executive Director be and he hereby is authorized to review and set the terms and conditions for the distribution of any and all scrip and tickets; and it is further

RESOLVED, that the Executive Director shall have the authority to modify the operating criteria for the Port Authority's Tunnel and Bridge facilities in relation to:

(1) vehicular length, width, height and weight; and

(2) the modification of the hazardous material transportation regulations; and it is further

RESOLVED, that all other terms and conditions set forth in the resolution of the Board of Commissioners establishing tolls for the use of vehicular crossings, adopted on November 10, 1983 are to remain unchanged.

CURRENT AND PROPOSED
SCHEDULE OF TOLL RATES
AT SIX VEHICULAR CROSSINGS

<u>Class</u>	<u>Vehicle Type</u>	<u>Current</u>	<u>Proposed</u>
1	Passenger Auto/Van/Pick-up	\$ 2.00	\$ 3.00
2	2 Axle Truck	3.00	6.00
3	3 Axle Truck or Tractor Trailer	4.50	9.00
4	4 Axle Truck or Tractor Trailer	6.00	12.00
5	5 Axle Tractor Trailer	7.50	15.00
6	6 Axle Tractor Trailer	9.00	18.00
7	Auto with 1 Axle Trailer	3.00	4.50
8	Bus - 2 Axle	2.00	3.00
9	Bus - 3 Axle	2.00	3.00
11	Motorcycle	1.00	2.00
	Carpool Discount Book (60 Ticket Book)	\$30.00	\$30.00
	Commuter Discount Book (20 Ticket Book)	\$20.00	\$40.00
	General Discount Book (Scrip) (25 Ticket Book - various denominations)	10% Discount from Cash Toll	10% Discount from Cash Toll

Whereupon, the meeting was adjourned.

Secretary

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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

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

NEW YORK

Robert F. Wagner, Vice-Chairman
 William J. Ronan
 James G. Hellmuth
 Howard Schulman
 John G. McGoldrick

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 Hauptert, 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. Hauptert 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. Hauptert 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. Hauptert 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 unexpired 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:

<u>Year</u>	<u>Cumulative Percentage of Total Principal Amount</u>	<u>Year</u>	<u>Cumulative Percentage of Total Principal Amount</u>
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 depository 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

[Empty box for identifying number]

(Please Print or Type Name and Address of Assignee)

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

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

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 unmaturing 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:

<u>Year</u>	<u>Cumulative Percentage of Total Principal Amount</u>	<u>Year</u>	<u>Cumulative Percentage of Total Principal Amount</u>
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 depository 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

[Empty box for identifying number]

(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:

<u>Year</u>	<u>Cumulative Percentage of Total Principal Amount</u>	<u>Year</u>	<u>Cumulative Percentage of Total Principal Amount</u>
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 depository 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

[Empty box for identifying number]

(Please Print or Type Name and Address of Assignee)

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

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

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 unexpired 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 unexpired 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:

<u>Year</u>	<u>Cumulative Percentage of Total Principal Amount</u>	<u>Year</u>	<u>Cumulative Percentage of Total Principal Amount</u>
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

[Empty box for identifying number]

(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 unmaturing 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:

<u>Year</u>	<u>Cumulative Percentage of Total Principal Amount</u>	<u>Year</u>	<u>Cumulative Percentage of Total Principal Amount</u>
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 depository 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

[Empty rectangular box for identifying number]

(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:

<u>Year</u>	<u>Cumulative Percentage of Total Principal Amount</u>	<u>Year</u>	<u>Cumulative Percentage of Total Principal Amount</u>
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 depository 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

[Empty rectangular box for identifying number]

(Please Print or Type Name and Address of Assignee)

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

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

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:

<u>Year</u>	<u>Cumulative Percentage of Total Principal Amount</u>	<u>Year</u>	<u>Cumulative Percentage of Total Principal Amount</u>
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 depository 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

[Empty rectangular box for identifying number]

(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:

<u>Year</u>	<u>Cumulative Percentage of Total Principal Amount</u>	<u>Year</u>	<u>Cumulative Percentage of Total Principal Amount</u>
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 depository 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

[Empty rectangular box for identifying number]

.....
(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

[Empty rectangular box for identifying number]

(Please Print or Type Name and Address of Assignee)

the within note and all rights thereunder and does hereby irrevocably constitute and appoint

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

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, 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 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 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 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

[Empty box for 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

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

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

[Empty box for 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

[Empty box for identifying number]

(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 unmaturing 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

[Empty box for 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

[Empty box for identifying number]

(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 forth herein 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 Responsibility 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 inconsistent 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 competition; 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 consecutive 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 be 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 provisions thereof, 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 its discretion 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 purposes 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.

(1) "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 time at 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	
<p><u>THE FISHPORT:</u> Definition of</p> <p>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.</p>	
<p><u>FISHING VESSEL:</u> Definition of</p> <p>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.</p>	
<p><u>FISH:</u> Definition of</p> <p>All species of finfish and shellfish taken from marine or inland waters.</p>	
<p><u>BERTHING NOTIFICATION:</u> Definition of</p> <p>All fishing vessels wishing to berth and/or discharge fish must notify the Fishport Manager prior to arrival.</p>	
<p><u>FISHPORT MANAGER:</u> Definition of</p> <p>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.</p>	
<p><u>Issued:</u></p>	<p><u>Effective:</u></p>

PORT AUTHORITY MARINE TERMINALS
RATES & CHARGES - FISHPORT - ERIE BASIN

Original Page 2

(u)

DOCKAGE - RULES	
<p><u>BERTH ASSIGNMENT:</u> Definition of</p> <p>Berth assignment permits the use of a berth at a location designated by the Fishport Manager, at the Fishport, by a commercial fishing vessel.</p>	
DOCKAGE - CHARGES	
<p>The charges assessed against a vessel for berthing at The Fishport:</p> <ul style="list-style-type: none">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	
<p>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.</p>	
Issued:	Effective:

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.

Issued:

Effective:

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.

Issued:

Effective:

PORT AUTHORITY MARINE TERMINALS
RATES & CHARGES - FISHPORT - ERIE BASIN

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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.

Issued:

Effective:

(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 JERSEY
Including Subsidiary Post Authority Trans-Hudson Corporation

A-1

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	6,317	4,876	1,641	\$101
Finance Department	42,624	13,302	29,221	
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			
Payments of City Rent & In Lieu of Taxes	141,536	7,068	4,739	141,536
Office of Administration	601			
General Services Department	58,582	376	225	28,821
Personnel Department	22,671	23,402	6,359 *	
Office of Medical Services	4,292	13,383	9,288	
Management Information Services Department	25,150	2,350	1,942	
Government, Community and Public Affairs	7,441	14,355	(11,384) *	22,179
Law Department	15,923	3,661	3,780	
Planning and Development Department	18,057	9,762	6,161	
Public Safety Department	31,640	9,366	8,691	
Engineering Department	142,472	23,817	7,808	15
Construction Contracts	220,289	60,808	66,471	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				500
Administrative and Planning	17,463	8,928	8,035	
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				7,178
Administration, Planning and Construction	24,264	9,641	7,445	
PATH	98,213	72,365	25,848	
Journal Squares Transportation Center	4,312	658	3,654	
Construction Contracts	2,780			2,780
Port Department				6,500
Administration Planning and Construction	21,827	6,552	8,775	
Port Newark	6,698	4,277	2,421	
Rowland 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	
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	
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	
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.

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Thursday, May 14, 1987

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THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Thursday, May 14, 1987

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MINUTES of the meeting of The Port Authority of New York and New Jersey held Thursday, May 14, 1987 at the Port Authority offices, One World Trade Center, City, County and State of New York.

PRESENT:

NEW JERSEY

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

NEW YORK

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

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
 John J. Collura, Deputy Director of Management and Budget
 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
 John E. Hauptert, 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
 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
 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 to the Executive Director

The meeting was called to order by the Chairman.

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of April 9, 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 May 14, 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 May 14, 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 May 14, 1987, in addition to matters filed with the Committee pursuant to Board action or 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 May 14, 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 - 5/14/87)

**Multi-Facility (New York) - Asbestos Removal Via Work Order -
Contract EXD-100.367**

Contract EXD-100.367, a call-in asbestos removal contract, was prepared to enable staff to expeditiously handle the removal of relatively small quantities of asbestos from Port Authority and PATH facilities in New York. The contractor is required to remove and dispose of, away from Port Authority and PATH facilities in New York, asbestos and asbestos-contaminated materials for a one-year period, in accordance with work orders issued by the Engineer. The contract also includes a provision to extend the term for an additional one-year period under the same terms and conditions.

The contractor may be called upon to remove asbestos prior to the performance of non-asbestos work by other contractors performing other contracts.

Staff does not at present anticipate ordering more than \$500,000 of work per year under this contract. In addition, it is not presently anticipated that the contractor's compensation under any one work order will exceed \$50,000.

The contractor will be compensated in an amount equal to the net cost of the work order plus: an amount equal to 21% of the portion of the net cost of the work order that does not exceed \$15,000, plus 20% of the portion of the net cost of the work order that exceeds \$15,000 but does not exceed \$35,000, plus an amount equal to 18% of the portion of the net cost of the work order that exceeds \$35,000.

The contract was publicly advertised and bidders were requested, solely for the purpose of comparison of proposals, to calculate a weighted average fee based upon varied amounts of work ordered.

The following bids were received on February 26, 1987:

	Weighted Average Fee
Mario and DiBono Fireproofing Corp. New Hyde Park, New York	11%
Rainbow Construction Company, Inc. Oakhurst, New Jersey	14%
Owners Realty Management and Construction, Inc. College Point, New York	20.28%
Jack's Insulation Contracting Corp. Astoria, New York	27.42%
Strategic Organizational Systems Environmental Engineer Div., Inc. San Francisco, California	29.29%
Brand Asbestos Control Co., Inc. Park Ridge, Illinois	30.29%

(Board - 5/14/87)

Because of the sensitive nature of this work, the potential risk to public safety and the potential liability to the Port Authority if the work were improperly performed, the qualifications and experience of the contractor performing this work is of the utmost importance. The Chief Engineer deemed the first and second lowest bidders not qualified to perform the work due to their lack of experience in performing asbestos abatement work. Owners Realty Management and Construction, inc., the lowest qualified bidder, is an experienced asbestos abatement contractor and the Chief Engineer deemed it qualified to perform the contract.

The following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to award Contract EXD-100.367, Multi-Facility (New York) - Asbestos Removal via Work Order, to Owners Realty Management and Construction, Inc., the lowest qualified bidder, at its bid price in the weighted average fee of 20.28%, plus the actual net cost of the labor, materials, equipment and related expenses required to perform the work; and it is further

RESOLVED, that the Chief Engineer is authorized to exercise the option to extend the term of Contract EXD-100.367 for an additional one-year period under the same terms and conditions; and it is further

RESOLVED, that the form of such exercise of option is subject to the approval of General Counsel or his authorized representative.

(Board - 5/14/87)

**Bayonne Bridge - New Jersey Route 169 - Section 2D-1E -
Authorization for Port Authority Participation**

The New Jersey Department of Transportation ("NJDOT") has been advancing a comprehensive highway improvement program in the Bayonne-Jersey City corridor. An element of this program is the extension of New Jersey Route 169 from its present terminus in a southerly direction to the Bayonne Bridge. Said extension will enhance the movement of approximately two-thirds of the "thru traffic" to the Bayonne Bridge, a Port Authority facility.

At its meeting on September 12, 1985, the Board authorized, inter alia, the Acting Executive Director to enter into an agreement with NJDOT to provide up to \$27.0 million from the funds made available for New Jersey projects pursuant to the Governor's Agreement of June 1983 for the design and construction of the portion of Route 169 between the Bayonne Bridge and Station 76+00, a distance of 1.3 miles.

Section 2D-1E of Route 169 is adjacent to the portion previously funded by the Board. Construction of this section includes the grading, drainage and roadway paving work from the vicinity of 14th Street to 30th Street in Bayonne. The State of New Jersey has requested that the Port Authority provide an amount not to exceed \$19.6 million for completion of Section 2D-1E. This amount is to be allocated in the following manner: \$5.5 million reimbursement to NJDOT for construction costs previously expended on this section, \$12.3 million for new construction on this section and an estimate of \$1.8 million reimbursement to NJDOT for its engineering costs in supervising the construction.

The following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to enter into an agreement with the New Jersey Department of Transportation ("NJDOT") to provide the funding for the construction of Section 2D-1E of New Jersey Route 169 in Bayonne, New Jersey including the costs for engineering supervision of the construction; and it is further

RESOLVED, that the Executive Director is authorized to transfer to the State of New Jersey, acting through the NJDOT, an amount not to exceed \$19.6 million from the funds made available for New Jersey projects pursuant to the Governor's Agreement of June 1983; and it is further

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

(Board - 5/14/87)

**Air Cargo Fast Flow - Increase in Project Authorization -
Contract with Arthur Andersen & Co. - Adjustment of
Contract Prices and Increase. in Authorization of
Contingency Funds**

At its meeting on February 13, 1986, the Board authorized the Air Cargo Fast Flow (ACFF) design, development, implementation and corresponding expenses at an estimated project cost of \$16.5 million and two years of operations and maintenance and expenses at an estimated cost of \$6 million. The Board also authorized the Executive Director to enter into an agreement with Arthur Andersen & Co. for system design, development and implementation, and for two years of operations and maintenance and expenses, with provision for contingency funds not to exceed 10% of the contract price. Additional project funds were authorized for the Executive Director to enter into agreement(s) with vendor(s) for data processing and communication equipment and services as required for implementation of the system.

The contract entered into with Arthur Andersen was at a negotiated amount not to exceed \$10.8 million and included detailed system design (Phase I); development and implementation (Phase II); and system operation and maintenance for the first two years (Phase III) to be performed at up to the following amounts:

Detailed System Design:	\$2.4 million (Phase I)
Development and Implementation:	\$4.1 million (Phase II)
System Operation and Maintenance (for 2 years):	\$3.0 million (Phase III)
Expenses (space rental, communication lines, etc.):	\$1.3 million
Total	\$10.8 million

Upon completion of the functional design task of the project, which involved a detailed analysis of ACFF user requirements, it was determined that additional and enhanced system capabilities would be required to successfully implement ACFF and in turn would substantially increase the scope of work for Phases I and II of the contract. Accordingly, under Phase I, contingency funds were allocated to provide for the design of new and more complex functions required by users to complete import transactions and changes to comply with new U.S. Customs requirements. An adjustment in the contract price for Phase II is now required to compensate Arthur Andersen for anticipated increased staff time and expense to develop and implement the expanded Phase I design.

Additional contingency funds are required to design and implement new functions to ensure compatibility with ongoing efforts by U.S. Customs to automate customs procedures. Contingency funds are also required to develop additional communication and scheduling services which staff believes will enhance the marketability of ACFF to the user community.

(Board - 5/14/87)

To date, contingency funds allocated under Phase I amount to \$1,080,300 which is within the 10% allowance under the existing contract. An adjustment in the contract price of Phase II is now required in order to allow for complete development and implementation of the Phase I design effort because of an anticipated increase in staff time and expenses associated with the enhanced system. For the development and implementation of the work for Phase II, staff and Arthur Andersen & Co. have agreed, subject to Board approval, on a negotiated additional amount of \$2.5 million, including expenses, which staff deems fair and reasonable. Additional contingency funds of \$1.5 million will be required for anticipated additional functionality necessary to ensure that ACFF is compatible with the evolving implementation of the U.S. Customs Automated Commercial System (ACS). The additional \$1.4 million in project funds is for increases in engineering, administrative and financing expenses associated with the extended time frame for development required to complete ACFF and ensure its compatibility with the National Customs System.

Staff currently anticipates the ACFF system will begin phased implementation starting in the last quarter of 1987 through the first quarter of 1988. ACFF is developing concurrently with U.S. Customs' ACS, which includes the Automated Broker Interface and the Automated Manifest System. As ACS develops based on technical and regulatory concerns, ACFF will need to remain compatible and evolve in conjunction with the National Customs System which may require additional changes to the functional design.

The following resolution was unanimously adopted:

RESOLVED, that the Board authorize: (1) an increase in the total project cost for design, development, implementation and related expenses for the Air Cargo Fast Flow System (ACFF) from \$16.5 million to an estimated \$21.9 million; and (2) an adjustment in the contract price between the Port Authority and Arthur Andersen & Co. for: (a) development and implementation of ACFF from \$4.1 million to \$6.3 million; (b) an increase in reimbursable expenses from up to \$1.3 million to up to \$1.6 million; and (c) an increase in the authorization for contingency funds from 10% of the original contract price or \$1.1 million, to \$2.6 million.

(Board - 5/14/87)

**Kennedy International Airport - Nassau Expressway - Amended
Authorization**

At its meeting on June 12, 1986, the Board authorized an increase in the project authorization for Port Authority participation (to the extent eligible under applicable legislation) in the financing of roadway connections at Kennedy International Airport with the Nassau Expressway and Southern Parkway to an expenditure presently estimated at \$38 million, including payments to the State of New York for the Port Authority's financial participation in the State's Nassau Expressway Project. Additionally, the Executive Director was authorized to enter into agreements with the State of New York and the City of New York including, among other things, the acquisition and conveyance of property interests in certain roadway areas and the amendment of the Kennedy International Airport Air Terminal premises.

The work for which the Board authorized an increase in the financial participation by the Port Authority includes important elements of the capital program for Kennedy International Airport, recently presented to the Governors of New York and New Jersey.

Additionally, the NYSDOT wishes that the Port Authority transfer to a designated account, pursuant to the already authorized cost-sharing agreement, the Port Authority's participatory share of sums of money needed for the contracts New York State anticipates advertising on an expedited schedule.

Subsequently, in accordance with the Agreement with the City of New York with respect to Municipal Air Terminals, the Port Authority would immediately convey such property interests to the City without consideration and such property in accordance with the provisions of the Municipal Air Terminal Agreement shall become part of the demised premises.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director be and he hereby is authorized: (1) pursuant to cost-sharing agreements, to deposit with the New York State Department of Transportation the Port Authority's estimated financial share of Nassau Expressway work at Kennedy International Airport, when the Port Authority acquires from New York State for statutory Air Terminal purposes the lands, or rights, or easements or interests therein where such work will be performed; and (2) at the time of such acquisition from New York State, at his discretion, to designate certain areas in which the above mentioned lands, or rights, or easements or interests therein are acquired, as Air Terminal Highways; and it is further

RESOLVED, that the form of all documents necessary to implement the foregoing be subject to approval of General Counsel or his designated representative.

(Board - 5/14/87)

**All Airports - School Soundproofing Programs 1983-1985 -
Increased Project Authorization and Award of Contract
MF110.002 to Soundproof Four New York City Public
Schools**

The Board at its meetings on April 12, 1984, July 12, 1984 and March 14, 1985 authorized annual school soundproofing programs estimated at \$2.5 million for 1983, \$2,650,000 for 1984 and \$4.4 million for 1985. The 1986 program authorized by the Board at its meeting on February 13, 1986 in the amount of \$6 million is presently in design.

The estimates used for the various yearly program authorizations were very preliminary because of the lack of definitive data at the time. Following each authorization, the Port Authority executed agreements with the school governing bodies. Except for the Board of Education of the City of New York, the school governing bodies then retained architectural consultants to analyze the soundproofing requirements and prepare definitive designs and estimates, and then awarded construction contracts for the work. The Port Authority retained the consultant for the New York City schools, and Contract MF110.002 will provide for performance of the work. In most cases, the extent of required work was greater than originally expected. Also, delays by the respective governing bodies in progressing the projects resulted in cost increases because of inflation. These anticipated cost increases were reported to the Board at its meeting on February 13, 1986, when authorization for the 1986 program was received.

Of the thirteen schools covered by the 1983, 1984 and 1985 programs, the work at eight schools is virtually complete, and at the remaining five schools the construction will start this summer. The completed soundproofing work resulted in a significant reduction in aircraft noise intrusion levels, creating a better teaching environment in the classrooms. The programs continue to be received very favorably by local elected and school officials.

All of the work is being Federally funded under the Airport Improvement Program which allows funding at an 80% rate. The cost increases will cause more than 20% participation by the Port Authority because Federal grants were based on the original lower estimates. Increased Port Authority participation will be offset, in part, by amendments which will increase the original grants by a maximum of 10%.

The scope of Contract MF110.002 consists generally of replacing exterior windows and doors with acoustically designed units and providing additional mechanical ventilation where required.

Bids were solicited by public advertisement and the following bid was received on May 12, 1987:

Iannelli Construction Co.	
Brooklyn, New York	\$2,112,260

The low bid was submitted by Iannelli Construction Co., which was recommended as qualified by the Chief Engineer. The contract includes a provision that the bidder 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.

(Board - 5/14/87)

The following resolution was unanimously adopted:

RESOLVED, that the Board authorizes:

A. increases in the authorization for the following school soundproofing programs:

1. 1983 Program from \$2,500,000 to \$2,765,000
2. 1984 Program from \$2,650,000 to \$2,915,000
3. 1985 Program from \$4,400,000 to \$4,625,000

B. the Executive Director to award Contract MF110.002, Noise Reduction Project, Public Schools 120, 104, 143 and 181, Borough of Queens, New York City, to Iannelli Construction Co. the low bidder, at its total price in the amount of \$2,112,260 and to order extra work up to \$210,000.

(Board - 5/14/87)

All Airports - Consolidated Ground Transportation Counter Program

The consolidated ground transportation counter program was developed to provide the public with an efficient, organized and unbiased means to obtain ground transportation information and make reservations with participating transportation companies. The program was initially tested in 1982 at LaGuardia Airport's Eastern Shuttle Terminal and has since been expanded to twelve locations at the Port Authority's three major airports. Four additional counters are currently under construction and over the next year, staff will be negotiating with unit terminal airlines to install an additional three counters.

The counters at the three airports are staffed by approximately 162 agents from the Council for Airport Opportunity (CAO), a local agency with offices in Queens, New York and Newark, New Jersey, which promotes minority and local employment opportunities in the New York/New Jersey metropolitan area.

The current project authorization for the consolidated counter program expires May 28, 1987. Approximately \$2,320,000 will be required for support services to operate the counters for an additional one-year period, including expenses for Port Authority supervision, maintenance, computer hardware and services and the construction of three new consolidated ground transportation counters.

The agreement currently in effect with the CAO expires July 9, 1987. The proposed new CAO contract would commence July 10, 1987 and terminate May 28, 1988, and shall provide for administrative, training, supervisory and staffing services to support nineteen consolidated counters at the three airports. The cost to the Port Authority for the CAO contract will be:

Kennedy International Airport	\$1,107,000
LaGuardia Airport	1,417,000
Newark International Airport	<u>1,040,000</u>
CAO Staffing	3,564,000
Contingency for additional CAO staffing (15%)	535,000
Subtotal	\$4,099,000
Computer System Costs	867,000
Counter Installation & Supplies	685,000
Port Authority Staff Costs	768,000
Subtotal	\$2,320,000
Total Project Expenditure	\$6,419,000

The following resolution was unanimously adopted:

RESOLVED, that an increase in project authorization for the operation of consolidated ground transportation counters at Kennedy International, Newark International and LaGuardia Airports for a one-year period commencing May 29, 1987 at an estimated amount of \$6,419,000, which includes payments to the Council for Airport Opportunity, payments to contractors and funding for administrative, general and financing expenses and the procurement of additional ground transportation counters and communications equipment is authorized; and it is further

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RESOLVED, that the Executive Director is authorized to enter into an agreement with the Council for Airport Opportunity commencing July 10, 1987 and terminating May 28, 1988 for administrative, training, supervisory and staffing services for the operation of consolidated ground transportation counters at Kennedy International, Newark International and LaGuardia Airports in the amount of \$3,564,000 and to order additional staffing of counters up to an amount equal to 15% of the aforementioned \$3,564,000; and it is further

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

(Board - 5/14/87)

Port Authority Heliports: Revision to the Schedule of Charges and Delegation of Authority to the Executive Director to Increase the Schedule of Charges; and Downtown Manhattan Heliport - Request for an Increase in Project Authorization and Construction Costs

The Port Authority began operating the Downtown Manhattan Heliport in 1960 on a pier that was built in the late 1800's. It was badly deteriorated by the fall of 1983 and had to be closed. The Port Authority entered into an agreement with Battery Park City Authority to immediately relocate the heliport to the southern tip of their premises, with a license that was to expire April 1, 1986, which was the date the site was needed for development of Battery Park City, but Battery Park has permitted the Port Authority to continue occupancy on a month-to-month basis. This necessitated an expedited design and construction schedule so that relocation of the heliport could be completed by that date.

The Board, at its meeting on October 13, 1983, authorized the Executive Director to enter into an agreement of lease with the City of New York covering the Downtown Manhattan Heliport (consisting of approximately 7.5 acres of land under water, including the Pier 6 Heliport). In addition, the Board authorized construction of a permanent air terminal by the Port Authority for use as a public heliport for a 20-year term. The construction included the demolition of the then existing Pier 6 and reconstruction of the pier including new piling, fencing, paving, lighting, a new terminal building with office areas and related facilities, for a total project authorization of \$5.9 million. Subsequently, the Board, at its meeting on December 12, 1985, increased the project authorization to \$9.1 million from such \$5.9 million to provide for an upgrading of the design of the terminal building, increase the number of helicopter parking positions and provide for increased administrative, general and financial expenses.

The Schedule of Charges for Heliports was last revised on May 1, 1985. It is proposed the charges be increased effective July 1, 1987 to make them comparable with those of the other commercial heliports in Manhattan. The Aviation Department periodically reviews the Port Authority Heliports' Schedule of Charges, and, based upon market conditions, utilization of the heliports, and the recovery of the Port Authority's investment and costs of operation of the heliports, determines if revisions should be made to the Schedule of Charges. To facilitate making such revisions, staff recommends that the Board authorize the Executive Director to increase the Port Authority Heliports' Schedule of Charges from time to time as he deems appropriate based upon the foregoing.

The expedited Downtown Manhattan Heliport reconstruction program was organized into four contracts: (1) Pier Demolition, DMH-110.003, (2) Pier Reconstruction, DMH-110.004, (3) Helicopter Parking Barge and Seaplane Docking Float, DMH-110.005, and (4) Terminal Building, DMH-110.006.

The proposed \$4.0 million increase in the project authorization is due to the following: (a) receipt of higher bids than anticipated for two of the four contracts (Helicopter Parking Barge - DMH-110.005 and Terminal Building - DMH-110.006) exceeding the estimated amounts by \$1.1 million; (b) additional work being required as the project was

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refined from its broad concept to actual design increasing the project costs by an additional \$1.7 million. Included in such amount of \$1.7 million is the requested increase in the contingency allowance for Contract DMH-110.004 of \$200,000 required in connection with bringing utility services to the terminal building and making modifications to the pier construction to provide for necessary electrical systems; a requested contingency allowance for Contract DMH-110.005 of \$200,000 required in connection with the seating and stabilizing of the supporting barge ballast; and the requested \$500,000 for Supplemental Agreement No. 1 to Contract DMH-110.006 providing for interior tenant finishes and additional exterior security lighting and fencing; and (c) increases in related engineering, administrative and financial costs accounting for the remaining \$1.2 million.

The aforementioned increases are partially offset by an additional \$0.5 million in receipt of Federal funds under the Airport Improvement Program, bringing the total Federal assistance for this project to an estimated \$6 million.

The requested increases do not include claims submitted in connection with Contracts DMH-110.005 and DMH-110.006 that are currently being reviewed by staff and which, based on their resolution, may require further Board action. J.E. Brenneman Co. has submitted a claim under Contract DMH-110.004 in the amount of \$2.5 million, alleging additional costs and damages arising out of, among other things, delays relating to project developments affecting pier construction. The other claim, submitted by Bristol Construction, is in the amount of \$250,000 and arises out of a claim by Bristol's steel fabricator alleging extra expenses incurred under Contract DMH-110.006.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize:

1. That the Schedule of Charges for the use of the Port Authority West 30th Street Heliport, adopted by the Committee on Operations, at its meeting on April 4, 1954, as amended, and the Schedule of Charges for the use of the Port Authority Downtown Manhattan Heliport, adopted by the Committee on Operations, at its meeting on December 8, 1960, as amended, and the Schedule of Charges for the use of the World Trade Center-Battery Park City Heliport, adopted by the Committee on Operations at its meeting on October 13, 1983, as amended, be amended effective July 1, 1987, as follows:

a. By amending subparagraph 1 of the Section entitled "Take-Off Charges" to read as follows:

"(1)(A) For each take-off of a helicopter having a maximum gross weight up to 4,000 pounds - \$25.00;

(B) For each take-off of a helicopter exceeding 4,000 pounds but not exceeding 6,000 pounds maximum gross weight - \$32.00;

(C) For each take-off of a helicopter exceeding 6,000 pounds but not exceeding 8,000 pounds maximum gross weight - \$37.00;

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(D) For each take-off of a helicopter exceeding 8,000 pounds but not exceeding 10,000 pounds maximum gross weight - \$45.00;

(E) For each take-off of a helicopter exceeding 10,000 pounds but not exceeding 12,000 pounds maximum gross weight - \$50.00;

(F) For each take-off of a helicopter exceeding 12,000 pounds but not exceeding 16,000 pounds maximum gross weight - \$55.00;

(G) For each take-off of a helicopter exceeding 16,000 pounds maximum gross weight - \$60.00; and

b. By amending the charges as set forth in subparagraph 2 of the Section entitled "Helicopter Parking Charges" to read as follows:

	"Next Hour	Each Additional Hour
Up to 8,000 pounds	\$15.00	\$10.00
8,001 to 16,000 pounds	\$40.00	\$25.00
Over 16,000 pounds	\$45.00	\$35.00"

2. the Executive Director to increase the Port Authority Heliports' Schedule of Charges from time to time as he deems appropriate, based on market conditions, utilization of the heliports and contribution to the recovery of the Port Authority's investment and cost of operation of the heliports;

3. an increase in the project authorization for the construction of the Downtown Manhattan Heliport from \$9.1 million to an expenditure presently estimated at \$13.1 million, including payments to contractors, a contingency allowance and administrative, general and financing expenses, such amount of \$13.1 million including the amounts specified in paragraphs 4, 5 and 6 below;

4. an increase of \$200,000 in the contingency allowance for Contract DMH-110.004 - Downtown Heliport - Pier Reconstruction;

5. a \$200,000 contingency allowance for Contract DMH-110.005 - Downtown Manhattan Heliport - Barge Installation, which amount of \$200,000 is to be in addition to the total amount previously authorized by the Board to be expended for such Contract DMH-110.005; and

6. the Executive Director to enter into Supplemental Agreement No. 1 to Contract DMH-110.006 - Downtown Manhattan Heliport - Terminal Building, providing for the construction of interior tenant finishes and additional exterior security lighting and fencing in the estimated amount of \$500,000, the form of such Supplemental Agreement No. 1. to be subject to the approval of General Counsel or his authorized representative.

(Board - 5/14/87)

Essex County Resource Recovery Facility - Authority To Amend Port Authority/REF-FUEL Agreements, The Port Authority/County of Essex County Service Contract and Other Related Agreements

At its meeting on April 11, 1985, the Board, among other things, authorized the Executive Director to enter into various agreements with American REF-FUEL Company of Essex County (REF-FUEL), a general partnership of subsidiary corporations formed by Browning-Ferris Industries, Inc. and Air Products and Chemicals, Inc., including a Service Agreement for the design, construction, start-up, and acceptance testing and operation of a mass burn Resource Recovery Facility located in the City of Newark, County of Essex, and a Conditional Sale Agreement under which the Port Authority is to provide advances to REF-FUEL to finance a portion of the construction costs related to the Facility. The Board also authorized the Executive Director to enter into agreement(s) with the County of Essex to effectuate the Resource Recovery project. Additionally, the Board authorized an increase in the total costs related to the Essex County Resource Recovery Facility to approximately \$343 million, with an increase in Port Authority expenditures or monies provided for financing in connection therewith to an amount not to exceed \$236 million, including approximately \$23 million in connection with certain contingencies for up to one year of construction delays and authorization to provide an amount estimated at \$61 million in 1985 dollars for capital costs resulting from the occurrence of unforeseen and other similar circumstances. The above authorizations were subject to the ability of the Port Authority to make necessary certifications, including those necessary prior to the issuance of Port Authority Consolidated Bonds.

The agreements with REF-FUEL and the County of Essex were executed by the parties in early 1986. However, due to delays caused by regulatory procedures and other factors, it has been agreed to amend certain provisions in the agreements with REF-FUEL and the County to reflect the following major changes:

1. The agreements with REF-FUEL currently provide that REF-FUEL is to provide equity capital in an amount equal to at least 25% of specified elements of the cost of construction. This 25% provision was based on, among other factors, an anticipated value of Federal income tax benefits that would accrue to REF-FUEL from participating in the Resource Recovery project, including the value to REF-FUEL of accelerated cost recovery deductions and investment tax credits. REF-FUEL has asserted that the Tax Reform Act of 1986 (the Act) has a material adverse effect on the value of such accelerated cost recovery deductions and investment tax credits. Section 2.02 (23) of the Service Agreement, which Section is a condition precedent in the Service Agreement, provides that no change shall have occurred, after the execution of the Service Agreement and before the start of construction, in the Federal income tax laws applicable to REF-FUEL, its partners, parents, the grandparents or the Facility (i) having a material adverse effect on the value of the accelerated cost recovery deductions or the investment tax credits associated with the Facility or (ii) with respect to the deductibility of interest on indebtedness issued pursuant to or permitted by the Conditional Sale Agreement. In order to obtain REF-FUEL's consent to waive such conditions precedent the Port Authority has agreed to reduce REF-FUEL's provision of equity capital from 25% to 20%. This will not require any further amendments to the Project Authorization.

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2. The Service Agreement provides that the Scheduled Acceptance Date of the Facility is set at 36 months from the start of construction, as extended for unforeseen circumstances, certain strikes and extra work. REF-FUEL has agreed to set the Scheduled Acceptance Date at 33 months in lieu of 36 months from the start of construction.
3. The Port Authority, under the Service Agreement, is required to pay REF-FUEL, as part of a Service Fee, an annual Base Operating Charge (BOC) for operating and maintaining the Facility. Such Service Fee also includes amounts for debt service on advances (and other permitted borrowings by REF-FUEL under the Conditional Sale Agreement) under the Conditional Sale Agreement and pass-through costs. In negotiations with REF-FUEL, it was agreed to increase the BOC to compensate REF-FUEL for increases in costs resulting from delays in construction, exchange rate impacts, and increases in insurance premiums. Accordingly, the BOC will be increased by \$2,380,000 to \$12,502,225, exclusive of escalation commencing January 1985.
4. A condition precedent to the Service Agreement provides that to the extent REF-FUEL receives certain proceeds of a \$40 million grant, made available to the project through the County of Essex for purposes of constructing the Facility, REF-FUEL and the Port Authority are to agree on the tax effect of such receipt of proceeds on REF-FUEL's anticipated accelerated cost recovery deductions and investment tax credits associated with the Facility as well as the impact on REF-FUEL's taxable income under the Internal Revenue Code of 1954, as amended or successor law. Further, the Port Authority and REF-FUEL are to agree as to the method by which REF-FUEL is to be reimbursed for the diminution of such value and increased tax payable. In order to satisfy such conditions precedent, the Port Authority has agreed to compensate REF-FUEL for loss of tax benefits by including new components in the Service Fee paid to REF-FUEL.
5. The Port Authority has agreed to obtain certain property rights associated with permanent access for the facility by July 1, 1988, or one year after the start of construction, whichever is later. Additionally, the Port Authority has agreed to make available to REF-FUEL construction utilities as of the start of construction and permanent utilities within 600 days after the start of construction. Parties from whom real estate interests have to be obtained include the New Jersey Turnpike Authority, ConRail, Public Service Electric & Gas Company, the State of New Jersey and possibly others. In the event the Port Authority fails to meet such obligations by such times, REF-FUEL will have certain rights against the Port Authority under the Service Agreement, including specific performance and monetary damages.

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The changes discussed above will result in amending the various agreements with REF-FUEL, the agreement with the County of Essex as well as other related agreements. The amendments to the Service Agreement or the County Service Contract will not be deemed effective until the necessary and appropriate action by REF-FUEL or the County of Essex has been taken. The amendments to the County Service Contract will result in increasing the tipping fee to be paid by the haulers of waste originating in Essex County.

It is recommended that the Committee on Construction be authorized to authorize the Executive Director to further amend or enter into such agreements with REF-FUEL, the County of Essex or such other necessary and appropriate parties as is necessary to effectuate the start of construction of the Essex County Resource Recovery Facility provided, however, that such amendments and/or agreements do not materially change the economic basis of the agreements with REF-FUEL and the County of Essex.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that subject to the ability of the Port Authority to make necessary certifications, including those necessary prior to the issuance of Port Authority Consolidated Bonds, the Board authorize: (a) the Executive Director to amend, as required, the various Port Authority agreements with American REF-FUEL Company of Essex County, the agreement with the County of Essex and other related agreements in connection with the Essex County Resource Recovery Facility, to reflect the following: (1) the reduction from 25% to 20% in the equity capital to be provided by REF-FUEL for specified elements of the cost of construction; (2) setting the Scheduled Acceptance Date at 33 months in lieu of 36 months from the start of construction; (3) increasing the annual Base Operating Charge paid to REF-FUEL under the Service Agreement by \$2,380,000, exclusive of escalation commencing from January, 1985; (4) providing for new components of the Service Fee paid to REF-FUEL under the Service Agreement; and (5) obligating the Port Authority, under the Service Agreement, to obtain certain property rights associated with permanent access to the Essex County Resource Recovery Facility and to provide for construction and permanent utilities, by dates certain; and (b) the Committee on Construction to authorize the Executive Director to further amend or enter into such agreements with REF-FUEL, the County or such other necessary and appropriate parties as is necessary to effectuate the start of construction of the Essex County Resource Recovery Facility, provided, however, that such amendments and/or agreements do not materially change the economic basis of the agreements with REF-FUEL and the County of Essex, such authorization to further amend or enter into agreements being in addition to that previously authorized by the Board or any Committee of the Board of Commissioners to the Executive Director in connection with the Essex County Resource Recovery Facility; and it is further

RESOLVED, that the form of such amendments and/or agreements be subject to the approval of General Counsel or his authorized representative.

(Board - 5/14/87)

Newark South Ward Industrial Park - Amendment to Municipal Agreement Authorization and Facility Certification

On November 13, 1986, the Newark South Ward Industrial Park Project (the Facility) was authorized and the industrial development master plan was amended to include a site owned by the City of Newark (the City) in the South Ward of Newark, New Jersey. As a result of continuing negotiations with the City and the Newark Economic Development Corporation, it has been agreed that the City would convey marketable title to the site for the Facility to the Port Authority for an amount equal to the January 1, 1986 assessed value of existing City-owned land and improvements (which is approximately \$571,000 rather than the \$1 consideration previously contemplated) and would be paid from project net revenues. Project net revenues would be shared equally by the City and the Port Authority, after payment to the City for the assessed value of City-owned land within the Project Site is made, and after the approximately \$5 million allocated for the Facility from the funds made available for regional development projects in the State of New Jersey pursuant to the Governors' Bi-State Agreement of 1983 is replenished. For the purpose of the above-mentioned calculations, project net revenues are those amounts remaining from annual gross operating revenues once operating and maintenance related expenses, payments in-lieu-of taxes, administrative costs, Port Authority annual imputed debt service, and any accumulated shortfalls which have imputed debt service, and any accumulated shortfalls which have been carried forward from prior years, have been accounted for.

Therefore, the November 13, 1986 authorization to enter into the Municipal Agreement for the Facility is to be amended to include a provision for such payment to the City from project net revenues. Capital funds for the project will be required in mid-1987.

The Newark South Ward Industrial Park will be an additional facility of the Port Authority, and therefore, at the time of issuance of the first Consolidated Bonds or Consolidated Notes for purposes which include capital expenditures in connection with the Facility, the Port Authority is required by covenants with holders of its Consolidated Bonds (including Consolidated Notes) to make a certification relating to the financial effect upon the Port Authority of the effectuation of the Facility as an additional facility of the Port Authority. Thus, certification is necessary if any portion of the proceeds of such Consolidated Bonds (or Consolidated Notes), the issuance of which in connection with this Facility is expected in the near future, is to be used for purposes of capital expenditures in connection with the Facility.

The Committee on Finance would be authorized to reaffirm the certification at the time of issuance of such Consolidated Bonds or Consolidated Notes for purposes which include capital expenditures in connection with the Facility. In default of said reaffirmation by the Committee on Finance of said certification, said certification shall not apply to the issuance of such Consolidated Bonds (or Consolidated Notes) and the proceeds thereof shall be used for the stated purposes of such bonds (or notes) other than the Facility, until such time as the Facility may be certified.

(Board - 5/14/87)

The Acting Chief Financial Officer has reviewed the projected overall financial standing and condition of the Port Authority and the economics of the Facility on the basis of the issuance of Consolidated Bonds (including Consolidated Notes) to provide for the total capital expenditures of or related to the Facility.

The Acting Chief Financial Officer has also reviewed with the Commissioners his formal opinion to them consistent with Section 7 of the resolutions establishing outstanding series of Consolidated Bonds (or Consolidated Notes) that, subject to his further opinion, at the time of issuance of the first Consolidated Bonds or Consolidated Notes for purposes which include capital expenditures for the Facility, the application of any portion of the proceeds of such Consolidated Bonds or Consolidated Notes in connection with the Facility will not, during the periods 1987 through 2022, reflecting the traditional 35-year term of Consolidated Bonds, and 1987 through 1997, the immediately ensuing ten-year period associated with Consolidated Bonds (including Consolidated Notes) with a maturity of less than ten years, in the light of the Port Authority's estimated expenditures in connection with the Facility and the total anticipated revenues and expenses of the Port Authority during those periods, materially impair the sound credit standing of the Port Authority of the investment status of Consolidated Bonds (including Consolidated Notes) or the ability of the Port Authority to fulfill its commitments, whether statutory or contractual or reasonably incidental thereto, including its undertakings to the holders of Consolidated Bonds (including Consolidated Notes).

In reaching this conclusion, the Acting Chief Financial Officer considered the covenant with holders of Consolidated Bonds (including Consolidated Notes) to establish changes in connection with the Port Authority's facilities to the end that at least sufficient net revenues may be produced therefrom to provide for the debt service on all Consolidated Bonds (including Consolidated Notes), including those issued for purposes of capital expenditures in connection with the Facility. This conclusion was also based, in part, upon the judgment of the Acting Chief Financial Officer that the Port Authority's ability to continue to honor this covenant will necessitate increases from time to time in the Port Authority's tolls, fares, fees, rentals and other charges, or reductions in services and associated expenditures.

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

RESOLVED, that the November 13, 1986 authorization providing for the Executive Director to enter into an agreement or agreements with the City of Newark and the Newark Economic Development Corporation for the development of the Newark South Ward Industrial Park (the Facility) be and it hereby is amended to include, in addition to the provisions previously authorized, provisions for the payment to the City of Newark in consideration for its conveyance to the Port Authority of City-owned land within the project site of an amount from project net revenues equal to the January 1, 1986 assessed value of existing City-owned land and improvements, which is approximately \$571,000; and it is further

(Board - 5/14/87)

RESOLVED, that, in the opinion of the Port Authority at the time of issuance of the first Consolidated Bonds or Consolidated Notes for purposes which include capital expenditures in connection with the Facility, the issuance of such Consolidated Bonds or Consolidated Notes will not, during the periods 1987 through 2022 and 1987 through 1997, in the light of the Port Authority's estimated expenditures in connection with the Facility and the total anticipated revenues and expenses of the Port Authority during those periods, materially impair the sound credit standing of the Port Authority or the investment status of Consolidated Bonds (including Consolidated Notes) or the ability of the Port Authority to fulfill its commitments, whether statutory or contractual or reasonably incidental thereto, including its undertakings to the holders of Consolidated Bonds (including Consolidated Notes); and it is further

RESOLVED, that the Committee on Finance be and it hereby is authorized to reaffirm said certification on behalf of the Port Authority at the time of issuance of the first Consolidated Bonds or Consolidated Notes for purposes which include capital expenditures in connection with the Facility, provided that there is no substantial adverse change in the economic basis for said certification; and it is further

RESOLVED, that, in default of a reaffirmation of said certification by the Committee on Finance, said certification shall not apply to the issuance of such Consolidated Bonds or Consolidated Notes and the proceeds thereof shall be used for the stated purposes of such bonds or notes other than the Facility, until such time as the Facility may be certified.

(Board - 5/14/87)

Bathgate Industrial Park - Lease Agreement with Display Systems, Inc.

It was recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into a lease agreement with Display Systems, Inc. at the Bathgate Industrial Park and to enter into a brokerage agreement with R.B. Miller Organization, Inc., both agreements to be substantially in accordance with the terms set forth below. The term of the letting will commence upon execution of the lease and will expire approximately 20 years from the basic rental start date as provided in the lease. The premises will consist of approximately 35,000 square feet of enclosed space at Block 2920 at the Bathgate Industrial Park. Display Systems, Inc. will pay the Port Authority the following rentals: (1) an annual basic rental equivalent to a proportionate share of the PILOT amount the Port Authority pays to the New York City Public Development Corporation; (2) a second annual basic rental escalating in stages over the term of the letting from \$156,000 to \$313,000; (3) for every dollar the Port Authority provides for building finishes (the total amount provided not to exceed \$700,000), an annual rental based on factors increasing in stages from .0750 to .1504; (4) for every dollar the Port Authority provides for the purchase of machinery and equipment (such equipment purchases to be subject to a security interest in the Port Authority and the total amount provided not to exceed \$200,000), an equipment rental with a recovery factor based on the average of the "25 Revenue Bond Index" appearing in the "Bond Buyer" for the 26 weeks prior to the particular equipment payment by the Port Authority, plus 250 basis points; and (5) an annual operating and maintenance rental of \$26,250 which will escalate annually by the percentage increase in the Consumer Price Index set forth in the lease.

The Port Authority will pay R.B. Miller Organization, Inc. a brokerage commission of \$125,000 as provided in the brokerage agreement.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into an agreement of lease with Display Systems, Inc. and a brokerage agreement with R. B. Miller Organization, Inc., both agreements to be substantially in accordance with the above provisions and the form of the agreements shall be subject to the approval of General Counsel or his designated representative.

(Board - 5/14/87)

Newark Legal and Communications Center - Contract
LCC-705.005 - Excavation - Increase in Authorization for
Extra Work and for Payments Made under Supplemental
Agreement No. 1

At its meeting on December 12, 1985, the Committee on Construction delegated to the Executive Director the authority to award Contract LCC-705.005 for the excavation for the office tower at the Newark Legal and Communications Center ("NLCC") to the lowest qualified bidder. The contract was awarded to Mohawk Constructors, Inc. ("Mohawk") in the amount of \$685,000, exclusive of authorizations for extra work up to the amount of \$68,500 and in the amount of \$65,000 for an alternate excavation plan.

Subsequent to the award, constructibility issues arose with respect to the foundation system for the NLCC. Certain work, such as the removal of subterranean foundations, abandoned utilities and other materials not known to exist at the time of the award, was deleted from future contract plans and ordered to be performed by Mohawk.

Supplemental Agreement No. 1 (the "Supplement") to Contract LCC-705.005, which changed the scope of work and provided for payments to Mohawk in an amount not to exceed \$250,000, was authorized by the Director, World Trade Department, on September 3, 1986. Subject to Committee ratification at the time of contract completion, the Executive Director, on December 22, 1986, authorized an increase in expenditures under the Supplement to \$550,000 and an increase in the authorization for extra work under Contract LCC-705.005 from \$68,500 to \$200,000.

Work under Contract LCC-705.005 and the Supplement thereto has been completed. Actual expenditures pursuant to the Supplement are \$548,440. Actual extra work payments under the contract are \$187,400.

The following resolution was unanimously adopted:

RESOLVED, that the Board approve the action of the Executive Director in increasing the expenditures under Supplemental Agreement No. 1 to Contract LCC-705.005 from \$250,000 to \$548,440 and in authorizing an increased expenditure for extra work under Contract LCC-705.005 to \$187,400.

(Board - 5/14/87)

The World Trade Center - Contract WTC-499.91 - PATH Cleaning Services - Award

Authorization is requested for the Executive Director to award Contract WTC-499.91 covering the performance of general cleaning services at the PATH WTC Station to Nelson Maintenance Services, Inc. for a thirty-month period commencing on or about July 1, 1987 at its proposal price of \$1,702,107 exclusive of escalation and to extend the contract for one additional one-year period with the compensation due the contractor during the extension period being subject to adjustment based upon mutually agreed upon cost increases related to labor and materials required to perform the services to be provided during the extension period. The Board is further requested to ratify the action of the Executive Director authorizing Allied Maintenance, Inc. to provide for cleaning services in all areas of the PATH Terminal from January 1, 1987 to June 30, 1987 under Contract WTC-499.23, Building Cleaning Services at an approximate cost of \$360,000.

Bids were received on April 8, 1987. Bids were solicited only from certified minority firms. Nelson Maintenance Services, Inc., the lowest bidder, is qualified to perform the contract.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director to award Contract WTC-499.91, PATH Station, Cleaning Services to Nelson Maintenance Services, Inc. for a thirty-month term commencing on or about July 1, 1987 at its proposal price of \$1,702,107 exclusive of escalation and in his discretion to extend the contract for one additional one-year period, the form of the Contract to be subject to the approval of General Counsel or his designated representative; and to order extra work; and ratify the action of the Executive Director authorizing Allied Maintenance, Inc. to provide for cleaning services in all areas of the PATH Terminal from January 1, 1987 to June 30, 1987 under Contract WTC-499.23, Building Cleaning Services at an approximate cost of \$360,000.

(Board - 5/14/87)

The World Trade Center - Contract WTC-134 - Electrical Systems - Operation, Maintenance and Alteration - Award

This contract is for the furnishing of all labor, supervision and management to maintain and operate the electrical systems servicing the World Trade Center and for electrical construction and modification work to be performed generally as a service to tenants. Approximately 30% of total contract dollars are recoverable through tenant reimbursements.

The present electrical maintenance contract expires on June 30, 1987. Contract WTC-134 is a three-year contract commencing on July 1, 1987 with the Port Authority having options to extend the contract for two additional three-year periods. The contract provides for escalation on classified items during the option periods based upon the changes in the applicable metal index and changes in the straight time hourly labor cost at the inception of each option period.

Contract WTC-134 requires mandatory Minority Business Enterprise (MBE) participation for all classified work. In addition, it is estimated that approximately 15% of all non-classified work (time and material work) will be assigned to MBEs. The total MBE participation is estimated to be 15.4% of the total contract.

Proposals were solicited by public advertisement and the following proposals were received on April 21, 1987 (See attached page).

Hatzel & Buehler, Inc. of New York, New York submitted the lowest proposal and the Director, World Trade and Economic Development has determined that they are qualified to perform the contract.

The following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to award Contract WTC-134, Electrical Systems, Operation, Maintenance and Alteration to Hatzel & Buehler, Inc. at its proposal price of \$19,813,289; and it is further

RESOLVED, that the Executive Director is authorized in his discretion to exercise the Port Authority's options to extend the contract for two additional three-year periods at the same terms and conditions except for escalation to be applied to classified work in accordance with changes in the applicable Metal Index and changes in the Straight Time Hourly Labor Cost at the inception of each option period.

(Board - 5/14/87)

Contractors	Projected Maintenance and Supervision Staff Estimate	Management Fee (Provided by Bidder)	Classified Work (Provided by Bidder)	Projected Non-Classified Work Includes 15% O&P Staff Estimate	Projected Total Cost
Hatzel & Buehler Inc. New York, New York	\$11,000,000	\$ 264,000 (2.4%)	\$2,049,289	\$6,500,000**	\$19,813,289
Forest Electrical Corp. New York, New York	\$11,000,000	\$1,100,000 (10%)	\$1,511,901	\$6,500,000**	\$20,111,901
George Kleinknecht, Inc. New York, New York	\$11,000,000	\$1 ,320,000 (12%)	\$1,432,540*	\$6,500,000**	\$20,252,540

*Corrected Amount

**This amount for non-classified work includes 15% for overhead and profit. This portion of the contract differs from the maintenance in that the contractor provides construction labor to perform electrical construction work which requires higher personnel costs due to a higher rate of construction labor turnover, and non-reimbursable costs such as, mobilization, management staff time, materials inventory and the outfitting of his own construction office on-site.

(Board - 5/14/87)

**George Washington Bridge & George Washington Bridge Bus
Station General Cleaning - Emergency Contract**

Authorization is requested to release Allen Motley d/b/a Motley's Shampooing Company from his obligations to perform janitorial and general cleaning services at the George Washington Bridge and George Washington Bridge Bus Station under Contracts PSE-455-1 and PSE-452-1, respectively, and for the Executive Director to award an emergency contract covering such services to a bidder who he shall deem qualified and whose bid he shall deem reasonable for an initial term of six months with the Port Authority to have the option to extend the contract thereafter on a monthly basis for a period not to exceed three months with no increase in contract price.

Authorization is also requested for the Director, Tunnels, Bridges, & Terminals Department to extend the emergency contracts in accordance with their terms and to order extra work thereunder in an amount equivalent to approximately 10% of the estimated total contract price thereof.

Motley has advised that he is experiencing financial distress and staff review indicates that Motley's records support his claims of financial distress. Staff has concluded that as a result of its financial condition Motley is unable to meet his contractual commitments and that the best interests of the Port Authority would be served by releasing Motley from his obligations. In order to avoid serious financial consequences to this minority contractor, staff has agreed to release Motley from his obligations to continue to perform under the contract, on condition that Motley satisfy all outstanding obligations to his employees under his existing labor contracts, and to award an interim emergency contract pending preparation of a new contract for public advertisement.

It was therefore recommended that the Board authorize the Executive Director to release Allen Motley d/b/a Motley's Shampooing Company from his obligations under Contracts PSE-455-1 and PSE-452-1, respectively, to perform janitorial and general cleaning services at the George Washington Bridge and George Washington Bridge Bus Station on the terms and conditions outlined above and to award emergency contracts covering such services on the terms and conditions outlined above.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director to release Allen Motley d/b/a Motley's Shampooing Company from his obligations under Contracts PSE-455-1 and PSE 452-1 to perform janitorial and general cleaning services at the George Washington Bridge and George Washington Bridge Bus Station, respectively, on the terms and conditions outlined above and to award emergency contracts covering such services to a bidder or bidders who he shall

(Board - 5/14/87)

deem qualified and whose bid price he shall deem reasonable for an initial term of six months with the Port Authority to have the option to extend each contract thereafter on a monthly basis for a period not to exceed three months at no increase in contract price and the Director, Tunnel, Bridges, & Terminals Department to extend each emergency contract in accordance with its terms and to order extra work thereunder in an amount equivalent to approximately 10% of the estimated total contract price, the form of the agreements to be subject to the approval of General Counsel or his designated representative.

Whereupon, the meeting was adjourned.

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES
Thursday, June 11, 1987

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MINUTES of the meeting of The Port Authority of New York and New Jersey held Thursday, June 11, 1987 at the Port Authority offices, One World Trade Center, City, County and State of New York.

PRESENT:

NEW JERSEY

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

NEW YORK

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

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
 John J. Collura, Acting Director of Management and Budget
 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
 Francis A. Gorman, Comptroller
 John E. Hauptert, Treasurer
 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, Acting Chief Financial Officer
 Mark Marchese, Assistant Director, Information Services, Public Affairs
 Lona Mayer, Strategic Planning Specialist, Planning and Development
 Rino M. Monti, Director of Engineering/Chief Engineer
 James J. O'Malley, Director of Management Information Services
 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 to the Executive Director
 Marvin E. Weiss, Director, Office of Minority Business Development

The meeting was called to order by the Chairman.

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of May 14, 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 has 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 June 11, 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 June 11, 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 June 11, 1987, 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 June 11, 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 - 6/11/87)

Award of Contract and Establishment of Bank Accounts for the Processing of Port Authority Tunnel and Bridge Toll Receipts

It was reported to the Board that the current contract for the processing of tunnel and bridge toll receipts from the Holland Tunnel, Lincoln Tunnel, George Washington Bridge, Bayonne Bridge, Goethals Bridge, and Outerbridge Crossing expires June 30, 1987.

In order to provide for the pick-up at facilities, the transport to a counting facility, and the counting and deposit of tunnel and bridge toll receipts, bids on a new contract were solicited by public advertisement, with the result that First Fidelity Bank, N.A., Newark, New Jersey, established itself as the low bidder.

The contract will be for a period of three years, commencing July 1, 1987 and ending June 30, 1990. The contract was bid on the basis of unit price and accordingly its cost will vary based on the volume of Port Authority tunnel and bridge toll receipts. The estimated total contract cost is \$552,000. The contract provides for the transport of funds from Port Authority facilities to the counting facility by means of a subcontractor. The Port Authority will have the right to terminate the contract without cause at any time on 30 days' prior written notice.

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

RESOLVED, that the Board authorize the Executive Director to establish bank accounts as necessary with, and to award a contract to First Fidelity Bank, N.A., Newark, New Jersey, for the processing of toll receipts from the Holland Tunnel, Lincoln Tunnel, George Washington Bridge, Bayonne Bridge, Goethals Bridge, and Outerbridge Crossing on the basis of unit price bid for a three-year period commencing July 1, 1987 and ending June 30, 1990 subject to the Port Authority's rights of cancellation; the form of the agreement to be subject to the approval of General Counsel or his authorized representative.

The Fund for Regional Development - Retention of Independent Auditors for 1987

It was reported to the Board that under the agreement 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. Based on the Audit Committee's recommendation, the Board designated Mitchell/Titus & Co. as independent auditors of the Fund for the year ending December 31, 1986.

The revenue and transactions of the Fund for Regional Development are now such that an annual independent audit of the books and accounts of the Fund is appropriate. The Audit Committee has reviewed the performance of Mitchell/Titus, and has recommended that the Board retain them as independent auditors of the Fund for Regional Development for the year ending December 31, 1987.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that Mitchell/Titus & Co. be and it hereby is designated as independent auditors to audit the books and accounts of the Fund for the year ending December 31, 1987; 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.

**George Washington Bridge Bus Station - McDonald's
Corporation - New Lease - LBF-56**

Authorization is requested to enter into a lease with McDonald's Corporation at the George Washington Bridge Bus Station for the operation of a fast food restaurant. The term of the lease would be for approximately ten years, four months, expiring on the day preceding the tenth anniversary of the date payment of rental commences. Rental is expected to commence no later than 120 days after the premises are delivered to the tenant. The Port Authority may terminate the lease at any time without cause, upon 30 days notice and in such event the tenant would be reimbursed for the unamortized portion of its initial space preparation costs initially limited to \$400,000. The lease provides for a basic rental at the annual rate of \$67,500 for five years plus an annual percentage rental equivalent to 8% of gross receipts over \$843,750. The basic rental and the exemption amount will be subject to escalation on the fifth anniversary of the date payment of rental commences in accordance with the Consumer Price Index. The tenant will pay for all utilities provided at standard rates subject to escalation over the term of the lease. 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. The lease contains provisions requiring the tenant to make a good faith effort to contract with Minority and Women owned Business Enterprises for a portion of the tenant's construction work. It is expected that this restaurant will benefit both the station's commuting population and the local community.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director, for and on behalf of the Port Authority, is hereby authorized to enter into a lease with McDonald's Corporation at the George Washington Bridge Bus Station 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.

**Brooklyn - Port Authority Marine Terminal - Express
Warehouse Corporation - Term Lease**

Authorization is requested to extend the letting of premises at the Brooklyn-Port Authority Marine Terminal now occupied by Express Warehouse Corporation under a short-term arrangement expiring June 30, 1987. Express Warehouse Corporation, a warehouseman, is a subsidiary corporation of Express Industries & Terminal Corp., a tenant at Pier 40, part of the New York City Passenger Ship Terminal. In the fall of 1984, as a result of a structural integrity survey the Port Authority reduced the maximum floor load on the Pier 40 main deck from 600 to 300 lbs. per square foot. As a result of this reduction in maximum floor load capacity the tenant leased the Pier 3 shed and Building 174 at the Brooklyn-Port Authority Marine Terminal for a term expiring June 30, 1987 to provide warehouse space for accounts that could no longer be served at Pier 40. Subsequently the Pier 2 shed was added to the premises under this lease. The existing lease is terminable by the Port Authority on 30 days' notice. An extension of this lease has been negotiated and staff has agreed to delete this right. The term of the proposed extension will commence on or about July 1, 1987 and will expire on May 31, 1992 unless sooner terminated. The tenant will pay a basic annual rental for all of the premises during the extended term at the rate of \$166,000 per year. Effective June 1, 1989, June 1, 1990, and June 1, 1991 the basic rental will be subject to escalation based on increases in the regional Consumer Price Index. The tenant will have the right to berth barges free of charge at Piers 2 and 3 for the sole purpose of loading and unloading warehouse commodities. The Port Authority will have the right to terminate the lease on 90 days' notice if the premises are required in connection with the development of the Brooklyn-Port Authority Marine Terminal for alternate uses or in connection with the berthing, loading or unloading of seagoing or other vessels. Also, the Port Authority will have the right to do work on portions of the premises in connection with any proposed development of the Brooklyn Piers.

The tenant will perform approximately \$25,000 worth of repair work in the Pier 2 shed. Upon satisfactory completion of this work, the tenant will receive a rental credit equal to the cost of repair work performed, up to a maximum of \$25,000, payable in equal monthly installments over a five-month period.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into an agreement extending the letting of the premises leased by Express Warehouse Corporation at the Brooklyn-Port Authority Marine Terminal substantially in accordance with the terms set forth above, the form of the agreement to be subject to the approval of General Counsel or his designated representative.

(Board - 6/11/87)

**New York and New Jersey Marine Terminal - Fender System
Repairs - Contract MFP-166 - Award**

Contract MFP-166 requires the contractor to repair fender systems and related pier structures as needed on a call-in basis during an approximately year and a half period at various Port Authority Marine Terminal facilities. These facilities include the Brooklyn, Erie Basin, Columbia Street and Elizabeth - Port Authority Marine Terminals, Port Newark and the New York City Passenger Ship Terminal.

The contract also requires mobilization at other marine terminal facilities, repairs to floating fenders (camels), and furnishing and installing a vertical sheet pile fender system of Bongossi timber all on a net cost basis roughly estimated at \$140,000.

The contract was publicly advertised and bids were received on May 21, 1987. Macro Enterprises, Ltd. submitted the low bid and the Chief Engineer has determined that they are qualified to perform the contract.

The following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to award Contract MFP-166, New York and New Jersey Marine Terminal Fender System Repairs, to Macro Enterprises, Ltd. in the estimated amount of \$1,679,415 and to order extra work up to the amount of \$170,000 and to order net cost work.

The World Trade Center - Contract WTC-131 - Agreement to Perform General Maintenance Services - Award

Contract WTC-131 provides for the performance of general maintenance and incidental construction work, including the furnishing of all labor and supervision required for such maintenance and construction, at the World Trade Center.

The present general maintenance contract expires on July 31, 1987. Contract WTC-131 is a three-year contract commencing on August 1, 1987 with the Port Authority having options to extend the contract for one additional period of three years and a second period of two years on the same terms and conditions.

Proposals were solicited by public advertisement and received on May 12, 1987. National Cleaning Contractors, Inc. submitted the lowest proposal and the Director of World Trade & Economic Development has determined that they are qualified to perform the contract. In addition, a proposal was received from International Service System, Inc. which was deemed non-responsive.

The following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to award Contract WTC-131, Agreement to Perform General Maintenance Services to National Cleaning Contractors, Inc. at an estimated price of \$4,653,000; and it is further

RESOLVED, that the Executive Director is authorized, in his discretion, to exercise the Port Authority's options to extend the contract for one additional period of three years and a second period of two years on the same terms and conditions.

The World Trade Center - Contract WTC-133 - Agreement to Operate and Maintain the Mechanical Systems in The World Trade Center - Award

Contract WTC-133 requires the contractor to furnish all labor and supervision necessary to operate and maintain the mechanical systems at the World Trade Center.

The present contract to maintain and operate the World Trade Center mechanical system expires on July 31, 1987. Contract WTC-133 is a three-year contract commencing on August 1, 1987 with the Port Authority having options to extend the contract for one additional period of three years and a second additional period of two and one-half years on the same terms and conditions.

Proposals were solicited by public advertisement and were received on May 12, 1987. Ogden Allied Building and Airport Services, Inc. submitted the lowest proposal and the Director of World Trade & Economic Development has determined that they are qualified to perform the contract.

The following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to award Contract WTC-133, Agreement to Operate and Maintain the Mechanical Systems in the World Trade Center, to Ogden Allied Building and Airport Services, Inc. at an estimated price of \$13,099,520; and it is further

RESOLVED, that the Executive Director is authorized in his discretion to exercise the Port Authority's options to extend the contract for one-additional period of three years and a second period of two and one-half years on the same terms and conditions.

(Board - 6/11/87)

Newark International Airport - Rehabilitation of Taxiways "I" and "O" and Installation of Taxiway Turn-Offs - Contract NIA-457 - Authorization to Award

Contract NIA-457 is the final phase of the replacement of the pavement wearing course for Taxiways "I" and "O" including centerline lighting. The contract also provides for modifications to exit connections from Runway 11-29 to Taxiways "P", "R" and "S".

The wearing course of Taxiways "I" and "O", originally installed in the early 1970's, is approaching the limits of its useful life under the increased aircraft traffic conditions at Newark International Airport. Plane movements have grown from approximately 197,000 in 1980 to approximately 400,000 in 1986, and are expected to reach approximately 420,000 by the late 1990's.

The growth of aircraft movements at Newark International Airport requires improvements to the runway/taxiway system. Enhanced exit connections from Runway 11-29 to Taxiways "P", "R" and "S" are required to decrease runway occupancy time by permitting aircraft to exit at higher speeds onto those taxiways.

The construction contract includes a provision for the removal and reinstallation of timber barricades and adding bitumen to recycled asphalt concrete aggregate on a net cost basis, roughly estimated at \$20,000.

The entire contract is eligible for Federal funds under the Airport Improvement Program, which allows funding at a 75% rate. The unreimbursed amounts will be recoverable through the flight fee.

The contract provides that the contractor will meet a goal for Minority Business Enterprises participation of 10% for firms owned and controlled by minorities and 1% for firms owned and controlled by women.

Bids will be solicited by public advertisement and are presently scheduled to be received in late June 1987.

The following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to award Contract NIA-457, Newark International Airport, Rehabilitation of Taxiways "I" and "O" and Installation of Taxiway Turn-Offs, to the lowest qualified 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 and to order extra work up to the amount of 10% of the bid accepted and to order net cost work or to reject all bids.

**La Guardia Airport - Contract PSE-471 - General Cleaning -
Parking Lots**

Authorization is requested for the Executive Director to award Contract PSE-471, General Cleaning, Parking Lots at LaGuardia Airport to See Clear Maintenance Corp.. for a two-year term commencing on or about August 1, 1987 at its bid price of \$494,349 exclusive of a 10% extra work allowance, the Port Authority to have the right to extend the contract for two additional one-year periods with the contract price during each extension period being subject to adjustment based upon increases in the regional Consumer Price Index. The Board is further requested to authorize the ordering of extra work under the contract in accordance with its terms and to authorize the extension of the contract for two additional one-year periods in accordance with the terms of the contract without any further approval of the Board or any Committee.

Bids on this contract were solicited only from certified minority firms. See Clear Maintenance Corp., the lowest qualified bidder, has been determined to be technically and financially able to perform the work.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director, for and on behalf of the Port Authority, to award Contract PSE-471, LaGuardia Airport, General Cleaning, Parking Lots to See Clear Maintenance Corp. for a two-year period commencing on or about August 1, 1987 at its bid price of \$494,349 exclusive of a 10% extra work allowance and the Director of Aviation to order extra work under the contract during the two-year term thereof in accordance with its terms; and that the Board further authorize the Director of General Services to extend the contract for two additional one-year periods in accordance with the terms thereof without the further approval of the Board or any Committee and authorize the Director of Aviation to order extra work during each extension period in an amount not to exceed 10% of the contract price established for each such period, the form of the agreement to be subject to the approval of General Counsel or his designated representative.

**La Guardia Airport - Award of Contract PSE-472 - General
Cleaning - Central Terminal Building and West End
Building**

Authorization is requested for the Executive Director to award Contract PSE-472, General Cleaning, the Central Terminal Building and West End Buildings at LaGuardia Airport to See Clear Maintenance Corp. for a two-year term commencing on or about August 1, 1987 at its bid price of \$3,885,037, exclusive of a 10% extra work allowance, the Port Authority to have the right to extend the contract for two additional one year periods with the contract price during each extension period being subject to adjustment based upon increased in the regional Consumer Price Index. The Board is further requested to authorize the ordering of extra work under the contract in accordance with its terms and to authorize the extension of the contract for two additional one-year periods in accordance with the terms of the contract without any further approval of the Board or any Committee.

Bids on this contract were solicited by public advertisement. See Clear Maintenance Corp., the lowest qualified bidder, has been deemed financially and technically able to perform the contract.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director, for and on behalf of the Port Authority, to award Contract PSE-472, General Cleaning, Central Terminal Building and West End Building, LaGuardia Airport to See Clear Maintenance Corp. for a two-year period commencing on or about August 1, 1987 at its bid price of \$3,885,037 for the two-year term, exclusive of a 10% extra work allowance and the Director of Aviation to order extra work under the contract during the two-year term thereof in accordance with its terms; and that the Board further authorize the Director of General Services to extend the contract for two additional one-year periods in accordance with the terms thereof without the further approval of the Board or any Committee and authorize the Director of Aviation to order extra work during each extension period in an amount not to exceed 10% of the contract price established for each such period; the form of the contract to be subject to the approval of General Counsel or his designated representative.

(Board - 6/11/87)

**Newark International Airport - Relocation of the Runway 4L
Instrument Landing System Glide Slope Facility**

It was reported to the Board that the increase in aircraft operations at Newark International Airport has made airport capacity a critical element in the airport's ability to serve the public. Relocating the Instrument Landing System Glide Slope Facility (ILS/GS) will permit departing aircraft to move approximately 800 feet closer to the runway threshold when landing and take off operations are conducted on Runway 4L during Instrument Flight Rules (IFR) weather conditions. This will provide the airport with an operational advantage allowing aircraft to taxi and queue on the southerly portion of Taxiway D when Runway 4L is used for both arrivals and departures during IFR weather conditions. Aircraft may not occupy the southerly portion of the taxiway for this kind of operation at the present time since this section of the taxiway is in the ILS/GS critical area.

Accordingly, it is recommended that the Port Authority agree to reimburse the Federal Aviation Administration (FAA) for all costs associated with the relocating of the ILS/GS. The costs are in the estimated amount of:

Engineering	\$ 19,600
Construction & Flight Check	\$116,550
Overhead	\$ 16,338
Contingency	\$ 22,512

The total cost will be in the estimated amount of \$175,000.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director to enter into an agreement with the Federal Aviation Administration for relocation of the Runway 4L Instrument Landing System Glide Slope Facility.

(Board - 6/11/87)

Kennedy International Airport - Lease of Building No. 69 and Related Outside Areas to Hudson General Corporation

It was recommended that the Board amend its resolution of June 12, 1986 authorizing the Executive Director, for and on behalf of the Port Authority, to enter into a lease with Hudson General Corporation for Building No. 69 and related outside areas at Kennedy International Airport. As amended, the Executive Director would be authorized to enter into a lease with Hudson General Corporation for a term of approximately eighteen years commencing on or about July 1, 1987 with basic rentals to commence on the earlier of the completion of construction or February 1, 1988 at an approximate annual rental of \$197,000, increasing at periodic intervals throughout the term of the lease to an approximate annual rental of \$552,000; to make payments to Hudson General of up to \$2 million for renovation and asbestos removal work to Building No. 69 with Hudson General paying a monthly facility rental commencing on July 1, 1988 based upon a factor for a payment period of eighteen years of .010818 (which would be adjusted for other than an eighteen-year payment period) for each dollar paid by the Port Authority for the renovation and asbestos removal work including an amount computed monthly at a factor of .009167 on all sums prior to the commencement of facility rental; the Port Authority to be obligated to reimburse Hudson General for its unamortized investment on a straight line basis for the cost of the renovation and asbestos removal work up to \$2 million to the extent that Port Authority payments were not used, if the lease were terminated by either party after the termination of Hudson's permit covering activity on the premises by the Port Authority without cause. The Executive Director would also be authorized to permit Hudson General to remain in occupancy of Hangar No. 11, its present location at the airport, rent-free for a reasonable period after January 31, 1988 pending completion of the construction work to Building No. 69 and the relocation of Hudson General's operations from Hangar No. 11 to Building No. 69.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the resolution of the Board of Commissioners adopted at its meeting on June 12, 1986 authorizing the Executive Director to enter into a lease with Hudson General Corporation for Building No. 69 and related outside areas at Kennedy International Airport is hereby amended in accordance with the foregoing.

(Board - 6/11/87)

**Kennedy International Airport - Paving and Utilities to
North Cargo Area - Project Authorization and Award of
Contract JFK-110.062**

At its meeting on March 8, 1984, the Board authorized a lease with Halmar Construction Corp. and Halmar Contracting, Inc. for the construction and operation of a multi-tenant air cargo service facility at Kennedy International Airport. Further, the Board, at its meeting on August 8, 1985, authorized a lease with The King Interests, Corp. for the construction and operation of two multi-tenant air cargo buildings at Kennedy International Airport. Under the terms of these tenants' leases, the Port Authority is obliged to provide paving and utility services to these North Cargo Area ("NCA") structures.

Contract JFK-110.062, North Cargo Area, North Boundary Road Improvement, Paving and Utilities, provides for the construction of various roadway pavements and utilities for the NCA. The utilities include electric power, communications, water, storm drainage and sanitary sewers. The contract also provides for net cost payments for the removal and replacement of unsuitable material. Net cost payments are presently estimated at roughly \$20,000.

A portion of the contract is eligible for Federal funds in the anticipated amount of \$389,000 under the Airport Improvement Program. Contract JFK-110.062 requires Minority Business Enterprise participation of 10% for firms owned and controlled by minorities and 1% for firms owned and controlled by women.

The contract was publicly advertised and bids were received on May 21, 1987.

Grace Contracting Corp. ("Grace") submitted the lowest bid. Subsequent to the opening of bids, Grace concluded that it had overstated its lump sum amount of \$4,468,000 by \$100,000. Accordingly, Grace submitted a revised proposal in the amount of \$4,368,000. The Chief Engineer has determined that they are qualified to perform the contract.

The following resolution was unanimously adopted:

RESOLVED, that the Board authorize a project at Kennedy International Airport to provide paving and utilities to serve cargo buildings located in the North Cargo Area ("NCA") at an expenditure presently estimated at \$5.2 million, including payments to contractors, allowances for extra work and net cost work, engineering, administrative and financing expenses; and it is further

RESOLVED, that the Board authorize the Executive Director to award Contract JFK-110.062, North Cargo Area, North Boundary Road Improvements, Paving and Utilities, to Grace Contracting Corp., the low bidder, in the amount of \$4,368,000, plus an authorization of \$450,000 for extra work and an authorization for net cost work.

(Board - 6/11/87)

Kennedy International Airport - Jamaica Bay Shore Erosion - Removal of Excess Fill

As a result of inspection by Port Authority staff of fill placed along the shoreline of Kennedy International Airport at Jamaica Bay, it was determined that fill material had been placed beyond previously authorized limits. As a result, the Port Authority voluntarily disclosed to the U.S. Army Corps of Engineers (COE) and the New York State Department of Environmental Conservation (DEC) that the material was placed and, subsequently, after an inspection, the COE formally advised the Port Authority that the placement of the fill without permits violated Federal law.

The fill was placed by parties not authorized by the Port Authority. In this connection, the Law Department has commenced suit against certain parties who may be responsible.

A corrective program was developed with the COE and the DEC which, among other matters, provides for the removal of approximately 65,000 cubic yards of material which was placed beyond the authorized limits and certain other refacing and restoration work along the shoreline. Additionally, the program will entail mitigation for former vegetated wetlands which were filled in the form of a Port Authority monetary donation to the National Park Service to be used solely for the enhancement or preservation of natural resources within Gateway National Park. Approximately three acres of formerly vegetated wetlands were covered and a mitigation ratio of 2:1 with a \$10,000 per acre mitigation figure (total \$60,000) has been arrived at with the governmental agencies.

Understandings and agreements with respect to the unauthorized fill and corrective program, which in some instances may take the form of consents to administrative orders, will be entered into, after review by General Counsel or his authorized representative, with various governmental agencies. Among other agreements, a right of entry onto Gateway National Park lands will be secured from the National Park Service for removal of certain material placed beyond the Kennedy International Airport property line.

The corrective program, required by the COE and DEC, also will entail:

- Removal of approximately 65,000 cubic yards of fill and rip-rap which will be redeposited at approved locations on Kennedy International Airport.
- Pulling back and refacing certain areas with an estimated removal of 3,000 cubic yards of material.
- Construction of a revetment at the 4L end of Runway 4L/22R in order to stabilize upland area and maintain existing wetlands.

(Board - 6/11/87)

In light of the concern that the corrective work be performed in an expeditious and satisfactory manner, bids on this contract will be solicited from a list of contractors, approved by the Chief Engineer, who are experienced and capable of performing the work; are known to have previously performed satisfactory work for the Port Authority; and can respond with sufficient labor, equipment and materials to perform the work on a timely basis. Compensation will be made on a unit price basis. It is anticipated that work will commence in the fall of 1987.

It was therefore, recommended that the Board adopt the following resolution.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that a project in the estimated amount of \$1,760,000 be and it hereby is authorized involving, among other things, removal of excess fill deposited along the shoreline of Kennedy International Airport; and in connection therewith; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized to: (1) enter into agreements and understandings with various governmental agencies, including, but not limited to, the United States Army Corps of Engineers, the New York State Department of Environmental Conservation and National Park Service of the United States Department of the Interior with regard to the removal of unauthorized fill placed adjacent to, and in, Jamaica Bay at Kennedy International Airport, and the making of a donation to mitigate the filling of formerly vegetated wetlands; (2) make a mitigation donation of \$60,000 to the National Park Service; and (3) award Contract JFK-110.073, Jamaica Bay Shore Erosion, Removal of Excess Fill, to the lowest qualified bidder on the basis of bids to be received, from contractors approved by the Chief Engineer, plus an allowance of up to 15% for extra work; and it is further

RESOLVED, that the form of contracts, agreements and other documents necessary or advisable to implement the foregoing be subject to the approval of General Counsel or his designated representative.

Whereupon, the meeting was adjourned.

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Thursday, July 16, 1987

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MINUTES of the meeting of The Port Authority of New York and New Jersey held Thursday, July 16, 1987 at the Port Authority offices, One World Trade Center, City, County and State of New York.

PRESENT:

NEW JERSEY

Philip D. Kaltenbacher, Chairman
 Jerry Fitzgerald English
 William K. Hutchison
 Henry F. Henderson, Jr.
 Robert Van Buren

NEW YORK

Robert F. Wagner, Vice-Chairman
 John G. McGoldrick
 H. Carl McCall

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
 Regina Bryde, Administrative Assistant to the Executive Director
 Daniel J. Censullo, Deputy Director of Rail Transportation
 John J. Collura, Acting Director of Management and Budget
 Henry DeGeneste, Deputy Director of Public Safety
 Sidney Frigand, Assistant Executive Director/Government, Community & Public Affairs
 Francis A. Gorman, Comptroller
 John E. Hauptert, Treasurer
 Charles L. Hirsch, Executive Assistant to the Executive Director
 Phil LaRocco, Director of Economic Development and Director of World Trade
 Donald R. Lee, Director of Audit
 Lillian C. Liburdi, Acting Chief Financial Officer
 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
 Martin E. Robins, Director of Planning and Development
 Robert N. Steiner, Deputy Port Director
 Joseph L. Vanacore, Assistant Executive Director/Capital Programs
 Kristina E. Weisenstein, Administrative Assistant to the Executive Director
 Marvin E. Weiss, Director, Office of Minority Business Development
 Robert Williams, Deputy Director of General Services

The meeting was called to order by the Chairman.

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of June 11, 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 has 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 July 16, 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 July 16, 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 July 16, 1987, 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 July 16, 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 - 7/16/87)

New Jersey Transit Projects

New Jersey Transit (NJT) has announced that the Penn Station New York Access project is the centerpiece of NJT's plan to increase substantially the number of rail commuters who now reach midtown Manhattan Station New York and to improve the utility of that operation for its current markets. The Penn Station New York complex stretches from west of Newark Penn Station to Sunnyside Yards in Queens. By providing attractive, quick service into the Penn Station New York complex, these projects will divert automobiles from the George Washington Bridge and Lincoln Tunnel and ease the projected growth in bus traffic to the Port Authority Bus Terminal.

Currently, only the electrified Northeast Corridor line and the electrified portion of the North Jersey Coast Line can be served directly without a transfer into Penn Station. Some seventeen trains per peak hour from these services and Amtrak's intercity rail service use the rail tunnel under the Hudson River to Penn Station New York with capacity in place for 20 peak hour trains. Track structures, signal and storage improvements could expand that capacity to upwards of 30 trains. Were train capacity increased into the Penn Station complex from west of the Hudson River, existing services into midtown Manhattan could be expanded. In addition, major midtown markets carried on rail lines, either currently terminating at Hoboken and using PATH's uptown line to reach Midtown or not carrying passengers today, i.e., west shore, may also be accommodated at Penn Station New York. This can be accomplished through a combination of physical track connections in Kearny and Montclair and the creation of a transfer operation at Secaucus.

Funding will be used for design work for a new signal system, increasing the permissible train speed limit on the Northeast Corridor and extending into Penn Station New York, providing for adequate train storage capacity at Penn Station in Sunnyside Yard, improving the track connection west of Newark between the Raritan Valley Line and Northeast Corridor, and other related improvements resulting in an increased ability to handle trans-Hudson commuter trains into Penn Station New York.

Hoboken Terminal has been the terminus of service for several commuter rail lines and a major Hudson and Manhattan PATH passenger load point since almost the turn of this century. NJT has taken numerous steps to maintain and upgrade this terminal through which commuters pass as they transfer to and from PATH. NJT plans to further improve this terminal with the relocation of the dispatching center and installation of a consolidated dispatching system, developing a new communications room, installation of closed circuit televisions, and a variety of related facility improvements. These actions would complement the expenditures the Port Authority expects to make on the new trans-Hudson lower Manhattan ferry services and PATH to facilitate the handling of commuters through this gateway.

The New Jersey Governor's office has requested that the Port Authority provide funding for these items from funds made available for projects in the State of New Jersey pursuant to the Governors' Bi-State Agreement of June 1983.

(Board - 7/16/87)

The maximum amount of funds used for the planning and conceptual design for the Penn Station New York Access project would be \$13,788,049, and \$1,931,951 for the Hoboken Terminal Complex improvements. The proposed agreements will provide that NJT will be completely responsible for all aspects of the projects. The agreements would also specifically provide that the Port Authority will not have any responsibility for the improvements contracted by NJT at Penn Station New York or Hoboken Terminal.

The following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director to enter into agreements with New Jersey Transit to provide up to \$15,720,000 from funds made available for New Jersey projects pursuant to the Governors' 1983 Bi-State Agreement, said funds to be provided for: (1) the planning and conceptual design of Penn Station New York Access; and (2) certain physical plant improvements to the Hoboken Terminal Complex to increase its operational efficiency; this expenditure to exhaust the commitment of funds allocated to New Jersey; and it is further

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

(Board - 7/16/87)

Rental Agreement for the Relocation of the PATH Pavonia Maintenance Shop

It was reported that the PATH Way, Power and Structures Division's Pavonia Shop is housed in a functionally obsolete space approximately 60 feet underground in a sealed-off platform area and passageway connecting the PATH Pavonia Station with an abandoned Erie Lackawanna Station. The poor working conditions, exacerbated by the construction of the Newport commercial development which impinges on the shop location, have made it difficult to continue occupying this area. The area has had continuous problems with interruption of plumbing and heating services, reduction of fresh air exchange, flooding during storms, and infestation of flying insects and rodents, all of which have contributed to the need for immediate relocation. The redesign of the Pavonia Station will not include space for the PATH shops.

In 1967, PATH transformed this area into a Way, Power and Structures shop and locker room location for over 100 construction and maintenance employees, including masons, carpenters, electricians, and track, structure and pump maintainers. The area is no longer adequate for the efficient operation of these shops.

During the past year, numerous locations along the PATH right-of-way were investigated and analyzed for the relocation of the Pavonia Shop. In the opinion of the Rail Transportation Department's planning staff, PATH Operations personnel, and staff of the General Services Department, the building at 777 Jersey Avenue best fulfills the functional criteria and space requirements of the Way, Power and Structures Division. In addition, this building is located directly across the street from the Port Authority Technical Center, whose cafeteria, medical and transportation services will be made available to Way, Power and Structures employees.

The building, built in 1972, is a one-story masonry and steel structure containing approximately 75,000 square feet of warehouse space and 5,000 square feet of office space. The Port Authority will rent approximately one-half of the warehouse space and all of the office space. It is located on the west side of Jersey Avenue, directly opposite the Port Authority Technical Center. The floors in the warehouse area are poured concrete, with a load capacity of 400 pounds per square foot. The ceiling clearance is approximately 17-1/2 feet. An enclosed loading dock for one vehicle is included in the premises. The building is sprinklered, equipped with a central station security alarm system, and is heated and air conditioned by natural gas. Approximately 80 parking spaces will be available for employee and facility vehicles at no additional cost.

The lease will commence on or about November 1, 1987 for an initial ten-year period with two five-year renewal options at the following fixed rental rates per rentable square foot:

YEAR	RATE
1 to 5	\$ 4.75/sq. ft.
6 to 10	6.57/sq. ft.
11 to 15	8.06/sq. ft.
16 to 20	10.28/sq. ft.

(Board - 7/16/87)

Building operations and maintenance costs are not included in the fixed rent, except for structural repairs which will be the landlord's responsibility. The Port Authority will pay its proportional share of audited expenses attributable to operations and maintenance. Taxes and expenses for the separately metered utilities will be billed to the Port Authority on a straight pass-through basis. It is estimated that all building expenses will add approximately \$3.75 per square foot to the fixed rental rate during the first year (\$2.55 for utilities and maintenance services, and \$1.20 for tax payments). The lease will also provide for an option to rent the remaining space in the premises.

Staff has prepared functional specifications, preliminary designs and work space layouts so that the owners can provide engineering, design, and construction services to modify the space to meet the specialized needs of the PATH shops. The Port Authority estimates that all such engineering and construction work will not exceed \$800,000.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director to (a) execute a lease agreement with the Estate of Bernice Nova, Robert Nova, Rosalie Shore and Martin Finestein as conservator of Joseph Hirschman for approximately 42,000 rentable square feet of space at 777 Jersey Avenue, Jersey City, New Jersey, for a period of ten years commencing on or about November 1, 1987 with an option for two five-year extensions for occupancy by PATH's Way, Power and Structures Division at a rental during the term of \$4.75 per rentable square foot for years 1 through 5; \$6.57 per rentable square foot for years 6 through 10; \$8.06 per rentable square foot for years 11 through 15; and \$10.28 per rentable square foot for years 16 through 20; the Port Authority to make additional payments for its pro rata share of taxes on the building and to pay for building, operating and maintenance expenses on an annual basis as well as for separately metered utilities, it being estimated that all building expenses will add approximately \$3.75 per rentable square foot for the first year; (b) enter into a contract with the building owners to provide for the modification of the rented area to meet specialized needs of this PATH Division at a cost of approximately \$800,000; and (c) incur expenses of approximately \$350,000 for moving and relocation services, purchase of shop equipment and office furnishings and the provision of telephone services; and it is further

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

(Board - 7/16/87)

Contract for Financial Printing Services

To provide for the Authority's requirements for financial printing services of or related to the Authority's issuance of its bonds, notes and other obligations (excluding preparation of the definitive certificates evidencing such bonds, notes and other obligations), proposals were requested from qualified bidders. Potential bidders were qualified on the basis of an evaluation by staff upon past experience, interviews with vendor representatives and site inspections.

R. R. Donnelley & Sons Company ("Donnelley") submitted the low bid, among the four bids submitted (one of which was deemed not to be responsive) in connection with the Authority's request for proposals, based upon a comparison of unit prices multiplied by estimated quantities of work for each year of the two-year term specified in the proposal.

The proposal, which is in the form of an offer from Donnelley to provide all of the Authority's financial printing needs for two years, is before the Board at this meeting. Upon acceptance by the Authority, the proposal would constitute an agreement which, unless sooner terminated by the Authority, would be for a two-year term with three one-year optional extension periods in which unit price adjustments, if any, would not exceed the increases in the regional Consumer Price Index for a predetermined period. Additionally, the agreement would contain a provision for ordering additional items (items not covered by unit prices bid) at a total cost not in excess of 10% of the estimated total two-year proposal price bid.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director, of the Authority is hereby authorized on behalf of the Authority to accept the offer of R. R. Donnelley & Sons Company, dated June 16, 1987, entitled "Contract for Processing Port Authority Legal and Financial Printing Services," to provide financial printing services to the Authority in accordance with the terms and conditions contained therein; and it is further

RESOLVED, that the Executive Director of the Authority is hereby authorized on behalf of the Authority to exercise the options to extend the term of the agreement with R. R. Donnelley & Sons Company for up to three additional one-year periods in accordance with the terms and conditions contained in such agreement; and it is further

RESOLVED, that the forms of such agreement and any extensions thereof be subject to the approval of the General Counsel or his authorized representative.

(Board - 7/16/87)

Port Newark - Witte Chase Corporation - Amendment to Lease

Authorization is requested to enter into an agreement extending the letting of Berth 36 and approximately 12.6 acres of upland area at Port Newark now occupied by Witte Chase Corporation for a period expiring June 30, 1988 at an annual rental of \$364,600. In addition to the basic rental the agreement provides for payment of one-half the wharfage charges which would be applicable pursuant to the Port Authority's tariff for all cargo handled at the berth which is in excess of 450,000 tons per year, and effective as of April 1, 1987 provides for payment of an additional rental for additional upland area occupied by Witte-Chase at a rate equivalent to \$0.05 per square foot per month.

The agreement will also settle mutual claims of the Port Authority and Witte-Chase arising out of the loss of Witte-Chase's property and the need to reconstruct the berth because of a serious structural defect. The Port Authority will waive a judgment in the amount of \$37,500 entered in its favor in an action entitled "The Port Authority of New York and New Jersey vs. Schiavone-Chase Corporation" and Witte Chase will release the Port Authority from any claims it may have against the Port Authority due to alleged vessel groundings and loss of property, and also from claims involving inconveniences resulting from reconstruction of the berth.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into an agreement extending the letting of premises leased by Witte-Chase Corporation at Port Newark substantially in accordance with the terms set forth above, the form of the agreement to be subject to the approval of General Counsel or his authorized representative.

(Board - 7/16/87)

**Elizabeth - Port Authority Marine Terminal - Atlantic
Container Lines, Ltd. - Amendment & Assignment of Lease
No. EP-144**

Authorization is requested to consent to the assignment of Lease No. EP-144 from Atlantic Container Lines, Ltd. to Atlantic Container Lines, B.V. and to enter into an amendment to the lease which covers a 102 acre terminal at the Elizabeth-Port Authority Marine Terminal. The amendment would extend the lease for a thirteen-year period commencing on or about October 1, 1987. During the first five years of the extended term, the tenant will perform general terminal improvement work, including crane modifications, renovation of crane rails, building demolition, utility rerouting, lighting and fencing to upgrade its terminal. The Port Authority will pay the tenant a minimum of \$2 million and a maximum amount not to exceed \$4 million for this work. In addition to the work to be performed by the tenant, the Port Authority has agreed to perform additional general terminal improvements and modernization at an estimated cost of \$1 million.

The Port Authority will have access, during the term of the extension, to public berths No. 74 and No. 76 for itself and its designees. The tenant shall have the right, during the first five years of the extended term, to include berth No. 74 in the premises for the remainder of the extended term of the lease.

The agreement provides for payment of the following rentals during the extended term of the letting:

1. a basic annual rental at a rate which will escalate annually from \$1.85 million in the first year of the extended term to \$4.525 million in the tenth year of the extended term. The annual basic rental in effect at the end of the tenth year of the extended term will remain in effect for the balance of the extended term, subject to annual escalation based upon 50% of the increase in the regional Consumer Price Index;

2. should the tenant exercise its right to include berth No. 74 in the premises the tenant will pay an additional basic rental during the first five years of the extended term at the following rates per year:

Year 1 - \$220,000
Year 2 - \$255,000
Year 3 - \$315,000
Year 4 - \$340,000
Year 5 - \$400,000

Rental at the applicable rate will commence when the tenant exercises its right to include berth No. 74 in the premises. Thereafter rental for the berth will be payable at a rate which will escalate annually from \$447,000 in the sixth year of the extended term to \$542,000 in the tenth year of the extended term. The annual basic rental for the berth in effect at the end of the tenth year of the extended term will remain in effect for the balance of the extended term subject to annual escalation based upon 50% of the increase in the in the regional Consumer Price Index; and

(Board - 7/16/87)

3. a facility rental payable during the extended term of the lease commencing after completion of the tenant's work in an amount sufficient to recover the amount paid by the Port Authority to the tenant for the construction of its general terminal improvements over a 20-year period.

So long as berth No. 74 remains a public berth vessels operated by the tenant and occupying this berth will be subject to dockage and wharfage charges as provided for in the applicable Port Authority tariff. However, wharfage charges will not be assessed when three or more vessels engaged in regular container liner service are docked at the premises simultaneously if one such vessel occupies Berth 74. It is estimated that the revenue from annual wharfage and dockage charges will be approximately \$300,000.

The tenant will have the right to terminate the extended term of the letting effective at the end of the fifth and tenth years of the extended term on eighteen months prior notice. In the event the tenant exercises this right, or upon expiration of the extended term, unless the lease is extended for a further period, the tenant will pay to the Port Authority a lump sum which will be derived by a formula set forth in the lease.

Staff has determined that assignment and extension of the lease will allow the tenant to continue providing services to this port while providing for the modernization of this first generation container terminal, and that the proposed agreement enables the Port Authority to achieve market rentals for this facility.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director, for and on behalf of the Port Authority, to consent to an assignment of the Port Authority's lease with Atlantic Container Lines, Ltd. to Atlantic Container Lines, B.V. and to enter into an amendment of the lease substantially in accordance with the terms and conditions set forth above, the form of the agreement to be subject to the approval of General Counsel or his authorized representative.

(Board - 7/16/87)

**Fishport - Reconstruction of Bulkhead at Building No. 300 -
Award of Contract EBP-110.016**

A 140-foot section of the seawall on the existing Building 300 Bulkhead collapsed before scheduled rehabilitation could be accomplished. This area is vital to the initial operations at the Fishport. Staff has recommended that the collapsed area, as well as some other areas of the bulkhead, be permanently replaced.

Therefore, Contract EBP-110.016 was prepared, which requires the contractor to install approximately 550 linear feet of steel sheet piling in front of the existing structure and provide lateral support by the installation of soil anchor tie backs, rehabilitate the remaining 350 linear feet of existing bulkhead, and install a timber fender system throughout the entire area. A list of five contractors recognized by staff to be capable of performing this type of work within tight time constraints was requested to submit proposals on July 15, 1987. The low proposal was submitted by Spearin, Preston & Burrows, New York, New York, in the amount of \$1,936,600. The Chief Engineer has determined that Spearin, Preston & Burrows is qualified to perform the contract.

Due to the critical timing of this work, the contractor will be directed to immediately order the steel sheet piling materials for an estimated cost of \$300,000 prior to the actual contract award, which is anticipated to be August 3, 1987.

The following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to award Contract EBP-110.016, Fishport, Reconstruction of Bulkhead at Building No. 300, to Spearin, Preston & Burrows, Inc. at its proposal price in the amount of \$1,936,600 and to order extra work up to the amount of \$194,000.

(Board - 7/16/87)

**Kennedy International Airport - Taxiway Paving - Contract
JFK-478 - Increase in Project Authorization -
Supplemental Agreement No. 1**

The Board, at its meeting on September 11, 1986, authorized a project at Kennedy International Airport for the rehabilitation of portions of Taxiways "I", "O" and "H" at an expenditure estimated at \$5.5 million, and authorized the Executive Director to award Contract JFK-478, Taxiway Paving, Kennedy International Airport, to the lowest qualified bidder.

On October 2, 1986, the Executive Director authorized the award of Contract JFK-478 to Anthony Grace & Sons, Inc. and Edenwald Contracting Co., Inc., a joint venture, at its bid price in the estimated amount of \$3,493,000 and the ordering of extra work up to the amount of \$349,000. Contract JFK-478 provides for the rehabilitation of portions of Taxiways "I", "O" and "H".

As part of an effort to provide for increased aeronautical capacity, it is deemed prudent to expedite proposed improvements to Taxiways "KB" and "PA", the first phase of a three-phase program to improve aeronautical capacity. In order to accelerate the implementation of this phase, it is proposed to enter into a negotiated Supplemental Agreement No. 1 under Contract JFK-478 with Anthony Grace & Sons, Inc. and Edenwald Contracting Co. Inc., a joint venture. Grace/Edenwald is the only contractor presently working at the airport who has sufficient equipment and forces mobilized to commence the required construction immediately, thus assuring minimum operational disturbances and earliest availability of the completed work.

Costs associated with this project are fully recoverable under the Flight Fee Formula.

The following resolution was unanimously adopted:

RESOLVED, that the Board authorize:

1. an increase of \$1.8 million in the project authorization for the rehabilitation of Taxiways "I", "O" and "H" at Kennedy International Airport from \$5.5 million to a total project authorization of \$7.3 million in order to provide for increasing the scope of the project to include aeronautical capacity improvements under Supplemental Agreement No. 1 to Contract JFK-478, Taxiway paving, Kennedy International Airport; and

2. the Executive Director to enter into Supplemental Agreement No. 1 to Contract JFK-478 with Anthony Grace & Sons, Inc. and Edenwald Contracting Co., Inc., a joint venture, in a lump sum amount of \$1,402,483 plus an authorization of \$141,000 for extra work, the form of the agreement to be subject to the approval of General Counsel or his authorized representative.

(Board - 7/16/87)

**Kennedy International Airport - Replacement of Hot Water
Generators 1 and 4 - Central Heating and Refrigeration
Plant - Contract Award**

Contact JFK-340.025 provides for the installation of two hot water generators in the Central Heating and Refrigeration Plant (CH&RP) at Kennedy International Airport.

The CH&RP heating wing consists of six hot water generators. Approximately one year ago, one boiler was taken out of service as it had deteriorated beyond repair and was deemed no longer useable. A recent study recommended that the removed hot water generator be replaced to maintain sufficient heating capacity, and that the five remaining hot water generators be replaced because they are approaching the end of their useful service lives (they are approximately 25-30 years old). On March 4, 1987, one of the five remaining hot water generators exploded.

The loss of two generators has severely limited the CH&RP's capability to provide reliable peak heating capacity for the upcoming 1987-1988 heating season. Due to the long lead time for fabrication (up to seven months), immediate action was needed to meet that requirement. The present hot water generators are International Boiler Workers Company (IBWC) products which have performed satisfactorily, and IBWC has provided the Port Authority with excellent service over the years. Staff deemed it prudent to purchase the two new generators from IBWC since the generators meet the capacity and size constraints of the installation location. The Executive Director, by Memorandum of Justification dated April 3, 1987, authorized the negotiation and award of a purchase order contract to IBWC for two new hot water generators and associated appurtenances.

Provision is being made in the installation contract for the performance of certain modifications to the controls and appurtenances that may be required on a net cost basis, presently estimated at \$50,000.

Since the timing of the installation is critical in order to assure that sufficient plant capacity is available for the 1987-1988 heating season, bids will be solicited from a list of contractors who, as determined by the Chief Engineer, have the experience, capability and equipment available to perform the work in a timely manner.

The following resolution was unanimously adopted:

RESOLVED, that the Board approve the action of the Executive Director in authorizing the purchase of two hot water generators for the Central Heating and Refrigeration Plan (CH&RP) from International Boiler Works Company (IBWC) at a negotiated price still to be determined but presently estimated at \$1.2 million, and in authorizing \$200,000 for extra work; and it is further

(Board - 7/16/87)

RESOLVED, that the Board authorize the Executive Director to award Contract JFK-340.025, Installation of Hot Water Generators. CH&RP Kennedy International Airport, to 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 10% of the amount of the low bid and to order net cost work; or to reject all bids.

(Board - 7/16/87)

**Kennedy International Airport - Lease with New York
Perishables, Inc. for an Airborne Perishables Center**

It was recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into a lease agreement with New York Perishables, Inc. for a site east of Hangar 7 of approximately 12.25 acres at Kennedy International Airport, upon which an Airborne Perishables Center would be constructed and authorize a project in connection with said lease for bringing paving and utilities to the site at a total cost presently estimated at \$5.2 million. An Airborne Perishables Center would establish a specialized air cargo facility for handling perishable items at Kennedy International Airport and would provide a specialized service for tenants and shippers on and off the airport requiring special equipment and expertise for operation.

Negotiations have been conducted and agreement has been reached for a lease with New York Perishables, Inc., the term of which lease will expire 25 years from the commencement date for the payment of basic rental which date will be no later than eighteen months from the commencement date of the lease. As presently conceived, the building will consist of approximately 90,000 square feet on the first floor, with an approximately 30,000 square foot second floor, and an approximately 14,000 square foot mezzanine for a total estimated at 134,000 square feet on a site of approximately 12.25 acres. The ground rentals that will apply over the 25-year term of the lease range from \$294,000 per year to \$613,000 per year. In addition to the annual ground rental, the lessee will pay a fee on all its gross receipts, ranging from 5% per year to 9% per year over the 25-year term of the lease. The Port Authority will be responsible for providing paving and utilities to the site at a project cost presently estimated at \$5.2 million, including payments to contractors, allowance for extra work, net cost work, facility force work and engineering, administrative and financial expenses. The lessee will have the right to mortgage its leasehold interest upon terms agreed upon by the Port Authority the lessee and its mortgagee.

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 a lease agreement with New York Perishables, Inc. for a site east of Hangar 7 of approximately 12.25 acres at Kennedy International Airport, upon which an Airborne Perishables Center would be constructed substantially on the terms set forth above; the form of the lease agreement to be subject to the approval of General Counsel or his authorized representative; and it is further

RESOLVED, that the Board hereby authorizes a project in connection with said lease for bringing paving and utilities to the site at a total cost presently estimated at \$5.2 million.

(Board - 7/16/87)

La Guardia Airport - Noise Abatement Wall Along 81st Street

Over the past several years efforts by the Federal Aviation Administration (FAA) to reduce delays have resulted in an increased use of Runway 4 at LaGuardia Airport for both landings and takeoffs. At the same time, the need to disperse activities from the congested Central Terminal Area has added to the 24 hour activities already in place at the western end of the airport. While both of these changes have enhanced the airport's capacity to handle increased demand, it has resulted in increased complaints from the nearby residential community. In response to community concerns at LaGuardia Airport, the Port Authority commissioned Harris, Miller, Miller & Hanson, Inc. to conduct a noise abatement study along the western boundary of the airport.

A noise barrier at or near the western boundary property line was recommended as the only feasible noise abatement option which would provide a significant noise reduction for the local community. The study findings were presented to the community and the 81st Street residents favored a 20-foot high noise barrier along most of the approximately one-half mile long western boundary of the airport, set back from the property line, with suitable landscaping to mitigate the massiveness of the wall.

Based upon the consultant's measurements and analysis, noise levels in the community will be reduced by approximately ten decibels, which is normally perceived as a halving of the noise level. The noise barrier engineered by the Fanwall Corporation of Arlington, Virginia was selected by the community (from three alternative types of noise attenuating wall systems) because of its attractiveness and successful use in similar locations elsewhere in the country. It is anticipated that contract work for this project will start during October 1987 and the entire project will be completed by July 1988.

The proposed noise abatement wall contracts will be publicly advertised specifying the Fanwall barrier system, with the design, fabrication and installation costs for the wall and foundation being included in the contract proposals. A separate contract for landscaping to enhance the appearance of the barrier will also be publicly bid.

Each contract awarded for this project will include appropriate requirements for participation by Minority Business Enterprises and Women's Business Enterprises.

The following resolution was unanimously adopted:

RESOLVED, that the Board authorize:

1. a project for the installation of a noise abatement wall along 81st Street at LaGuardia Airport at the estimated cost of \$2.7 million including \$2 million in estimated construction contracts, an allowance of \$200,000 for extra work and \$500,000 for engineering, administrative and financing expenses; and

(Board - 7/16/87)

2. the Executive Director: (a) to take such action with respect to award of purchase or construction contracts for the foregoing project as he deems in the best interest of the Port Authority, including without limitation award to 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, rejection of all bids, solicitation of new bids on revised or the same requirements, or negotiation with one or more bidders or other contractors; and (b) to execute contracts and supplemental agreements with such bidders or contractors as he deems in the best interest of the Port Authority and to order extra work up to 10% of the price of each contract including supplemental agreements thereto and to order net cost work; provided, however, that in no event shall the total amount of the contract payments under said contracts exceed the total amount of the contract payments included in the foregoing project; and it is further

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

(Board - 7/16/87)

**La Guardia Airport -- New York Airlines, Inc. - Port
 Authority Construction Cost Payments for Improvements to
 Premises on Finger No. 2**

It as recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into an agreement supplementing the New York Airlines, Inc. month-to-month Airport Lease at LaGuardia Airport providing for additional payments to New York Airlines by the Port Authority. The Board at its meeting on May 13, 1982, authorized the Executive Director to enter into an agreement with New York Airlines, under which the Port Authority would pay to New York Airlines up to \$600,000 for construction of operations and holdroom space at Gates 11, 12 and 14 on Finger No. 2. To accommodate the increased demand and growth in the scheduled flights of New York Airlines and others, the Board at its meeting on July 11, 1985, authorized, among other things, the surrender by Republic Airlines, Inc. of its gates and related space on Finger No. 2 and construction of replacement space at Gates 22 and 23 on Finger No. 3 for Republic. As a result of this action, New York Airlines and USAir, Inc., as of June 19, 1986, each acquired an additional gate and related space on Finger No. 2. New York Airlines has filed plans and specifications for the expansion of its holdrooms serving Gates 14 and 15 and renovation of operations space serving Gates 12 and 14, with construction costs estimated to be \$1.4 million and completion scheduled for August 1987. New York Airlines has now requested up to \$800,000 in construction cost payments from the Port Authority in addition to previously authorized construction payments of \$600,000.

In addition to the basic rental and facility rental (based upon the initial \$600,000 payment as aforesaid) currently provided for in the existing month-to-month lease, New York Airlines will pay an additional monthly facility rental, including accruals during construction, over a fifteen-year period upon substantial completion of construction based upon the application of a factor of .01136597 to the additional \$800,000 construction payments so advanced by the Port Authority to New York Airlines.

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 supplementing the New York Airlines, Inc. month-to-month Airport Lease at LaGuardia Airport providing for additional payments to New York Airlines by the Port Authority on the terms set forth above; the form of the agreement to be subject to the approval of General Counsel or his authorized representative.

(Board - 7/16/87)

**Newark International Airport - Terminal C - Parking Level
Frontage Roadway and Parking Area Modifications**

The pending completion of the construction of Terminal C at Newark International Airport and the occupancy of this terminal by the Texas Air Group is expected to result in high levels of passenger demand. This activity together with anticipated increases in international operations requires a project to increase the Terminal frontage capacity and to perform modifications to the Terminal C parking area.

This project will include the following improvements:

- New entrance and exit facilities to the Terminal C hourly and daily parking lots which will enable the conversion of the existing sidewalk and adjacent traffic lanes within the lot to public frontage roadway.
- Reconfiguration of the hourly and daily parking lots to reflect the projected passenger demands and improve flow.
- A new direct exit roadway from the lower frontage to the express roadway.
- Parking lot and signing modifications required to improve the flow of in-and-outbound traffic.

Each contract awarded for this project will include appropriate requirements for participation by Minority Business Enterprises and Women's Business Enterprises.

The following resolution was unanimously adopted:

RESOLVED, that the Board authorize:

1. a project for a parking level frontage roadway and associated parking lot modifications at Terminal C, at an estimated total project cost of approximately \$2.7 million including payments to contractors, estimated at \$1.8 million, and an allowance for extra work and administrative, engineering and financing expenses; and
2. the Executive Director to: (a) to take such action with respect to award of purchase or construction contracts for the foregoing project as he deems in the best interest of the Port Authority, including without limitation award to 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, rejection of all bids, solicitation of new bids on revised or the same requirements, or negotiation with one or more bidders or other contractors; and (b) to execute contracts and supplemental agreements with such bidders or contractors as he deems in the best interest of the Port Authority and to order extra work up to 10% of the price of each contract including supplemental agreements thereto and to order net cost work; provided, however, that in no event shall the total payments under said contracts exceed the total amount of the contract payments included in the foregoing project at Newark International Airport; and it is further

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

(Board - 7/16/87)

**Technical Services Contract with Kansai International
Airport Company**

In early May, the President of Kansai International Airport Company (KIAC) announced that KIAC would seek the advice of six international airport authorities in the conceptual design of its planned \$7 billion international airport being built in Osaka Bay. Specifically, KIAC has asked the Port Authority to use its experience in airport master planning and operations to conduct a review of three alternative conceptual airport master plans. The arrangements between KIAC and the Port Authority and KIAC and the other airport authorities was the result of more than one year of urging by the Reagan Administration and Congress for Japan to open its market to U.S. companies in the development of its major infrastructure projects, including ports and airports.

The Kansai project was singled out because of its size, dollar value, and importance to the Asian air transport market. Osaka is the second largest city in Japan and the airport is expected to handle 30 million passengers and 160,000 plane movements per year, operating on a twenty-four hour basis, and 1.4 million tons of cargo. Consequently, when Prime Minister Nakasone recently visited the U.S., KIAC was discussed with the Administration, and the President was advised that two U.S. airport authorities would be asked to assist in the project.

The project entails review of three alternative conceptual master plans for the development of Kansai International Airport. A Project Manager has been hired on a contractual basis and will direct the efforts of several Aviation Department staff members for an eight to ten week period ending on or about August 31, 1987. In all, approximately one half person year of aviation planning resources would be dedicated to the project. The project requires preparation of an interim and final report. Two trips to Japan are envisioned for the Project Manager and others. On June 23 the Project Manager and the Aviation Department's Supervisor of Master and Site Planning had a preliminary meeting with KIAC in Osaka. A final presentation meeting will be held in Japan at the end of August.

The Port Authority's agreement with KIAC is for a fixed fee of \$152,000 to be paid in U.S. dollars which will cover all costs and overheads. The fee includes, among other things, the cost of professional services, report preparation, travel, interpreters and drawing reproductions.

The Port Authority's participation in this agreement will create potential export opportunities for regional airport planning consultants, design, engineering and equipment suppliers.

The following resolution was unanimously adopted:

RESOLVED, that the Board ratifies the action taken by the Executive Director in authorizing the Director of Aviation to enter into an agreement with Kansai International Airport Company for the Aviation Department to review three alternative conceptual master plans for the development of Kansai Airport at a fixed fee compensation of \$152,000.

(Board - 7/16/87)

The World Trade Center - Supplement to Swiss Bank Corporation Lease No. WT-1107-SP-2, 3, 4, (C294) (672a)

It was recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to amend the Port Authority's lease agreements with Swiss Bank Corporation and with John Hancock Mutual Life Insurance Company and the World Trade Center substantially in accordance with the following terms and conditions.

Swiss Bank Corporation currently leases approximately 179,000 rentable square feet of space in Four World Trade Center, consisting of office space (on the 3rd, 4th and 5th floors), two retail banking locations and a subgrade vault and office area. Swiss Bank would lease three additional parcels of office space totaling approximately 21,300 rentable square feet located on the fifth floor of Four World Trade Center. The letting of the first parcel of the additional premises would commence January 1987, the date said parcel of approximately 2,500 rentable square feet was turned over to Swiss Bank; the second and third parcels (approximately 18,800 square feet) would be let to Swiss Bank for construction in late 1987 when the spaces are vacated by the existing tenants. The term of the letting of the additional premises will expire on June 30, 1999, which is the present expiration date of the exiting premises. Swiss Bank would pay a basic rental for the additional premises escalating from \$29 per rentable square foot in the first year to \$36 per rentable square foot in the eleventh year. Swiss Bank would pay additional charges for cleaning, electricity and increases in operating costs and payments in lieu of taxes. Rent will commence for each parcel of space five months following the date the particular parcel is made available to Swiss Bank. At the request of Swiss Bank, a full brokerage commission, based on standard Port Authority commission rates, will be payable to Kenneth D. Laub & Co., Inc. on approximately 18,800 square feet to be repaid by Swiss Bank over the term of the lease in addition to the basic rent.

In order to make the key parcel of space (approximately 14,600 square feet) available for leasing to Swiss Bank, agreement has been reached with John Hancock Mutual Life Insurance Company for the relocation of its Four World Trade Center offices to approximately 9,200 square feet on the 38th floor of One World Trade Center and for the extension of John Hancock's lease for an additional three-year period from its present expiration date of October 31, 1994. John Hancock will pay the same rental rate per rentable square foot for the 38th floor space as it now pays in Four World Trade Center, and will pay \$32 per rentable square foot during the extension period. The Port Authority may provide finishing work monies to John Hancock which will be repaid over the term of the John Hancock lease as provided in the Port Authority lease with John Hancock. In addition, John Hancock will be permitted to sublease to Swiss Bank, at John Hancock's current rental rate, an area of approximately 5,000 rentable square feet of space until such time as John Hancock's relocation can be accomplished.

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 a supplemental lease agreement with Swiss Bank Corporation and to enter into an appropriate agreement with John Hancock Mutual Life Insurance Company substantially in accordance with the above provisions and the form of the agreements shall be subject to approval of the General Counsel or his designated representative.

(Board - 7/16/87)

**Port Authority Industrial Park at Elizabeth - Radiation
Technology, Inc. - Surrender of Lease No. EIP-2**

It was reported that the Board, at its meeting on October 10, 1985, authorized the Executive Director to enter into a lease agreement with Radiation Technology, Inc. for 3.68 acres of land at the Port Authority Industrial Park at Elizabeth for the purpose of irradiating goods such as chemicals, food, and medical instruments. Radiation Technology, Inc. was initially obligated to construct an approximately 40,000 square foot building on the site within fifteen months from site availability date and thereafter to construct a 26,000 square foot expansion. The Port Authority was to provide up to \$3.5 million for the design, construction and equipping of this building but to date only \$62,750 in connection with the planning and design of the building has been provided. Upon lease signing on September 25, 1985, Radiation Technology, Inc. paid \$25,000 of the \$175,000 security deposit amount with the balance to be paid in specified installments. To date, Radiation Technology, Inc. has not paid any additional security deposit installments nor has it commenced construction of its irradiation facility. The surrender agreement will provide for the release of both parties from any and all obligations under the lease, including Radiation Technology, Inc.'s obligation to repay the said \$62,750 amount paid by the Port Authority.

In February 1986, the Port Authority was requested by Radiation Technology, Inc. to restructure the existing lease arrangement to provide more favorable terms to the lessee. The request was denied as it was not in the Port Authority's interest to restructure the lease. Radiation Technology, Inc. has undergone a major corporate restructuring and now believes that the project at the Elizabeth Industrial Park is no longer financially feasible. Accordingly, Radiation Technology, Inc. has requested the surrender of its lease. The surrender agreement with Radiation Technology, Inc. will provide for the Port Authority to retain the initial \$25,000 security deposit previously made by the lessee and for the release of both parties from any and all obligations under the lease.

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 with Radiation Technology, Inc. to surrender its lease at the Port Authority Industrial Park at Elizabeth substantially in accordance with the above provisions and the form of the agreement shall be subject to the approval of the General Counsel or his designated representative.

(1)

(Board - 7/16/87)

The Board received the report of the General Counsel regarding the Court's decision in the case of **Lenz v The Port Authority of New York and New Jersey** and in the recommendation that, notwithstanding the appeal to be taken from the Court's decision, the Port Authority waive any rights it may have to \$4.7 million of the \$9.3 million in insurance proceedings presently held and that amount be paid over to the City of Hoboken. Such waiver shall be without prejudice to the Port Authority's appeal and to any claims regarding the balance of the money held.

Whereupon, the meeting was adjourned.

Secretary

MINUTES of special meeting of The Port Authority of New York and New Jersey held Thursday, July 30, 1987 at the Port Authority offices, One World Trade Center, City, County and State of New York.

PRESENT:

NEW JERSEY

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

NEW YORK

Robert F. Wagner, Vice-Chairman
James G. Hellmuth
Howard Schulman
John G. McGoldrick
H. Carl McCall

Stephen Berger, Executive Director
Patrick J. Falvey, General Counsel/Assistant Executive Director
Doris E. Landre, Secretary
Robert J. Aaronson, Director of Aviation
Regina L. Bryde, Administrative Assistant to the Executive Director
Louis J. Gambaccini, Assistant Executive Director/Trans-Hudson Transportation
Charles L. Hirsch, Executive Assistant to the Executive Director
Richard R. Kelly, Director of Rail Transportation
Robert J. Kelly, Deputy Director, Tunnels Bridges and Terminals
James J. Kirk, Port Director
Phil LaRocco, Director of Economic Development and Director of World Trade
Lillian C. Liburdi, Acting Chief Financial Officer
Katharine B. MacKay, Assistant Executive Director/Administration
Mark Marchese, Assistant Director, Information Services, Public Affairs
Rino M. Monti, Director of Engineering/Chief Engineer
Hugh O'Neill, Assistant Executive Director/Policy Planning and Business Development
Joseph L. Vanacore, Assistant Executive Director/Capital Programs
Kristina E. Weisenstein, Administrative Assistant to the Executive Director

The meeting was called to order by the Chairman.

The Secretary reported that the meeting was duly called in accordance with the By-Laws.

(Board - 7/30/87)

**Newark International Airport - Airline Leases - People Express
Airlines, Inc. and - Continental Airlines, Inc., -
Terminal C-Eastern Air Lines, Inc. and New York Airlines,
Inc. - Terminal B**

People Express Airlines, Inc. is a wholly-owned subsidiary of People Express, Inc. which has been acquired by Continental Airlines, Inc., which in turn is a wholly-owned subsidiary of Texas Air Corporation. Under the terms of Lease ANA-170 with People Express Airlines, Inc. as previously authorized by the Board, the fixed term of the Terminal C Lease changed to a month-to-month status because of the occurrence of certain triggering events. Eastern Air Lines, Inc., a wholly-owned subsidiary of Texas Air Corporation, occupies sixteen aircraft gate positions and associated premises in and about Terminal B under Lease AN-541. New York Airlines, Inc., a wholly-owned subsidiary of Continental Airlines, Inc., occupies five aircraft gate positions and associated premises in and about Terminal B under Lease AN-543.

It was recalled to the Board that under the terms of the Terminal C lease 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 Board, at its meeting on April 9, 1987, authorized an increase in the maximum amount of the funds that may be provided by the Port Authority for the construction of Terminal C from \$175 million to \$225 million.

It was also recalled to the Board that on September 17, 1968, the Board authorized a lease with Eastern Air Lines, Inc. covering operations and facilities at Redeveloped Newark Airport and leases with other scheduled airlines serving or desiring to serve Newark International Airport; and that on September 13, 1984 the Board authorized the assignment of Pan American World Airway's lease covering five aircraft gate positions in Terminal B to New York Airlines, Inc.

Port Authority staff have been renegotiating the terms of the Terminal C Lease with Continental Airlines, Inc., and tentative agreement has been reached whereby the Terminal C Lease will be assigned from People Express Airlines, Inc. to Continental Airlines, Inc. and concurrently supplemented to provide for the following changes.

The term of the Terminal C Lease shall be changed from a month-to-month tenancy to a fixed term and shall expire 25 years after rental starts, which may occur on either the completion of construction or January 1, 1988, or March 1, 1988 or April 1, 1988 as more fully explained below. The said term of the Lease would be subject to financial triggering events as specified in the Supplement. Continental would have the right to terminate the Terminal C lease effective the 101st month after rental starts or effective the 201st month after the rental starts. If Continental terminates the Terminal C lease effective at either date, it would be obligated to pay the Port Authority the sum of \$10 million in installments over an eighteen-month period. If Continental fails to pay an installment, the Port Authority would have the option to void the termination and return all paid installments with interest, if any, less Port Authority costs or expenses, or to hold Continental to the termination. The Port Authority would be obligated to keep the paid installments in an interest bearing account until the date of the last installment.

(Board - 7/30/87)

Under the proposed Terminal C Supplement, rent would start (the rental commencement date) on the earliest of completion of construction or January 1, 1988, or March 1, 1988, or April 1, 1988 if the Executive Director has extended the date for completion of construction to February 29, 1988 or March 31, 1988, respectively. However, the rental commencement date would be the earlier of the completion date or March 1, 1988 if the Executive Director extends the date for completion of construction to March 31, 1988 but Continental elects to commence payment of rental on March 1, 1988.

Beginning on the rental commencement date, Continental shall pay to the Port Authority an annual rental consisting of two factors, one a constant factor, and the other a variable factor. The constant factor consists of base rental amounts plus repayment of the full amount of Port Authority construction payments together with amounts based on other factors applied during the construction period and over the term of the Terminal C Lease. The constant factor beginning on the rental commencement date would be in the amount of \$20,000,000 annually and would be increased to \$30,016,000 annually effective the thirteenth month after the rental commencement date through the 100th month. The constant factor would begin at \$20,720,000 annually and increase to \$30,736,000 annually effective the thirteenth month after the rental commencement date through the 100th month if the Executive Director has extended the date for completion of construction to March 31, 1988, unless Continental elects to commence payment of rental on March 1, 1988, in which case the constant factor would remain \$20,000,000 annually for the first twelve months and increase to \$30,016,000 annually effective the thirteenth month after the rental commencement date through the 100th month. The said constant factor would be increased again to \$33,585,348 annually effective the 101st month after the rental commencement date and further increased to \$39,144,912 annually effective the 201st month after the rental commencement date.

In the event the Construction Advance Amount (the total of actual Port Authority advances) is less than \$225 million the said fixed amounts of the constant factor will be adjusted as provided in the Supplement to the Terminal C Lease, the variable factor (the Airport Services Factor) will be subject to the annual adjustment based upon the Airport Services Formula under the Master Leases at Newark International Airport.

In addition, the Supplement would contain the provisions previously authorized covering the increase in the maximum amount of the cost of construction of the finishes and improvements, including the cost of architectural and engineering services, to be provided by the Port Authority by \$50 million to a total of \$225 million. Further, Continental will be obligated to complete construction by December 31, 1987, subject to an extension to February 29, 1988 or March 31, 1988 at the discretion of the Executive Director. The security requirement now set at \$6.5 million for the fuel system expansion shall be deleted. The capital contribution by Continental Airlines, Inc. for the Terminal C premises shall be approximately \$30 million. However, Continental's plans for Newark International Airport include a cargo building at a minimum of 50,000 square feet and an in-flight catering facility estimated at \$12 million for the provision of support services at Newark International Airport. In the event that Continental, based on unforeseen circumstances, does not actually spend \$30 million on Terminal C, the shortfall of up to \$5 million of the said \$30 million contribution would be required to be spent elsewhere on the Airport if there are leases for the same (such leases would be subject to further negotiations and agreement and further authorization as required).

(Board - 7/30/87)

The Terminal C Supplement would also contain provisions for Continental's use and occupancy of portions of the construction work prior to the Completion Date subject to entering into an appropriate agreement covering that portion of the construction work.

Concurrently with the Terminal C Lease negotiations, tentative agreement has been reached with representatives of Texas Air Corporation reflecting the disposition of Eastern's and New York Air's facilities at Terminal B. Under the proposed Terminal B Lease Supplements, Eastern Air Lines, Inc., and New York Airlines, Inc., would be permitted and required to assign or sublease all or portions of the leasehold premises at Terminal B, now under separate lease agreements ("Terminal B Leases") to Eastern Air Lines, Inc. and New York Airlines, Inc., to other airlines in accordance with the terms of the supplements. These Terminal B Leases expire December 31, 1988 and cover a combined total of 21 aircraft gate positions and related facilities. Eastern and New York Air would have the right to retain no more than eight Terminal B aircraft gate positions and associated space. In addition, the Terminal B Leases would be updated to make them both consistent with the new provisions in the Terminal C Lease. In the event of an assignment or assignments by Eastern or New York Air to another airline or airlines of a portion or portions of their premises under the Terminal B Leases, the Terminal B Leases would be further supplemented to provide for the necessary changes in the obligations of the original Lessee and the new assignee lessee.

It was further recalled to the Board that by letter dated February 26, 1987 the Executive Director advised People Express Airlines, Inc. that until May 1, 1987 the Port Authority would not exercise its remedies, including its right to terminate the Terminal C 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. By letters dated March 31, 1987 and May 27, 1987, the May 1, 1987 date was extended to July 1, 1987 and August 1, 1987, respectively. In view of the tentative agreement reached with Continental Airlines, Inc., the Executive Director, by letter dated July 2, 1987, has advised People Express Airlines that the Port Authority will not exercise the above stated remedies before September 1, 1987.

It was therefore recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to:

a. enter into an agreement for the Assignment of Lease ANA-170 from People Express Airlines, Inc. covering the Terminal C leasehold to Continental Airlines, Inc. and to enter into a Supplement to said Lease concurrently and in conjunction with the Assignment to provide for various revisions thereto substantially on the terms set forth above; and

b. enter into Supplements to the existing Leases with Eastern Air Lines, Inc. and New York Airlines, Inc., reflecting the disposition of their facilities at Terminal B and thereafter to enter into the appropriate Assignments of the Terminal B Leases and further Supplements to the said leases and to the leases of the assignees and to the Terminal C Lease substantially on the terms set forth above.

(Board - 7/30/87)

Whereupon, the following resolution was unanimously adopted, Commissioner McCall voted no:

RESOLVED, that the Executive Director, for and on behalf of the Port Authority, be and he hereby is authorized to enter into an agreement for the Assignment of Lease ANA-170 from People Express Airlines, Inc. covering the Terminal C leasehold at Newark International Airport to Continental Airlines, Inc., and to enter into a Supplement to said Lease concurrently and in conjunction with the Assignment to provide for various revisions thereto substantially on the terms set forth above, and to enter into supplements to the existing Leases with Eastern Air Lines, Inc., and New York Airlines, Inc., reflecting the disposition of their facilities at Terminal B at Newark International Airport and thereafter to enter into the appropriate Assignments of the Terminal B Leases and further Supplements to the said leases and to the leases of the assignees and to the Terminal C Lease substantially on the terms set forth above; the form of said agreements to be subject to the approval of General Counsel or his designated representative.

Whereupon, the meeting was adjourned.

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

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MINUTES

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MINUTES of meeting of The Port Authority of New York and New Jersey held Thursday, August 13, 1987 at the Port Authority offices, One World Trade Center, City, County and State of New York.

PRESENT:

NEW JERSEY

Philip D. Kaltenbacher, Chairman
Jerry Fitzgerald English
William K. Hutchison
Henry F. Henderson, Jr.

NEW YORK

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

Stephen Berger, Executive Director
Patrick J. Falvey, General Counsel/Assistant Executive Director
Doris E. Landre, Secretary
Robert J. Aaronson, Director of Aviation
Regina L. Bryde, Administrative Assistant
John J. Collura, Acting Director of Management and Budget
Henry F. DeGeneste, Deputy Director of Public Safety
Sidney Frigand, Assistant Executive Director/Government, Community & Public Affairs
Gene Gill, Director of General Services
Francis A. Gorman, Comptroller
John Hauptert, Treasurer
Charles L. Hirsch, Executive Assistant to the Executive Director
Leon Katz, Supervising Information Officer, Public Affairs
Richard R. Kelly, Director of Rail Transportation
Robert J. Kelly, Deputy Director of Tunnels, Bridges & Terminals
James J. Kirk, Port Director
Louis J. LaCapra, Deputy Director of Personnel
Phil LaRocco, Director of World Trade and Economic Development
Donald R. Lee, Director of Audit
Lillian C. Liburdi, Acting Chief Financial Officer
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
Rosemary Scanlon, Assistant Director/Chief Economist, Planning and Development
Joseph L. Vanacore, Assistant Executive Director/Captial Programs
Marvin Weiss, Director, Office of Minority Business Development

The meeting was called to order by the Chairman.

Action on Minutes

(461)

The Secretary submitted for approval Minutes of the meeting of July 16, 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 has 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 August 13, 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 August 13, 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 August 13, 1987, 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 August 13, 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 - 8/13/87)

Hunters Point Waterfront Development Project - Surrender Agreement with Norval, Inc.

It was reported that the Board, at its meeting on August 8, 1985, authorized the Executive Director, pursuant to the Pre-development Site Acquisition Program, to acquire the former Daily News property at Hunters Point, Queens, New York. The Port Authority purchased the site on September 23, 1985 and assumed existing leases with Norval, Inc. covering approximately 234,000 square feet of land and buildings. Norval, Inc. imports, stores and distributes Portland cement and employs approximately 70 people.

In order to proceed with the intended mixed-use development of the site, which represents approximately one quarter of the entire 92-acre legislatively designated waterfront development site, it is deemed essential that Norval vacate its leasehold.

Staff has now concluded a tentative agreement with Norval whereby it will surrender its leasehold and vacate the premises within two years. The terms of the surrender agreement would provide for the Port Authority to pay Norval \$9.8 million for its leasehold value and to waive Norval's rent payments to the Port Authority over the two-year period required by Norval to construct a new facility, the amount of such rental waiver being presently estimated at \$422,000. The payment of the \$9.8 million would be staggered over two years, according to the proposed following schedule:

Upon execution of the surrender agreement - \$200,000;

Six months after execution - \$3 million;

Twelve months after execution - \$2 million;

Eighteen months after execution - \$2 million; and

The balance of \$2.6 million would thereafter be due to Norval upon vacating the premises so long as surrender took place within the two year period.

The surrender agreement will include remedies and other provisions to address the possibility of Norval failing to vacate the premises within the 24-month period after the execution of the surrender agreement.

Proceeding with a surrender agreement at this time, eliminates a major hurdle to developing the Port Authority portion of the Waterfront Development Site. A suitable relocation site at the Brooklyn Navy Yard is currently available and Norval is in final lease negotiations with Brooklyn Navy Yard representatives. The proposed cost of the surrender agreement, \$9.8 million, together with the \$27.7 million of properties acquired or held within the Pre-development Site Acquisition Program, will not exceed the Program's authorized amount of \$75 million at any one time.

(Board - 8/13/87)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director, be and hereby is authorized to enter into agreements with Norval, Inc. for the surrender to the Port Authority of Norval, Inc.'s leases on portions of the Port Authority owned former Daily News property, located at Hunters Point, Queens, New York for \$9.8 million to be paid to Norval, Inc. in installments and to relieve Norval, Inc. of its obligations to pay rent upon said leased property for a period not exceeding 24 months following the execution of the surrender agreement; and it is further

RESOLVED, that all documents and agreements necessary to effectuate the aforesaid be subject to approval as to form by the General Counsel or his duly designated representative.

**The Port Authority Industrial Park at Yonkers - Amendment to
Kawasaki & Nissho Iwai Partnership Lease No. YIP-1**

It was recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to amend the Port Authority's lease agreement with Kawasaki & Nissho Iwai Partnership at the Port Authority Industrial Park at Yonkers substantially in accordance with the following terms and conditions.

Kawasaki & Nissho Iwai partnership, in connection with the contract with PATH to manufacture and rehabilitate railcars in the Port District, has let from the Port Authority approximately 153,000 square feet in Building No. 9 at the Yonkers Industrial Park with adjacent truck docks and outside areas, and a locker room area of approximately 1,000 square feet at Building No. 4. The current ten-year lease is scheduled to expire December 31, 1995. The lease amendment will give the lessee the right to extend the lease term for two, five-year periods. Kawasaki & Nissho Iwai Partnership will pay the Port Authority for Building No. 9 and adjacent truck docks and outside areas an annual basic rental escalating at various stages during the renewal term from \$1,021,908 to \$1,360,080. In addition, Kawasaki & Nissho Iwai Partnership, with respect to the locker room area in Building No. 4, will pay the Port Authority an annual basic rental escalating at various stages during the renewal term from \$7,188 to \$8,880.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director, for and on behalf of the Port Authority, to amend the Port Authority's lease agreement with Kawasaki & Nissho Iwai Partnership at the Port Authority Industrial Park at Yonkers substantially in accordance with the above terms and conditions, the form of the amendment to be subject to the approval of the General Counsel or his designated representative.

**La Guardia Airport - East End Storm Surge Barrier
Replacement**

The dike at the East End of LaGuardia Airport, adjacent to Parking Lot No. 5, was breached during a storm in March of 1984, resulting in severe flooding. The facility repaired the dike on an emergency basis using sandbags. The initial method proposed by the Engineering Department for the repair of the dike on a permanent basis would have impinged on adjacent wetland and therefore required a permit issued by the New York State Department of Environmental Conservation (NYSDEC). In the course of an adjudication hearing conducted by an NYSDEC Administrative Law Judge, the Port Authority proposed a new design consisting of a sheet pile bulkhead which could be constructed without any impact on the tidal wetlands. The sheet pile bulkhead design has been approved by the NYSDEC.

The construction will consist of the installation of a new sheet pile bulkhead, 1,550 feet in length, all within the leasehold of LaGuardia Airport.

The Engineer Department has determined that because only one specialized trade (sheet piling) is involved, it is impractical to require Minority Business Enterprise and Women Business Enterprise participation in the project.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorizes a project for the construction of a sheet pile bulkhead replacement dike at the East End of LaGuardia Airport adjacent to Parking Lot No. 5 at a total project cost estimated at \$9.3 million including payments to contractors estimated at \$8.7 million including an allowance for extra work; and administrative, engineering and financing expenses; and it is further

RESOLVED, that the Executive Director is authorized: (a) to take such action with respect to award of purchase or construction contracts for the foregoing project as he deems in the best interest of the Port Authority, including without limitation award to 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; rejection of all bids and solicitation of new bids on revised or the same requirements; or negotiation with one or more bidders or other contractors; and (b) to execute contracts and supplemental agreements with such bidders or contractors as he deems in the best interest of the Port Authority, and to order extra work up to 10% of the price of each contract and supplemental agreement and to order net cost work; provided, however, that in no event shall the total payments under said contracts exceed the total amount of the contract payments included in the foregoing project; and it is further

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

**Kennedy International Airport - Rehabilitation of Taxiways
"I" and "O" - Contract JFK-523 - Authorization and Award**

Taxiways "I" and "O" are a vital part of the airport taxiway system which provides aircraft access to passenger terminals and cargo buildings, as well as access to the four major runways at Kennedy International Airport. In the past, via a program of periodic maintenance paving contracts, the useful life of the pavement has been extended. However, due to continued wear and tear caused by the ever increasing number of aircraft movements, the deterioration of the asphalt pavement has accelerated to the point where the pavement requires major work in order to assure its serviceability. Thus, rehabilitation of Taxiways "I" and "O" is needed to maintain the structural integrity and the proper contours of these taxiways. Without this work on these two vital taxiways, which represent the heart of the Kennedy International Airport taxiway system, there could be a limit on operations and capacity of the aeronautical areas. This project is expected to qualify for an estimated \$2.5 million in Federal aid. The remaining investment is recoverable under the flight fee formula.

Contract JFK-523, Kennedy International Airport, Rehabilitation of Taxiways "I" and "O", provides for rehabilitation and strengthening of Taxiways "I" and "O" including overlaying the pavement and adjusting drainage structures and light fixtures in the taxiway areas at Kennedy International Airport.

The contract provides for 10% Minority Business Enterprise and 1% Women Business Enterprise participation.

The contract was publicly advertised. Anthony Grace & Sons, Inc. and Grace Contracting, Corp., a joint venture submitted the low bid and the Chief Engineer has determined that it is qualified to perform the contract.

The following resolution was unanimously adopted:

RESOLVED, that the Board authorize:

1. a project at Kennedy International Airport to provide paving and utilities for the first of the three phase program to rehabilitate and strengthen Taxiways "I" and "O", to include miscellaneous improvements to other taxiways, at a total expenditure presently estimated at \$4,951,600 including payments to contractors, an allowance for extra work, engineering, administrative and financing expenses; and
2. the Executive Director to award Contract JFK-523, Kennedy International Airport, Rehabilitation of Taxiways "I" and "O", to Anthony Grace & Sons, Inc. and Grace Contracting Corp., a joint venture at its bid price in the amount of \$3,462,490 and to order extra work up to the amount of \$350,000.

**Kennedy International Airport - Construction of Taxiway "ZB"
and Modification of Taxiway "ZA" and Taxiway "KK" -
Project Authorization and Award - Contract JFK-220.063**

Port Authority staff, in discussion with air carriers and the Federal Aviation Administration, has developed a program for improvements to increase the airside capacity of Kennedy International Airport. Contract JFK-220.063 provides for the second phase of this construction program.

Contract JFK-220.063 will provide for the construction of taxiway pavement and associated utilities for a portion of new Taxiway "ZB", the extension of Taxiway "KK" to Runway 13R/31L and the realignment of Taxiway "ZA" for a high speed exit from Runway 13L/31R.

The contract will provide for 10% Minority Business Enterprise and 1% Women Business Enterprise participation.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize:

1. a project at Kennedy International Airport to provide paving and utilities for the construction of a portion of new Taxiway "ZB", extension of Taxiway "KK" and realignment of Taxiway "ZA" at a total expenditure of \$13.6 million, including payments to contractors and an allowance for extra work, engineering, administrative and financing expenses; and

2. the Executive Director to award Contract JFK-220.063 to the lowest qualified bidder who, in his opinion, is qualified by reason of responsibility, experience and capacity to perform the work and whose bid the Executive Director deems reasonable, and to order extra work up to the amount of 10% of the bid accepted, or to reject all bids; the form of the contract to be subject to the approval of General Counsel or his authorized representative.

**Kennedy International Airport - Aeronautical Pavement
Repairs Contract JFK-532 - Award**

This contract is for the construction of new pavement surfaces and the repair of existing pavement in various locations of the aeronautical portions of the airport. This work is required to maintain the pavements' structural integrity and will result in a reduction of pavement maintenance, improved aircraft operations and increased public safety. A portion of the work will be performed during nighttime hours in order to minimize inconvenience to the public and interference with aeronautical operations.

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

The contract was publicly advertised. Grace Contracting Corp. and Anthony Grace & Sons, Inc., a joint venture, submitted the low bid and the Chief Engineer has determined that they are qualified to perform the contract.

The following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director to award Contract JFK-532, Kennedy International Airport, Aeronautical Pavement Repairs, to Grace Contracting Corp. and Anthony Grace and Sons, Inc., a joint venture, the low bidder, in the estimated total amount of \$2,242,000 and to order extra work up to the amount of \$225,000.

Kennedy	International	Airport	-	International	Arrivals
Building	and Buildings	14, 80,	106,	141, 155,	252, 269
General Cleaning Contract - PSE-477					

It was recommended that the Board authorize the Executive Director to award Contract PSE-477 to provide general cleaning services in the International Arrivals Building and other buildings at Kennedy International Airport to Ogden Allied Aviation Service of New York, Inc., the lowest qualified bidder as determined by public bid at its bid price of \$7,754,955. The contract is for an initial term of two years commencing on or about September 9, 1987 and is subject to extension for two one-year periods as provided in the contract.

It was also recommended that the Director of General Services be authorized to extend the contract for two additional one year periods as provided in the contract and that the Director of Aviation be authorized to order extra work during the initial two-year period and during each extension period in an amount not to exceed 10% of the contract price for each such period.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director, for and on behalf of the Port Authority, to award contract PSE-477, General Cleaning, Kennedy International Airport, to Ogden Allied Aviation Service of New York, Inc. and that the Board authorize the Director of General Services in her discretion, to extend the contract for two additional one-year periods as provided in the contract, and the Director of Aviation to order extra work during the initial two-year period and during each extension period in an amount not to exceed 10% of the contract price for each such period, the form of the contract to be subject to the approval of General Counsel or his designated representative.

**Kennedy International Airport - Baggage Cart Rental Service
- Agreement with Smarte Carte, Inc.**

Authorization is requested for the Executive Director to enter into an agreement with Smarte Carte, Inc. at Kennedy International Airport covering the installation, operation and maintenance of a baggage cart rental service in the International Arrivals Building and in such Unit Terminals where lessee airlines have agreed to accept this service. The term of the agreement would be for five years with the Port Authority having the right to renew the term for an additional five-year period on the same terms and conditions. The Port Authority would have the right to terminate the agreement at any time, without cause, on 30 days notice and in such event Smarte Carte, Inc. would be reimbursed for the unamortized portion of its investment in the equipment required to conduct the operation to the extent that such investment does not initially exceed \$2 million. Smarte Carte, Inc. will pay a fee equivalent to 10% of its gross receipts which will not include refundable deposits. With respect to Unit Terminals, it is anticipated that the Port Authority will recover the cost of installing improvements at these Terminals to accommodate the carts prior to sharing the fee with the airlines. Due to the unique configuration of the Central Terminal Area, which may result in higher than normal cart loss, it has been agreed that Smarte Carte, Inc. will be responsible for the first 5% of lost carts based upon a monthly cart count while the Port Authority will replace the next 10% of lost carts. Smarte Carte, Inc. will be responsible for all losses thereafter but the Port Authority has agreed to discuss the implementation of such measures as may be agreed upon to try and stem the losses. Replacement costs will be limited to that amount not reimbursed by insurance coverage maintained by Smarte Carte, Inc. Liability for damaged carts will be assumed entirely by Smarte Carte, Inc.

Currently passengers arriving at the airport have only two choices - carrying their own luggage or use a Skycap to transport the luggage to a pickup area. Availability of rental carts provides a third alternative and is a major service enhancement which staff has been seeking to implement for some time.

It is presently anticipated that Smarte Carte Inc.'s personnel will be stationed in the Customs Areas to assist passengers and provide U.S. currency when needed. Smarte Carte, Inc. has agreed to establish an affirmative action program for its operation.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director, for and on behalf of the Port Authority, is hereby authorized to enter into a permit agreement with Smarte Carte, Inc. for the installation, operation and maintenance of a baggage cart rental service at Kennedy International Airport and to enter into such agreements as may be appropriate with various airline lessees to cover the operation of a baggage cart service in their leased premises, all substantially in accordance with the terms set forth above, the form of the agreement to be subject to the approval of General Counsel or his designated representative.

**Heliports - Downtown Manhattan Heliport - Contract
DMH-110.004 Pier Reconstruction - Settlement of all
Claims**

The Board, at its meeting on March 14, 1985, authorized the Executive Director to award Contract DMH-110.004 and to order extra work up to the amount of 10% of the amount of the bid accepted. Thereafter, the Executive Director awarded such Contract DMH-110.004 to J.E. Brenneman Company (herein "Brenneman"), in the amount of \$2,927,410 million and authorized an extra work allowance of \$292,741. Subsequently, the Board at its meetings of December 12, 1985 and May 14, 1987 authorized an increase in the extra work allowance to \$650,000 and \$850,000, respectively.

Brenneman has submitted a claim to the Port Authority in the amount of \$2.7 million, alleging that additional costs incurred under Contract DMH-110.004 resulting from changes in the scope of work, delays, interference and changed conditions such as: (1) failure to issue timely notice to proceed and make available certain areas; (2) imposition of major changes under such Contract DMH-110.004 which affected the manner and sequence of work required to accommodate the new terminal building; and (3) discrepancies in such Contract DMH-110.004 drawings and unusual design and submittal approval delays. Brenneman's claims were incorporated into a four volume book prepared by their consultant, T.J. Trauner Associates.

During claim negotiations, Brenneman representatives determined that the absolute minimum they would accept in settlement of their claims against the Port Authority was \$970,000, although they indicated that their actual book loss was approximately \$1.5 million. Staff, after further review of actual additional work performed by Brenneman and for which change orders had not been issued and of the impact of delays in inefficiencies caused by changes not contemplated by the parties, concluded that the original \$2.7 million claim should be settled for \$650,000, including an amount of approximately \$150,000 for unreimbursed additional extra work performed under Contract DMH-110.004.

Brenneman's representatives have agreed to accept a payment in the amount of \$650,000 and to execute a general release to the Port Authority relating to all claims under Contract DMH-110.004. Staff deems this settlement to be equitable.

The following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director to make a payment of \$650,000 to J.E. Brenneman Company in full settlement of all claims, including those for extra work, against the Port Authority under Contract DMH-110.004 and to enter into appropriate agreement(s) in effectuating such settlement of claims; and it is further

RESOLVED, that the form of any such agreement(s) in settlement of such claims be subject to approval by General Counsel or his authorized representative.

Newark International Airport - Facility Maintenance
Building - Project Authorization and Award

Since the demolition of Building 33 after the discovery of structural failure in its roof structure in late 1983, the major portion of Newark International Airport's maintenance forces has been housed in temporary quarters in existing Buildings 51 and 82 while temporary areas for materials and equipment have been established at various locations. In the last few years an increase in personnel, vehicles and equipment required to serve the needs of the airport has aggravated the inadequacy of the existing temporary facilities for maintenance and construction staff and equipment. Additionally, the scattering of staff, equipment and supplies has resulted in severe operational inefficiencies.

Contract NIA-110.035 will provide for the construction of maintenance facilities consisting of a main building combining offices, lockers, maintenance shops and the facility cafeteria, as well as a supplemental structure to be used for airport snow removal operations control and for the repair and storage of specialized maintenance vehicles and equipment.

The contract also provides for the purchase of kitchen and cafeteria equipment and for the supply and installation of a snow desk and supporting area, all on a net cost basis presently estimated at roughly \$565,000.

In order to accelerate project completion and reduce construction costs, a design/build contract approach was pursued. Qualified design/build firms were publicly solicited and a list of eight prequalified bidders was developed from the proposals received. The proposals of the design/build firms were required to contain a 20% participation in the management effort by a Minority Business Enterprise firm in a joint venture arrangement with the primary contractor. The contract provides, additionally, 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 Woman's Business Enterprise participation of 1% for firms owned and controlled by women.

The entire project is eligible for \$2.5 million in Federal aid.

Two bids were received and are presently under evaluation.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize a project for the design and construction of facilities to accommodate maintenance and construction staff and equipment at Newark International Airport at an expenditure presently estimated at \$21.3 million, including administrative, engineering and financing expenses, payments to contractors and allowances for extra work as net cost work; and it is further

RESOLVED, that the Committee on Construction is authorized to award Contract NIA-110.035 to the lowest qualified bidder.

(Board - 8/13/87)

**Newark International Airport - Federal Express Corporation -
Lease ANA-041 - Supplement to Lease**

It was recalled to the Board that on November 10, 1983, the Board authorized a 25-year lease with Federal Express Corporation covering approximately 27.8 acres on which Federal Express constructed and operates a package handling facility. Federal Express Corporation has been operating at Newark International Airport since 1976 and during this time Federal Express has become a leader in the overnight package air delivery industry. At Newark International Airport, Federal Express' volume of business has increased dramatically over the past few years and the carrier expects its level of activity to steadily increase throughout the next decade. It was further recalled to the Board that the airport lime-cement-flyash ("LCF") plant is currently located on a portion of the existing Federal Express leasehold with the remaining components of the LCF plant located on a leasehold which is now proposed to be added to the leasehold. The LCF plant is required for producing material necessary for airport aeronautical pavement construction.

To properly accommodate the tremendous growth in its Newark International Airport operations, Federal Express is seeking to expand its airport leasehold beyond the approximately 27.8 acres it now occupies in the southwest development area of the Airport and to construct an additional aircraft access to the leasehold. Under the proposed Supplement, Federal Express would lease additional land area of approximately 5.3 acres abutting the north side of the existing leasehold and approximately 10.1 acres abutting the south side of the existing leasehold. The said approximately 10.1 acres is to be leased to Federal Express after the surrender of the same to the Port Authority by Butler Aviation-Newark, Inc. Further, the said approximately 10.1 acre parcel shall be leased to Federal Express subject to a joint and mutual taxiway easement covering common use of the apron taxiway between the Federal Express expanded leasehold and the property immediately to the south (Taxiway PC), in order to facilitate aircraft access to and from the area, and subject to the right of Federal Express to recover from future adjacent tenant(s) the costs allocable to the future tenant(s)'s portion of the taxiway.

Under the existing terms of the lease, Federal Express pays an annual rental consisting of a constant factor and a variable factor for airport services. The constant factor consists of a per acre ground rental rate ranging from \$4,500 to \$7,500 per year over the 25-year term of the lease. The per acre ground rental on the additional land area to be leased under the supplement will range from \$7,500 to \$16,000 per year over the 25-year term of the lease, adjusted upwards every five years based on the Consumer Price Index. The variable rate for airport services is currently set at approximately \$24,500 per acre per year and is subject to adjustment based on the Airline Master Leases at the Airport.

Under the proposed supplement, Federal Express will surrender to the Port Authority approximately 900 square feet at the northeast corner of the existing premises, to enable Port Authority construction of a proposed restricted service road. Federal Express will also surrender to the Port Authority, temporarily, approximately 4.2 acres for the period effective as of September 1, 1985 to March 31, 1987; and, approximately 1.6 acres for the period effective as of April 1, 1987 to the date of removal of the LCF plant (i.e., subsequent to December 31, 1988 after which the Port Authority will be obligated to remove the LCF plant). These surrendered premises are required for Port Authority use of the LCF plant.

(Board - 8/13/87)

In addition, under the terms of the supplement, the Port Authority will have the option, to be exercised by the Executive Director, to recapture approximately 1.1 acres, if and when necessary, in connection with any future realignment of Taxiway "PA" which is adjacent to the east boundary of the leasehold, in order to eliminate operating restrictions on wide-body aircraft operating on the Taxiway. The Port Authority would be obligated to reimburse Federal Express for its unamortized investment as defined in the supplement in its construction associated with this recaptured portion of the leasehold up to an amount not to exceed \$500,000 should the Port Authority exercise its right to recapture the said approximately 1.1 acres. This reimbursement is eligible for recovery under the flight fee formula.

The supplement will provide for appropriate rental adjustments to be made upon recovery of the portions of the Federal Express leasehold by the Port Authority.

In addition, under the supplement, Federal Express would construct a second aircraft taxiway access serving the expanded leasehold. A portion of this taxiway access will be located off the leasehold premises. Federal Express would bear all costs of the portion of the additional taxiway access construction on the premises; the Port Authority would be obligated to reimburse Federal Express for its actual design and construction costs for the off-premises portion of the additional taxiway access, up to an amount not to exceed \$475,000. These costs are recoverable under the flight fee formula. In addition, the Port Authority may expend approximately \$100,000 as might be required or appropriate for additional work performed by the Port Authority or its contractors in connection with the off-premises portion of the additional taxiway access. This amount is also recoverable under the flight fee formula.

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 enter into an agreement with Federal Express Corporation at Newark International Airport amending and supplementing Lease ANA-041 substantially in accordance with the terms set forth above; and it is further

RESOLVED, that the Executive Director, for and on behalf of the Port Authority, be and he hereby is authorized to expend an approximate amount of \$100,000 for additional work as may be required or appropriate in connection with the construction by Federal Express Corporation at Newark International Airport of a taxiway access to its leasehold premises under Lease ANA-041; and it is further

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

(Board - 8/13/87)

**Newark International Airport - Essex County Airport -
Agreement with Essex County Improvement Authority
Covering Operation of Essex County Airport**

It was reported that Essex County Airport is an important reliever airport for both Newark International and Teterboro Airports and is New Jersey's third most active general aviation airport. Because of limited revenue and certain limitations on its physical plant, Essex County Airport is presently unable to provide an acceptable level of service for general aviation aircraft and could ultimately cease operations. If the Essex County Airport were to close, or not be capable of providing increased capacity at an adequate level of service, the flight activity at the airport would have an adverse impact upon the local regional airports and have a negative effect upon the Port Authority's policy concerning general aviation activity at our airports. Accordingly, it was recommended that the Board authorize the Executive Director to enter into an agreement with the Essex County Improvement Authority (ECIA) and the County of Essex, New Jersey whereby the ECIA shall be committed to continue operation of and to develop the Essex County Airport for a term of at least fifteen years. In consideration thereof, the Port Authority will provide up to \$4 million in funds for the operation and further development of the airport. Up to \$2 million of the fund would be an interest free loan paid back over a fifteen-year period and \$2 million would be a payment without obligation to repay. In consideration of the Port Authority financial assistance, the ECIA will agree among other things that:

1. a. It will undertake specified improvement in both airport operations and plant facilities subject to Port Authority approval during the initial fifteen-year period; and

b. continue operation of the airport for this same fifteen-year period.

2. The interest free loan of up to \$2 million will be repaid in the following manner:

The ECIA shall make annual payments to liquidate the loan at not less than 5% of outstanding loan debt from ECIA net revenues not to exceed 50% of said revenues, and any outstanding balance will be paid in full at the end of the fifteen-year term.

3. To secure its payment, the Port Authority will have a lien against airport property subordinated only to the interest of the bondholders and the Federal Aviation Administration.

4. ECIA will agree not to sell or lease the airport during the initial fifteen-year period. Should the ECIA contemplate sale or lease of the airport after the initial fifteen-year period, the Port Authority will have the right of first refusal. In the event of sale or lease, to others for an additional fifteen-year period, within this 30-year period, ECIA will return to the Port Authority its \$2 million payment increased by 50% of the Consumer Price Index, but not to exceed 10% of the sale price.

(Board - 8/13/87)

5. Essex County will guarantee a payback of the amount above under this agreement upon default by the ECIA and will guarantee the ECIA's financial obligations to the Port Authority.

6. The ECIA will not incur additional long term debt or otherwise financially burden the airport without prior review by the Port Authority.

7. The Port Authority will have the opportunity to review all development plans, grant applications, leases and operating agreements plus the right to audit all accounts of the ECIA and County relating to the airport.

8. The ECIA will agree to initiate business-like practices for operation of the airport including appropriate flight fees and other revenue generating mechanisms.

9. The ECIA will be asked to agree to provide for Minority Business Enterprise and Women Business Enterprise participation on Port Authority funded projects.

10. The ECIA's agreement to continue the operation of the airport will be specifically enforceable.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director, for and on behalf of the Port Authority to enter into a service agreement with the Essex County Improvement Authority and with the County of Essex, New Jersey as Guarantor thereof substantially in accordance with the terms as set forth above, the form of the agreement to be subject to the approval of General Counsel or his designated representative.

**George Washington Bridge - Expressway Lighting under Bus
Station - Contract GWB-222 - Award**

Contract GWB-222 provides for the replacement of 372 existing wall and recessed ceiling mounted fluorescent lighting fixtures with 329 high pressure sodium fixtures.

Existing fluorescent lighting fixtures have been in place since 1969. They require frequent lamp replacement and, because some fixtures are ceiling mounted, it is necessary to close two adjacent Expressway lanes to perform the overhead maintenance. Because of the heavy volume of traffic using this expressway, there is a reluctance to shut down two lanes for the required relamping.

The replacement fixtures are a high pressure sodium type and represent a significant technological and economic improvement over the fluorescent fixtures. Sodium type fixtures are brighter, use less energy are easier to maintain and have a lamp life more than twice that of the fluorescent lights. The new fixtures will be supported by new structural steel beams supported by Bus Station columns.

A major portion of the work will be performed during nighttime hours and weekends in order to minimize inconvenience to the public and interference with traffic flow and essential facility operations. The construction contract includes a provision for maintenance of traffic and work area protection, to be performed on a net cost basis presently estimated at roughly \$300,000.

The contract provides that the contractor will meet a goal for Minority Business Enterprise participation of 10% for firms owned and controlled by minorities and Women Owned Business Enterprise participation of 1% for firms owned and controlled by women.

The contract was publicly advertised. Expert Electric, Inc. submitted the low bid and the Chief Engineer has determined that they are qualified to perform the contract.

The following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to award Contract GWB-222, George Washington Bridge, Expressway Lighting Under Bus Station, to Expert Electric, Inc. the low bidder, in the estimated amount of \$997,300, to order extra work up to the amount of \$100,000 and to order net cost work.

George Washington Bridge - Washbridge Apartments Soffit
Asbestos Removal and Refireproofing - Contract
GWB-110.090 - Authority to Award

In the early 1960's the four Washbridge Apartment Buildings were constructed in the "air rights" over the New York Expressway Approach to the George Washington Bridge. At that time, the girders above the soffits (concrete ceiling above the Expressway) were fireproofed with asbestos. These girders are located in the space known as the "Protective Zone" between the first floor of each apartment building and the soffit. Recent engineering investigations have determined that the concrete soffits on the undersides of the four apartment buildings are in a deteriorated condition and that all the soffits must be replaced. Removal of the asbestos on the interior girders and installation of non-asbestos fireproofing must take place before the soffits are replaced.

The agreement between the Port Authority and the City of New York dated August 25, 1960, in which the Port Authority quitclaimed the "air rights" of portions of the New York Expressway to the City, its successors and assignees and provided for the construction of four apartment buildings, includes a provision whereby the Port Authority is responsible to make repairs to the soffits.

Contract GWB-110.090 will require removal of the asbestos fireproofing from the girders within the "Protective Zone" between the soffit and first floor of the apartment buildings, disposal of the asbestos in accordance with governmental regulations and refireproofing of the girders. Bids will be solicited from a list of approximately ten contractors known to have the required qualifications to perform this work and any others deemed qualified by the Chief Engineer. The contract includes a provision that the contractor will use every good faith effort to meet a goal for Minority Business Enterprises participation of 10% for firms owned and controlled by minorities and Women Owned Business Enterprise participation of 1% for firms owned and controlled by women.

Approval of the owner of the apartment buildings with respect to the removal of the asbestos from the girders and refireproofing of the girders is required. Staff expects to receive this approval by mid-August 1987. A future contract presently scheduled to be advertised for bids in the spring of 1988 will provide for replacing the concrete soffits of the undersides of the four Washbridge Apartment Buildings. A project authorization for the entire program will be sought from the Board at that time.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorized the Executive Director either to award Contract GWB-110.090 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 and to order extra work up to the amount of 10% of the amount of the bid accepted, or to reject all bids.

Port Newark - Regal Consolidating & Warehousing Service Corporation - Amendment of Lease

Authorization is requested for the Executive Director to enter into an agreement amending a lease with Regal Consolidating & Warehousing Service Corporation to add approximately 182,400 square feet of space in Building 135 and approximately 2,450 square feet of space in Building 150 plus an adjacent open area to the premises under the lease for a five-year term commencing on or about September 1, 1987 and expiring April 30, 1992 at an annual rental at the rate of \$547,200 per year for the space in Building 135 and at the rate of \$11,025 per year for the space in Building 150. The rental in each case would be subject to escalation on May 1, 1989 and May 1, 1991 based on 50% of the increase in the Regional Consumer Price Index with a minimum increase of 3% per year compounded annually.

The agreement will provide the Port Authority with the right to terminate the letting of the added space on six months prior written notice given at any time subsequent to September 1, 1990 if the space is required in connection with the berthing, loading or unloading of vessels or the storage of cargo in connection therewith.

Regal Consolidating & Warehousing Service Corporation is a public warehouseman. Regal has consolidated a portion of its operation in Building 135 and in Building 150 which will give Regal an increase in leased space of approximately 45,070 square feet for a total of approximately 400,000 square feet. Certain space now occupied by Regal will be surrendered and it is anticipated that such space will be leased at higher rates to provide an additional \$57,000 in revenue to the Port Authority. Regal is paying approximately \$181,000 per year more than the previous tenant for the space in Building 135 and Building 150.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into an agreement amending a lease with Regal Consolidating & Warehousing Service Corporation at Port Newark substantially in accordance with the terms set forth above, the form of the agreement to be subject to the approval of General Counsel or his designated representative.

**Brooklyn - Port Authority Marine Terminal - Continental
Terminals, Inc. - Term Lease Extension**

Authorization is requested to extend the letting of premises at Pier 6 at the Brooklyn-Port Authority Terminal now occupied by Continental Terminals, Inc. under a month-to-month lease. The premises are used for the storage of coffee for the Coffee, Cocoa & Sugar Exchange. The extension would be for a term commencing September 1, 1987 and expiring April 30, 1990. The tenant would pay a rental at the rate of \$376,100 per year plus an additional amount of \$16,700 for electricity. Effective May 1, 1989 the annual rental will be subject to escalation based on 50% of the increase in the Regional Consumer Price Index with a minimum increase of 3% per year compounded annually.

The agreement will provide the Port Authority and the tenant with the right to terminate the letting on 90 days' prior written notice at any time after May 1, 1988. In the event the lease is so terminated, then during the period from the date the notice of termination is received, until the effective date thereof in lieu of the basic rental provided for the tenant would pay a "phase-out rent" which equates to the full amount of the rent due for the first 30 days following the receipt of the notice, two-thirds of the rent due for the second 30-day period following receipt of the notice and one-third of the rent due for the last 30-day period following receipt of the notice.

Continental Terminals, Inc. is a major coffee warehouseman in the Port of New York.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into an agreement extending the letting of premises leased by Continental Terminals, Inc. at Brooklyn-Port Authority Marine Terminal substantially in accordance with the terms set forth above, the form of the agreement to be subject to the approval of the General Counsel or his designated representative.

**Imported Automobile Marine Terminal - Port Jersey - Contract
IA-110.001 - Wharf Construction - and - Contract IA-110.002
Paving and Utilities - Award**

Increases in the number of automobiles being imported through the Port Newark/Elizabeth Port Authority Marine Terminal facilities have indicated a need for a new facility to provide additional imported automobile unloading and preparation capacity.

At its meeting on December 11, 1986, the Board certified a new facility, the Imported Automobile Marine Terminal, and authorized a project for the construction of, among other things, a ship berth on the edge of the Port Jersey Channel and for paving approximately 80 acres of upland area adjacent to the berth.

Contract IA-110.001 provides for the construction of a ship berth, including mooring dolphins and dredging, and a pile supported concrete platform on the edge of the Port Jersey Channel, for unloading automobiles onto the Port Jersey Peninsula.

The contract also provides for releveling of the pipe sleeves for the tie roads and excavation and replacement of unsuitable materials from the fill stockpile, all on a net cost basis presently estimated at roughly \$38,000.

Additionally, the contract requires that there will be Minority Business Enterprise participation of 2% for firms owned and controlled by minorities.

Contract IA-110.020 provides for the paving of approximately 73 acres of upland area of the Port Jersey Peninsula and the furnishing and installation of utilities to service the upland and berthing areas. The contract also provides for the creation of a two-acre least tern nesting area and a one-acre public access and viewing area as required by the New Jersey Department of Environmental Protection.

The contract also provides for excavation and disposal of unsuitable material and backfilling and proofrolling with suitable material, removal of existing on-site abandoned pipe and automobile hulks, placement of on-site rip-rap, on-site perimeter slopes and loading, transporting and placement of excess suitable material, all on a net cost basis presently estimated at roughly \$210,000.

The contract also contains a provision requiring that there will be Minority Business Enterprise participation of 10% for firms owned and controlled by minorities.

Both contracts were publicly advertised. The low bidder on Contract IA-110.001, Pile Foundation Construction Company, Inc. was determined by the Chief Engineer to be qualified to perform the contract. The low bidder on Contract IA-110.002, M. Tomasella & Co., Inc., was determined by the Chief Engineer to be qualified to perform the contract.

The award of these contracts will be made subsequent to the receipt of any required permits and the reaffirmation of the Facility. Authority to award is being sought at this time in order to allow for award at the earliest possible date.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to award Contract IA-110.001, Imported Automobile Terminal, Port Jersey, Wharf construction, to Pile Foundation Construction Company, Inc. in the estimated total amount of \$5,678,000 to order extra work up to the amount of \$570,000 and to order net cost work; and it is further

RESOLVED, that the Executive Director is authorized to award Contract IA-110.002, Imported Automobile Marine Terminal, Port Jersey, Paving and Utilities to M. Tomasella & Co., Inc. the low bidder, in the amount of \$5,466,091, to order extra work up to the amount of \$547,000 and to order net cost work.

(Board - 8/13/87)

Newark Legal and Communications Center - Award of
Construction Contracts and Increase in Project
Authorization

In order to expedite the construction of the Newark Legal and Communications Center ("NLCC"), staff has determined that negotiation with and award to a general contractor is preferable. Accordingly, the World Trade and Economic Development Department has solicited proposals from two general contractors on Contract LCC-705.016 for the construction of the office tower portion of the NLCC including, the installation of suspended concrete slabs, exterior skin, vertical transportation, HVAC systems, plumbing, electrical and fire protection systems and fit-ups for lobby, cores and mechanical equipment areas. The contract is to include a requirement for 25% Minority Business Enterprise ("MBE") participation.

The proposals that have been submitted are based on a Guaranteed Maximum Price ("GMP") which includes an amount for the net cost of the work and a contractor's fee. The contract will provide for adjustments to be made to the GMP for, among others things, extra work. An incentive provision will also be included, whereby the Port Authority and the contractor will share in the difference, if any, between the estimate for net cost work stated as a component of the GMP and the actual net cost of the work performed under the contract. Any savings shall be apportioned at the rate of 75% to the Port Authority and 25% to the contractor.

Negotiations for LCC-705.016 are in progress. The foregoing contract terms are set forth in the contract document presently under negotiation and may be revised, in any way, in the course of such negotiations, if it is believed that such revisions will serve the public interest.

Separate contracts for Foundation Concrete, LCC-705.022, and Structural Steel, LCC-705.008, have been prepared, also. These contracts will either be awarded individually or the work under these contracts will be included in the General Construction contract. If LCC-705.022 and LCC-705.008 are awarded separately prior to the award of the General Construction contract, they may be assigned to the contractor who is awarded LCC-705.016.

The work to be performed under the Foundation Concrete contract includes the installation of all concrete footings, mat foundations, tie beams and grade beams, shoring and bracing as required, excavation and extensive dewatering.

The work to be performed under the Structural Steel contract includes detailing, fabricating, furnishing, delivering and installation of the structural steel, metal stairs and metal decking.

Further, the scope of work of Contract LCC-705.016 may be increased by additional work presently in the design stage, subject to negotiation of a mutually agreeable price. The additional work may include such items as a slurry wall, rotunda, plaza improvements and a truck ramp. Alternatively, a separate contract or contracts may be entered into for such work.

(Board - 8/13/87)

Following an agreement with the Governors of New York and New Jersey under which the Port Authority committed to participation in the revitalization of downtown Newark, the Board at its meeting on September 12, 1985, authorized the Acting Executive Director to proceed to implement a project for the development of the NLCC at an estimated total cost of \$44.2 million. An increase of \$7.5 million in this total project cost was authorized by the Board at its meeting on January 22, 1987, resulting in a total project cost of \$51.7 million. A further increase in the total project cost from \$51.7 million to \$73.8 million is being sought to provide funds for increased project costs due to foundation problems, delays, increased site dewatering, foundation and construction costs, increased project contingencies, allowances for a slurry wall and cased piles, and related architectural, construction management, engineering, financing, and administrative expenses.

The Board recognizes that the cost of this project has, for the aforementioned reasons, escalated beyond the range of normal cost overrun considerations. In light of this, we shall consider a request from the State of New York for an appropriate economic development investment, in accordance with the Port Authority's facility development criteria, of similar magnitude to this differential. The details of this investment shall be worked out with the state, subject to the approval of this Board.

The following resolution was adopted; Commissioner Hellmuth voted no:

RESOLVED, that an increase is authorized in the total project cost for the Newark Legal and Communications Center (NLCC) from \$51.7 million to \$73.8 million; and it is further

RESOLVED, that the Executive Director is authorized to negotiate and award Contract LCC-705.016, General Construction, to the contractor who, in his opinion, is qualified by reason of responsibility, experience and capacity to perform the contract and whose price and MBE program the Executive Director deems reasonable; and to order work thereunder which is not presently included in Contract LCC-705.016 or to enter into a separate contract or contracts for all or a portion of such work with one or more qualified contractor, on the basis of competitive bids or direct negotiating and to order extra work under such contracts up to an amount of 10% of the amount of the contract price; and it is further

RESOLVED, that the Executive Director is authorized to negotiate and award Contract LCC-705.022, Foundation Concrete, to the contractor who submits the lowest proposal, or revised proposal following negotiations and who, in his opinion, is qualified by reason of responsibility, experience and capacity to perform the contract and whose proposal price the Executive Director deems reasonable; and to order extra work up to an amount of 10% of the amount of the accepted proposal; and it is further

RESOLVED, that the Executive Director is authorized to negotiate and award Contract LCC-705.008, Structural Steel, based on negotiations with one or more contractors, to the contractor which he deems qualified by reason of responsibility, experience and capacity to perform the work under the contract and whose proposal price he deems reasonable; and to order extra work up to the amount of 10% of the negotiated contract price; and it is further

(Board - 8/13/87)

RESOLVED, that the Executive Director is authorized to assign Contract LCC-705.008 and/or Contract LCC-705.022 to the General Contractor responsible for the General Construction of the Newark Legal and Communications Center; and it is further

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

Whereupon, the meeting was adjourned.

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Thursday, September 10, 1987

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MINUTES

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MINUTES of meeting of The Port Authority of New York and New Jersey held Thursday, September 10, 1987 at the Port Authority offices, One World Trade Center, City, County and State of New York.

PRESENT:

NEW JERSEY

Philip D. Kaltenbacher, Chairman
 Robert V. Van Fossan
 William K. Hutchison
 Henry F. Henderson, Jr.
 Robert Van Buren

NEW YORK

James G. Hellmuth
 Howard Schulman
 John G. McGoldrick
 H. Carl McCall

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
 Regina L. Bryde, Administrative Assistant
 John J. Collura, Acting Director of Management and Budget
 Henry F. 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
 John Hauptert, Treasurer
 Leon Katz, Supervising Information Officer, Public Affairs
 Richard R. Kelly, Director of Rail Transportation
 James J. Kirk, Port Director
 Phil LaRocco, Director of World Trade and Economic Development
 Donald R. Lee, Director of Audit
 Lillian C. Liburdi, Acting Chief Financial Officer
 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
 Edward J. O'Malley, Director of Personnel
 Hugh O'Neill, Assistant Executive Director/Policy Planning and Business Development
 David Z. Plavin, Assistant Chief Financial Officer
 Martin E. Robins, Director of Planning and Development
 Victor T. Strom, Director of Public Safety
 Joseph L. Vanacore, Assistant Executive Director/Captial Programs

The meeting was called to order by the Chairman.

Action on Minutes

The Secretary submitted for approval Minutes of the meetings of July 30 and August 13, 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 has expired.

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 September 10, 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 meetings on September 10, 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 September 10, 1987, 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 September 10, 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 - 9/10/87)

Redemption of Consolidated Bonds and Notes Prior to Mandatory Retirement

It was reported to the Board that a partial call of the bonds or notes of a series often costs more to publicize (consistent with the requirements of existing resolutions and the need to give notice to all holders) than a call of all of the bonds or notes of a series, because advertisements containing notices of redemption for less than all of the bonds or notes of a series must include individual bond numbers selected and listed for each call date. Such advertisements are larger and more expensive than those required for a single call of all bonds. By way of illustration, the possible savings accruing to the Authority by a single call for redemption now of all of the outstanding bonds of a series shortly to be called rather than two partial calls by lot of the bonds of this same series over the next year would approach \$18,000.

In order to minimize costs associated with bonded debt, it was recommended that the Board authorize, consistent with the Consolidated Bond Resolution and other agreements with the holders of Port Authority obligations, the Executive Director to retire or redeem by purchase, call, requests for tenders or exchange or otherwise, Consolidated Bonds (including Consolidated Notes) prior to the mandatory retirement or sinking fund payment dates provided for in the resolutions related to each series of bonds or notes when such early retirement provides a demonstrated net savings to the Authority.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director, be and he hereby is authorized, consistent with the Consolidated Bond Resolution and other agreements with the holders of Port Authority obligations, to retire or redeem, by purchase, call, requests for tenders or exchange, or otherwise, Consolidated Bonds (including Consolidated Notes) prior to the mandatory retirement or sinking fund payment dates provided for in the resolutions related to each series of bonds or notes when such early retirement or redemption provides a demonstrated net savings to the Authority.

(Board - 9/10/87)

Settlement of Claim of Sandra Engel and Henry Engel v. The Port Authority of New York and New Jersey

It is reported that there is presently pending in the Supreme Court of the State of New York, County of New York, an action where Sandra Engel and Henry Engel seek to recover damages of \$12.5 million for personal injuries sustained when Mrs. Engel fell in a roadway at LaGuardia Airport on March 14, 1982.

At the time of the accident, Mrs. Engel, a 58-year old homemaker, was returning home from Florida. At approximately 7:30 p.m., while crossing the North Terminal Road in front of the Central Terminal Building at LaGuardia Airport, she tripped and fell on her left arm. She claims that the cause of her tripping was a pothole located in the roadway approximately two feet from the curb.

Mrs. Engel sustained a fracture of both bones of her left forearm. At Long Island Jewish Hospital, she underwent an operation on the left arm. The surgeons placed a plate and screws for both fractures with wires encircling the radius for added stability. The surgeons also operated on her right hip and removed bone material from her right pelvis and used it as a bone graft to aid in the healing process of the left forearm. In August of that year, Mrs. Engel was again operated upon. The wires encircling the radius were removed. The plates and screws on both the radius and ulnar were left in her forearm and remain to this day. After the first operation she remained in the hospital for almost two weeks.

The healing process was slow and she was required to wear an orthopedic brace on the forearm for more than two years after the fall. The cost of medical services received exceeded \$10,000.

A medical examination by the Port Authority through an orthopedic physician, Dr. Paul Post, confirmed the above fracture and treatment. Dr. Post noted a loss of range of motion of the left forearm and a deformity and a loss of range of motion of the wrist. He also found that the plaintiff sustained a partial disability of her left forearm and wrist with a loss of range of motion and disfigurement. The disability is permanent.

On July 1st, this case was tried before Justice Louis Grossman on the issue of liability only. After five days of trial, a jury verdict was rendered in favor of the plaintiffs finding the Port Authority 90% negligent and the plaintiff 10% contributorily negligent.

After several settlement conferences before Justice Grossman, the plaintiffs have agreed to accept a total of \$230,000 in full satisfaction of their claims against the Port Authority.

General Counsel requested that he be authorized to settle this action as outlined above and thereby avoid exposing the Port Authority to the probability of a higher award if the case is tried to a conclusion.

(Board - 9/10/87)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the General Counsel is authorized to settle the claim of **Sandra Engel and Henry Engel. v. The Port Authority of New York and New Jersey** by paying the sum of \$230,000 in full settlement of the action.

(Board - 9/10/87)

Regional Development Facility - Facility Certification

In June 1983, the Governors of the States of New York and New Jersey announced the results of their review and evaluation of various issues relating to the operations and finances of the Port Authority, with particular emphasis on the recommendations contained in the December 1982 report of the Governors' bi-State panel appointed in May 1982 to review financial and program issues. Among other items, the Governors announced their agreement concerning Trans-Hudson tolls and fare increases which would support various future capital programs to be undertaken by the Port Authority in the two States. In addition, the Governors' Program called for a series of actions by the Port Authority and the States of New York and New Jersey which, taken together, would permit the undertaking of a capital program in rail, highway and other infrastructure renewal projects to foster the revitalization of the commerce and economic development of the bi-State region. A bridge and tunnel tolls increase, which became effective January 1, 1984, was expected to make possible a capital program of approximately \$250,000,000. It was also expected that \$250,000,000 of capital funds would be made available for economic development and infrastructure renewal projects in the two States allocated on the basis of 55% for projects to be undertaken in the State of New Jersey and 45% for projects to be undertaken in the State of New York. Provision has been made in the Port Authority's capital plans for the availability of such amounts. In March 1987, the Governors announced agreement and recommendations with respect to certain programmatic elements essential, in their judgment, to the continued economic viability of the region, and reviewed the results of recommendations contained in their June 1983 announcement, recommending that the Port Authority continue its initiatives in many of these areas.

In order to enhance the Port Authority's ability to continue to make such expenditures at the request of either State, in each case subject to necessary and appropriate authorizations, in fulfillment of its commitment in connection with the Governors' Program of June 1983, it was recommended that the Board establish, as an additional facility of the Port Authority, the Regional Development Facility (the Facility). The Facility is to be a centralized program through which the Port Authority is to provide for certain of the economic development and infrastructure renewal projects in the State of New Jersey and the State of New York to be undertaken at the request of the respective Governor thereof, consistent with then-existing legislative authority, and subject to necessary and appropriate authorizations by the Board, funds for which are to be made available pursuant to the Governors' Program of June 1983.

To date certain projects (totaling \$177,171,000, as indicated in the accompanying table) have been authorized at the request of the Governor of New York or the Governor of New Jersey, pursuant to existing legislation and subject to necessary or appropriate certifications, if any; the funds for such projects have been allocated against the expected expenditures of \$250,000,000 of moneys made available pursuant to the Governors' Program of June 1983. It is now expected that authorized projects not associated with presently existing facilities, or others to be established subsequent to creation of the Facility, or other incidental expenses, to be provided from moneys made available pursuant to the Governors' Program of June 1983, would be part of the Facility upon appropriate authorization.

(Board - 9/10/87)

As noted above, the Facility will be an additional facility of the Port Authority and, therefore, at the time of issuance of the first Consolidated Bonds (which includes Consolidated Notes) for purposes which include capital expenditures in connection with the Facility, the Port Authority is required by covenants with holders of its Consolidated Bonds to make a certification relating to the financial effect upon the Port Authority of the effectuation of the Facility as an additional facility of the Port Authority. Thus, certification is necessary if any portion of the proceeds of such Consolidated Bonds is to be used for purposes of capital expenditures in connection with the Facility.

The issuance and sale of Consolidated Notes, Series MM, for purposes including capital expenditures in connection with the Facility is expected to be acted upon by the Committee on Finance today and, therefore, if such action is taken by the Committee, in view of the proximity of such action to the certification of the Facility as an additional facility of the Port Authority, no further action by the Committee with respect to the certification would be required. In the event such issuance does not occur as expected, consistent with prior practices, the Committee on Finance would be authorized to reaffirm the certification at the time of issuance of the first Consolidated Bonds (which includes Consolidated Notes) for purposes which include capital expenditures in connection with the Facility, provided that there is no substantial adverse change in the economic basis for said certification. Additionally, in the event that Consolidated Bonds for purposes which include capital expenditures in connection with the Facility are not issued by the Committee on Finance on September 10, 1987, in default of a reaffirmation of said certification by the Committee on Finance at the time of issuance of the first such Consolidated Bonds for such purposes, said certification shall not apply to the issuance of such Consolidated Bonds and the proceeds thereof shall be used for the stated purposes of such bonds or notes other than the Facility until such time as the Facility may be certified.

The Acting Chief Financial Officer had reviewed the projected overall financial standing and condition of the Port Authority and the economics of the Facility on the basis of the issuance of Consolidated Bonds (which includes Consolidated Notes) to provide for the total capital expenditures of or related to the Facility.

The Acting Chief Financial Officer had also reviewed with the Commissioners her formal opinion to them consistent with Section 7 of the resolutions establishing outstanding series of Consolidated Bonds (which includes Consolidated Notes), that the issuance today of Consolidated Notes, Series MM, for purposes which include capital expenditures for the Facility, or in the event said Consolidated Notes are not issued today, at the time of issuance of the first such Consolidated Bonds for purposes which include such capital expenditures (and subject to further opinion by the Chief Financial Officer at such time), the application of any portion of the proceeds of any such Consolidated Bonds in connection with the Facility will not, during the periods 1987 through 2022, reflecting the traditional 35-year term of long-term Consolidated Bonds, and 1987 through 1997, the immediately ensuing ten-year period associated with Consolidated Bonds with a maturity of less than ten years, in the light of the Port Authority's estimated expenditures in connection with the Facility and the total anticipated revenues and expenses of the Port Authority during those periods, materially impair the sound credit standing of the Port Authority or the investment status of Consolidated Bonds or the ability of the Port Authority to fulfill its commitments, whether statutory or contractual or reasonably incidental thereto, including its undertakings to the holders of Consolidated Bonds.

(Board - 9/10/87)

In reaching this conclusion, the Acting Chief Financial Officer considered the covenant with holders of Port Authority Consolidated Bonds (which includes Consolidated Notes) to establish charges in connection with the Port Authority's facilities to the end that at least sufficient net revenues may be produced therefrom to provide for the debt service on all Consolidated Bonds, including those issued for purposes of capital expenditures in connection with the Facility. This conclusion was also based, in part, upon the judgment of the Acting Chief Financial Officer that the Port Authority's ability to continue to honor this covenant will necessitate increases from time to time in the Port Authority's tolls, fares, fees, rentals and other charges, or reductions in services and associated expenditures.

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

RESOLVED, that a facility of the Port Authority to be known as the Regional Development Facility (the Facility), a centralized program through which the Port Authority is to provide for certain of the economic development and infrastructure renewal projects in the State of New Jersey and the State of New York to be undertaken at the request of the respective Governor thereof, be and it hereby is authorized, consistent with then-existing legislative authority and subject to necessary and appropriate authorizations by the Board of Commissioners, the funds for which are to be allocated from moneys made available pursuant to the Governors' Program of June 1983; and it is further

RESOLVED, that certification is hereby made that, in the opinion of the Port Authority at the time of issuance of the first Consolidated Bonds (which includes Consolidated Notes) for purposes which include capital expenditures in connection with the Facility, the issuance of such Consolidated Bonds will not, during the periods 1987 through 2022 and 1987 through 1997, in the light of the Port Authority's estimated expenditures in connection with the Facility and the total anticipated revenues and expenses of the Port Authority during those periods, materially impair the sound credit standing of the Port Authority or the investment status of Consolidated Bonds or the ability of the Port Authority to fulfill its commitments, whether statutory or contractual or reasonably incidental thereto, including its undertakings to the holders of Consolidated Bonds; and it is further

RESOLVED, that, in the event that Consolidated Bonds (which includes Consolidated Notes) for purposes which include capital expenditures in connection with the Facility are not issued by the Committee on Finance on September 10, 1987, the Committee on Finance be and it hereby is authorized to reaffirm said certification on behalf of the Port Authority at the time of issuance of the first Consolidated Bonds for purposes which include capital expenditures in connection with the Facility, provided that there is no substantial change in the economic basis for said certification; and it is further

(Board - 9/10/87)

RESOLVED, that, in the event that Consolidated Bonds (which includes Consolidated Notes) for purposes which include capital expenditures in connection with the Facility are not issued by the Committee on Finance on September 10, 1987, in default of a reaffirmation of said certification by the Committee on Finance at the time of issuance of the first such Consolidated Bonds for such purposes, said certification shall not apply to the issuance of such Consolidated Bonds and the proceeds thereof shall be used for the stated purposes of such bonds or notes other than the Facility, until such time as the Facility may be certified.

(Board - 9/10/87)

**Elizabeth-Port Authority Marine Terminal - Design and
Construction of Modular Buildings on Property East of
McLester Street - Contract EP-110.044 - Project
Authorization and Authority to Award**

The Port Authority has 5.5 million square feet of warehouse distribution space at Port Newark/Elizabeth, all of which is currently leased to importers, exporters and public warehousemen. The smallest existing unit is 13,000 square feet, but recently demand for even smaller units has risen dramatically.

The Port Department has received numerous inquiries for these smaller sections, and staff has confirmed the strength of the demand in a survey of the New Jersey brokerage community. Buildings with 5,500 square foot sections (modular), consisting of approximately 1,200 square feet of office space and 4,300 square feet of warehouse/distribution space, would effectively satisfy the burgeoning demand and diversify industrial space at the Port. Small firms which lease modular space become prospects for larger standard warehouse buildings in the Port. Furthermore, the availability of the smaller units makes it possible to attract a broader segment of the market.

Modular buildings will be an important support service for the marine transportation of cargo. They are expected to attract new activity to the Port such as foreign firms starting U.S. operations and small domestic firms engaged in importing/exporting. Each modular unit can be activated with Foreign Trade Zone status, thereby further enhancing its attractiveness to potential tenants.

Based upon current projections, it is expected that the Port Authority investment will be recovered by charging competitive rentals for the modular building space.

Contract EP-110.044 was prepared for development of the Port Authority's site on McLester Street, and includes the design and construction of three 44,000 square foot buildings and associated landscaping, paving and utilities. The work is expected to be completed by early 1989. The first two buildings are expected to be ready for occupancy by September 1988. The contract provides for the removal of excess surcharge sandfill material to be performed on a net cost basis, the cost thereof being roughly estimated at \$560,000.

The contract requires that there be Minority Business Enterprises participation of 10% for firms owned and controlled by minorities and Women's Business Enterprises participation of 2% for firms owned and controlled by women.

A list of prequalified contractors was prepared through a response to a publicly advertised questionnaire, and bids were solicited from the prequalified contractors and received on August 20, 1987. The low bid was submitted by M. Gordon Construction Co. & Williams & Assoc., a joint venture, which was determined by the Chief Engineer to be qualified to perform the contract.

(Board - 9/10/87)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize: (1) a project to develop three modular buildings comprising approximately 130,000 square feet on a ten-acre site in the Elizabeth-Port Authority Marine Terminal, east of McLester Street, at an estimated project cost of \$10 million, including payments to contractors, allowances for extra work and net cost work, engineering, administrative and financing expenses; and (2) the Executive Director, to award Contract EP-110.044 to M. Gordon Construction Co. & Williams/Widmer & Assoc., a joint venture, at its low bid price of \$7,819,300, to order extra work up to the amount of \$780,000, and to order net cost work.

(Board - 9/10/87)

**Enlargement of Foreign Trade Zone 49 Through the
Establishment of a Subzone to Include the Agfa-Gevaert,
Inc./Peerless Photo Products Division Facility in West
Caldwell, New Jersey**

The Port Authority, as grantee of Foreign Trade Zone No. 49, has been requested by Agfa-Gevaert, Inc. to submit an application to the Foreign Trade Zone Board for the establishment of a subzone to include its Peerless Photo Products Division Facility in West Caldwell, New Jersey. Agfa-Gevaert is involved in the manufacture of high quality photographic paper. Subzone status for the West Caldwell facility would enable Agfa-Gevaert to reduce certain duty payments or, in the case of re-exports, to eliminate them all together. Potential benefits to the region would include the creation of 44 permanent jobs, the retention of 180 existing jobs, the retention of current exports of photographic paper, increased tonnage to the Port of New York and New Jersey, increased use of domestic photographic paper components and a more competitive source of photographic paper. It is anticipated that the establishment of this subzone would not result in any cost, expense or risk of loss to the Port Authority. Upon securing subzone status, Agfa-Gevaert has agreed to enter into an appropriate agreement with the Port Authority.

It was therefore recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority to file an application for the establishment of a subzone and to execute an appropriate agreement with Agfa-Gevaert, Inc./Peerless Photo Products Division in accordance with the foregoing.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director, for and on behalf of the Port Authority, to file an application with the Foreign Trade Zone Board of the United States Department of Commerce for the establishment of a subzone at the Agfa-Gevaert, Inc./Peerless Photo Products Division facility in West Caldwell, New Jersey and to execute an appropriate agreement with Agfa-Gevaert, Inc., the form of the agreement to be subject to the approval of General Counsel or his designated representative.

(Board - 9/10/87)

**The World Trade Center - Relocation, Expansion and Extension
of Lease for Prescott, Ball & Turben, Inc. - Lease No.
WT-2301-A-56 (1578)**

It was recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into an agreement with Prescott, Ball & Turben, Inc. ("Prescott") providing for the letting of certain premises at the World Trade Center substantially in accordance with the following terms and conditions.

Prescott currently leases approximately 40,600 rentable square feet on the 56th floor of One World Trade Center under a lease which expires on May 31, 1992. The agreement would provide for the relocation of Prescott to space totaling approximately 52,900 rentable square feet consisting of the entire tenth floor and part of the eleventh floor of One World Trade Center at a basic rental escalating from \$25 per square foot to \$38 per square foot over an extended lease term expiring on May 31, 2002. The agreement will require Prescott to pay cleaning and electricity charges and additional basic rental to cover increases in operating costs and in payments in-lieu-of taxes. The space will be turned over to Prescott upon completion of asbestos removal and re-fireproofing. Prescott will receive a rent-free period not to exceed six months and an allowance of up to \$35 per rentable square foot to reconstruct the space. On Prescott's request, up to an additional \$35 per rentable square foot will be made available toward such reconstruction to be repaid over the extended term of the letting as provided in the agreement.

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 with Prescott, Ball & Turben, Inc. providing for the letting of certain premises at the World Trade Center substantially in accordance with the above provisions and the form of such agreement shall be subject to approval of the General Counsel or his designated representative.

(Board - 9/10/87)

Bathgate Industrial Park - Lease Agreement with Avne Systems, Ltd.

It was recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into a lease agreement with Avne Systems, Ltd. (Avne) at the Bathgate Industrial Park and to enter into a brokerage agreement with Brian Lea, both agreements to be substantially in accordance with the terms set forth below. The premises will consist of an approximate 68,000 square foot industrial building on Block 2913 of the Bathgate Industrial Park. The term of the letting will commence upon execution of the lease and will expire approximately ten years from the rental start date, which will be the earlier of the 30 days after the Port Authority certifies the use of the premises or a fixed date as provided in the lease. The Port Authority will provide Avne with the shell building and up to \$22 per square foot for building finishes for which Avne will pay the Port Authority the following rentals: (1) an annual rental equivalent to the amount the Port Authority pays to the New York City Public Development Corporation for the site; (2) an annual basic rental of \$476,000 for years one through five and \$681,000 for the balance of the initial term, which amounts will be reduced by a factor in years one to five and a factor in years six to ten for every dollar below \$22 per square foot Avne does not expend for building finishes; and (3) beginning in year six, an operating and maintenance (O&M) rental based on Consumer Price Index increases and using the O&M base established in the lease at the start of year five. Effective at the end of the initial ten-year term Avne will have the right to renew the lease for a single five-year term at the higher of market or \$13 per square foot or have the Port Authority, subject to the approval of the Board at such time, relinquish its interest in the premises to the City in conjunction with the transfer of the City's fee interest to Avne, for which the Port Authority will receive \$10.6 million from Avne.

The Port Authority will pay Brian Lea, a licensed real estate broker, a brokerage commission of \$140,000 as provided in the brokerage agreement. An additional brokerage commission of \$88,500 will also be paid to Brian Lea if Avne exercises its renewal option, or \$200,000 if Avne pays the Port Authority \$10.6 million for relinquishing its interest to the City.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into an agreement of lease with Avne Systems, Ltd. and a brokerage agreement with Brian Lea, both agreements to be substantially in accordance with the above provisions and the form of the agreements shall be subject to the approval of General Counsel or his designated representative.

(Board - 9/10/87)

The Teleport - Teleport Associates Reimbursement Agreement

The Board is requested to ratify the Executive Director's payment to Teleport Associates of the sum of \$249,000 to reimburse Teleport Associates for work performed by it on behalf of the Port Authority and to authorize the Director, World Trade & Economic Development to enter into an agreement to reimburse Teleport Associates for the costs of performing certain additional work for the Port Authority at an estimated cost of approximately \$500,000.

The lease agreement between the Port Authority and Teleport Associates requires the Port Authority to deliver electrical power to Teleport Associates' leased premises which requires the Port Authority to install certain equipment and associated ducts and manholes to enable Teleport Associates to tie into the Teleport's electrical distribution system. In order to expedite the performance of the work and to minimize construction costs, staff agreed that Teleport Associates could perform the work and build one transformer vault and certain associated ducts and manholes.

In order to expedite payments to Teleport Associates, the Executive Director, on July 11, 1986, authorized payment of the sum of \$249,000 for the construction of the transformer vault. Teleport Associates has completed the balance of the work to be performed, including installation of conduits, manholes and related hardware, at an approximate cost of \$500,000.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board ratify the Executive Director's payment to Teleport Associates of the sum of \$249,000 to reimburse Teleport Associates for the costs of certain work performed by Teleport Associates on behalf of the Port Authority and authorize the Director, World Trade & Economic Development, to enter into an agreement to reimburse Teleport Associates for costs incurred by it for certain additional work performed on behalf of the Port Authority at an estimated cost of approximately \$500,000, the form of the agreement to be subject to the approval of General Counsel or his designated representative.

(Board - 9/10/87)

**Port Authority Industrial Park at Elizabeth - Lease
Agreement with Capcow, Inc.**

It was recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into a lease agreement with Capcow, Inc. (Capcow) to provide for the leasing of an approximately thirteen-acre site at the Port Authority Industrial Park at Elizabeth, and a brokerage agreement with Eli Cohen, both agreements to be substantially in accordance with the terms authorized by the Board at its meeting on December 11, 1986 as amended below. The site to be leased will increase from twelve acres to thirteen acres for which Capcow will pay an annual basic rental ranging from \$195,000 in the first year to \$476,500 in years 29-30; the Port Authority will provide up to \$6 million for construction instead of \$1.6 million for which Capcow will pay an interim construction rental and construction rental based upon a variable prime rate plus 150 basis points instead of 50 basis points, the construction rental to be payable over 30 years instead of fifteen years; and the lease to provide Capcow with an option to purchase the premises on the 30th month following the commencement date of the term of the letting in addition to other purchase options previously authorized.

As previously authorized the Port Authority will pay Eli Cohen, a licensed real estate broker, a brokerage commission not to exceed \$200,000 as provided in the brokerage agreement.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into an agreement of lease with Capcow, Inc. and a brokerage agreement with Eli Cohen, both agreements to be substantially in accordance with the above provisions and the form of the agreements shall be subject to the approval of General Counsel or his designated representative.

(Board - 9/10/87)

**Kennedy International Airport - Lease of Space in Building
No. 68 and Related Areas with Virgin Atlantic Airways,
Ltd.**

It was recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into a lease with Virgin Atlantic Airways, Ltd. for warehouse and office space in Building No. 68 and related areas at Kennedy International Airport. The term of the lease shall commence on June 15, 1987 on a month-to-month basis until on or about September 1987 and shall continue thereafter for a fixed term to expire on June 30, 1990 at a rental at the annual rate of \$60,384.

Virgin Atlantic will be responsible for all maintenance of the premises except the roof, structural supporting frame and building exterior which along with property insurance will be the responsibility of the Port Authority. The Port Authority will have the right to terminate the lease without cause on 180 days' notice to Virgin Atlantic.

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 a lease with Virgin Atlantic Airways, Ltd. for warehouse and office space in Building No. 68 and related areas at Kennedy International Airport substantially on the terms set forth above; the form of the lease to be subject to the approval of General Counsel or his authorized representative.

(Board - 9/10/87)

Newark International Airport - Award - PSE-476 - General
 Cleaning of Newark International Airport - North
 Terminal - Building No. 88

It was recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to award Contract PSE-476, General Cleaning, North Terminal, Newark International Airport, to the lowest bidder from among those who have submitted proposals who he shall deem qualified for a two-year term with the Port Authority to have the right to extend the contract for two additional one-year periods with the contract price during each extension period being subject to adjustment based upon mutually agreed upon increases related to labor and materials required to perform the services to be provided during each extension period, as verified by audit. The Board is further requested to authorize the ordering of extra work under the contract during the installation in an amount not to exceed 10% of the contract price for such period and to authorize the extension of the contract for two additional one-year periods in accordance with the terms of the contract without further approval of the Board or any Committee.

It was therefore recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to award Contract PSE-476, General Cleaning, Newark International Airport, North Terminal on the terms and conditions outlined above.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is hereby authorized, for and on behalf of the Port Authority, to award Contract PSE-476, Newark International Airport, General Cleaning, North Terminal to the lowest bidder from among those who have submitted proposals whom he shall deem qualified for an initial term of two years commencing on or about October 1, 1987 and authorize the Director of Aviation to order extra work under the contract during the initial two-year period thereof in an amount not to exceed 10% of the contract price for such period and that the Board further authorize the Director of General Services to extend the contract for two additional one-year periods without the further approval of the Board or any Committee and authorize the Director of Aviation to order extra work during each extension period in an amount not to exceed 10% of the contract price agreed upon for each such period, the form of the agreement to be subject to the approval of General Counsel or his designated representative.

(Board - 9/10/87)

**La Guardia Airport - Award of Lease for Newsstand Shops in
The Central Terminal Building Complex**

It was recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into a lease with Hudson County News Company to provide for the operation of six newsstands in the Central Terminal Building Complex at LaGuardia Airport. The term of the lease would be for five years commencing on or about October 1, 1987. Hudson County News Company was selected based on its response to a request for proposals which indicated that the Port Authority would consider as the basis of its selection, among other criteria, the range of magazines, newspapers and periodicals and the proposed prices of all items to be sold in addition to the guaranteed annual rent offered. Based upon Hudson County News Company's proposal the lease will provide for an annual guaranteed rental at the rate of \$1,400,000 against an annual percentage rental equal to the sum of the following percentage of all gross receipts arising from the operation of the newsstands: 14% of all newsstand category item gross receipts not in excess of \$1,000,000 and 16% on all such gross receipts in excess of \$1,000,000 plus 28% of all other annual gross receipts not in excess of \$1,000,000 and 30% of all such gross receipts in excess of \$1,000,000. Newsstand category items consist of newspapers, magazines, candies, books, cigarettes, cigars and tobacco products, non-prescription drugs, postal and greeting cards, stationary supplies and other such items. It is anticipated that the two tier structure of the percentage rental arrangement will encourage the vendor to provide a greater range of available items at lower prices, which will result in a greater volume of sales and will maintain the level of gross receipts. The lease also requires Hudson County News Company to pay the Port Authority an amount not to exceed \$260,000 to reimburse the Port Authority for its payment to Aeroplex Stores, Inc., the incumbent operator, for the cost of constructing a sixth newsstand. The Lessee will be obligated to refurbish the other five newsstands at an estimated cost of approximately \$200,000. The Port Authority will have the right to terminate the lease at any time, without cause, on thirty days notice in which event the Lessee would be reimbursed for the unamortized portion for its space preparation costs in an amount initially limited to \$460,000. In addition the Port Authority will have the right to separately terminate the letting as to any one shop, at any time, without cause, on thirty days notice and in such event the Lessee would be reimbursed for the unamortized portion of its initial space preparation costs for such shop to the extent that such costs do not initially exceed \$260,000 for the sixth newsstand and an estimated \$40,000 for each of the other five shops. The Lessee will pay for all utilities provided at standard rates subject to escalation over the term of the lease.

It was therefore recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into a lease with Hudson County News Company on the terms and conditions outlined above.

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 a lease with Hudson County News Company at LaGuardia Airport substantially in accordance with the terms and conditions set forth above and authorize the Executive Director, for and on behalf of the Port Authority, to reimburse Aeroplex Stores, Inc. the present lessee, the sum of \$260,000 for renovation work performed by Aeroplex Stores, Inc. to create a sixth newsstand shop in the West Wing of the Central Terminal Building, the form of the agreement to be subject to the approval of General Counsel or his designated representative.

(Board - 9/10/87)

**La Guardia Airport - Direct Entrance to the Parking Garage
Project Authorization and Award Contract LGA-320.052**

To accommodate dramatic increases in passenger volume and associated vehicular traffic at the Central Terminal Building at LaGuardia Airport, it was determined that a major expansion of the Central Terminal roadways and of the arrivals level was required. It was also determined that congestion on the roadway in front of the Central Terminal Building could be relieved considerably by providing a direct entrance to the garage from the 94th Street Airport entrance, thus eliminating the need for vehicles to pass in front of the Terminal Building to enter the garage.

Contract LGA-320.052 will provide for the construction of a new entrance to the parking garage from the 94th Street entrance to LaGuardia Airport as well as the associated modifications to existing roadways.

The contract provides additionally, 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.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize a project for the construction of a new direct entrance to the parking garage from the 94th Street entrance at LaGuardia Airport, at a total expenditure presently estimated at \$5.2 million including payments to contractors, an allowance for extra work, and administrative, engineering and financing expenses; and it is further

RESOLVED, that the Executive Director is authorized to award Contract LGA-320.052, LaGuardia Airport, Direct Entrance to the Parking Garage, to the lowest qualified 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 and to order extra work up to 10% of the bid accepted, or to reject all bids.

(Board - 9/10/87)

**Kennedy International, La Guardia and Newark International
Airports - Supplemental Agreements with the Rental Car
Permittees**

It was recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into agreements supplementing Permits with Avis Rent-A-Car System, Inc., Budget Rent A Car Corporation, Dollar Rent A Car Systems, Inc., National Car Rental System, Inc. and The Hertz Corporation, (the Rental Car Permittees) which would defer the collection of certain fees from these Permittees. The proposed agreements would provide that for the years 1986, 1987 and 1988, the fees payable by each Rental Car Permittee would be limited to the amount of fees it paid in 1985 (before the application of construction credits) plus an annual Consumer Price Index increase of up to 6%, with payment of the balance of the fees, if any, being deferred. Commencing in 1990, Collision Damage Waiver (CDW) receipts, subject to a specified maximum, would become fee payable and this would be applied to the payment of deferred fees plus interest. Until the three years of deferred fees plus interest is recovered, a minimum annual fee payment for CDW would be imposed. After the deferred fees and interest are recovered CDW receipts would continue to be subject to fee payment, however, without a minimum payment requirement. If a Rental Car Permittee terminates its permit or it is revoked for cause by the Port Authority before the recovery of deferred fees and interest, the unpaid amount thereof would become immediately payable.

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 Avis Rent-A-Car System, Inc., Budget Rent A Car Corporation, Dollar Rent A Car Systems, Inc., National Car Rental System, Inc. and The Hertz Corporation, or any of them, supplementing their permits at the airports substantially on the terms set forth above; the form of the agreements to be subject to the approval of General Counsel or his designated representative.

(Board - 9/10/87)

**All Airports - Aircraft Noise Abatement Project at Five
Selected Schools - 1987 Program**

The Board at its meeting on February 13, 1986, authorized the 1986 soundproofing program estimated at \$6 million and at its meeting on May 14, 1987, the Board approved increases in the combined authorizations for the 1983, 1984 and 1985 soundproofing programs from \$9,550,000 to \$10,305,000. The 1983-1986 programs included seventeen schools, nine in New York State and eight in the State of New Jersey. Federal participation for these programs, including the additional schools under this authorization, amounts to approximately \$14 million and about \$2.7 million represents the Port Authority share. The completed soundproofing work has resulted in a significant reduction in aircraft noise intrusion levels creating a better teaching environment in classrooms. The program continues to be received very favorably by local elected and school officials.

The bids received for a number of the school noise abatement contracts were substantially below the estimated amounts used for grant application purposes. In order to utilize the anticipated resultant grant underruns and proceed with a 1987 program, the Port Authority proposed, and the Federal Aviation Administration (FAA) has agreed, to amend the affected grants to include five additional schools. In a collaborative effort with school and elected governmental officials the Port Authority has selected the following schools:

John Marshall, Elizabeth, New Jersey
Ann Street School (Phase II), Newark, New Jersey
P.S. 183, Rockaway Beach, Queens, New York
P.S. 165, Flushing, New York
School No. 5, Cedarhurst, New York

The soundproofing work to be done at these schools includes replacing the existing windows with acoustically designed window units and panels providing mechanical ventilation, as required and other related work.

The Port Authority contribution for the 1987 program would total \$1.5 million with the FAA share being \$2.4 million. The proposed funding for \$3.9 million is based on very preliminary estimates. Definitive estimates will be provided by consultants to be retained by the respective Boards of Education after the preliminary design is completed. Recent information indicates potential asbestos removal work may be required in connection with the noise abatement program, the extent of which only can be determined by indepth investigations and analyses. In the event extensive asbestos removal work is indicated the Port Authority will substitute for those schools with other noise impacted schools, and the Board will be informed.

Normally the Airport Improvement Program allows Federal funding at a 80% rate for this type of construction. Based on the anticipated underruns for the grants covering the schools in proximity to LaGuardia Airport, there appears to be sufficient funds to allow full 80% funding of the work for P.S. 165. For the two schools near Kennedy International Airport, P.S. 183 and School No. 5, the anticipated underruns would be sufficient to provide only 68% funding so the Port Authority would be providing the remaining 32%. Similarly, at the two New Jersey schools the underruns would provide only 42% funding so the Port Authority would be providing the remaining 58%. The Port Authority investment will be recovered under the flight fee formula.

(Board - 9/10/87)

The following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director to enter into agreements with the governing bodies of five selected schools in proximity to Port Authority operated airports to permit joint Port Authority and Federal Aviation Administration funding in the estimated total amount of \$3.9 million, comprised of \$2.4 million Federal aid and \$1.5 million Port Authority funds for projects to reduce the impact of aircraft noise levels within these schools; and it is further

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

(Board - 9/10/87)

**Port Authority Annual Diesel and Fuel Oil Requirements - All
Facilities - 1987/1988 - Award**

The current requirements contracts that provide diesel and fuel oil for Port Authority facilities expire on October 31, 1987.

Contract P&SS-87-20 provides for the supply of number two diesel fuel and number two fuel oil. Contract P&SS-87-21A provides for the supply of number two fuel oil. Contract P&SS-87-21B provides for the supply of number four oil and number six fuel oil. All three contracts are for a one-year term commencing November 1, 1987. The facilities for which diesel and fuel oil will be supplied are set forth in the Attachment hereto.

Bids for Contract P&SS-87-20 were solicited from 26 Port Authority certified minority suppliers. The low bidder was Beaty Fuel Oil Co., Inc.

Bids for Contracts P&SS-87-21A and P&SS-87-21B were solicited from 136 prospective bidders and publicly advertised. The low bidders were Belcher Company of New York, Inc., and Empire State Fuel Corporation, respectively.

Contract prices are based on a per gallon cost. Price adjustments are based on changes to the low posted "New York Tank Car Consumer" price published daily in the Journal of Commerce.

The estimated contract price for Contract P&SS-87-21 is \$250,000; for Contract P&SS-87-21A is \$773,000; and for Contract P&SS-87-21B \$1,477,000.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to award Contract P&SS-87-20 to Beaty Fuel Oil Co., Inc., the low bidder; Contract P&SS-87-21A to the Belcher Company of New York, Inc.; and Contract P&SS-87-21B to Empire State Fuel Corporation; and it is further

RESOLVED, that the Director, General Services Department is authorized to exercise at her discretion a one year renewal option under the same terms and conditions for each contract.

Whereupon, the meeting was adjourned.

Secretary

ATTACHMENTCOMPANY PROVIDING
FUEL/DIESEL OIL

<u>COMPANY PROVIDING FUEL/DIESEL OIL</u>	<u>TYPE</u>	<u>FACILITY</u>
Beaty Fuel Oil Co., Inc. (Brooklyn, NY)	No.2 - Diesel	Columbia Street Marine Terminal
	"	John F. Kennedy International Airport
	"	Outerbridge Crossing
	"	Port Authority Bus Terminal
	"	George Washington Bridge
	"	Newark International Airport
	"	Port Newark
	No.2-Fuel Oil	Red Hook Container Terminal
	"	Holland Tunnel
	"	Lincoln Tunnel
The Belcher Co., of New York, Inc. (Flushing, NY)	No.2-Fuel Oil	John F. Kennedy International Airport
	"	LaGuardia Airport
	"	Outerbridge Crossing
	"	Newark International Airport
	"	Yonkers Industrial Park
	"	Howland Hook Marine Terminal
Empire State Fuel Corp. (Brooklyn, NY)	No.4-Fuel Oil	Passenger Ship Terminal
	"	John F. Kennedy International Airport
	No.6-Fuel Oil	John F. Kennedy International Airport

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Thursday, October 8, 1987

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MINUTES of meeting of The Port Authority of New York and New Jersey held Thursday, October 8, 1987 at the Port Authority offices, One World Trade Center, City, County and State of New York.

PRESENT:

NEW JERSEY

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

NEW YORK

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

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
 Bruce D. Bohlen, Assistant Treasurer
 Henry I. DeGeneste, Deputy Director of Public Safety
 Sidney J. Frigand, Assistant Executive Director/Government, Community & Public Affairs
 Louis J. Gambaccini, Assistant Executive Director/Trans Hudson Transportation
 Gene C. 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
 Phil LaRocco, Director of World Trade and Economic Development
 Donald R. Lee, Director of Audit
 Lillian C. Liburdi, Director of Management & Budget
 Emily Lloyd, General Manager, Customer and Public Services, Aviation
 Mark Marchese, Assistant Director, Information Services, Government, Community & 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, Director of Aviation Redevelopment Programs
 Martin E. Robins, Director of Planning and Development
 Morris Sloane, Director of Aviation Operations
 Victor T. Strom, Director of Public Safety
 Joseph L. Vanacore, Assistant Executive Director/Capital Programs
 Barry Weintrob, Chief Financial Officer
 Kristina E. Weisenstein, Administrative Assistant to the Executive Director
 Marvin E. Weiss, Director, Office of Minority Business Development

The meeting was called to order by the Chairman.

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of September 10, 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 has expired.

The Secretary reported that in the September 10, 1987 Minutes Pages 494(a) and 494(b) should be inserted following Page 494.

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 October 8, 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 meetings on October 8, 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 October 8, 1987, 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 October 8, 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 - 10/8/87)

**Kennedy International Airport - Retention of Program
Management Support Services and Program Architect for
the JFK Redevelopment Program**

Over the past year, an interdepartmental group established by the Director of Aviation has made recommendations concerning the type of organization best suited to successfully undertake the JFK Redevelopment Program. It was assumed that large amounts of the work would be performed by outside services. The group recommended that the Port Authority maintain control and direction of the work through a nucleus of Port Authority staff. Currently this nucleus organizational framework is in place. It consists of a Program Director, an Assistant Program Director for Administration and three senior Assistant Program Directors (Planning, Design and Construction) to provide direction and management oversight to the total JFK Redevelopment Program effort. At this time it is envisioned that the nucleus team, with the assistance of several senior level Port Authority staff members and advice from other departments, will provide the necessary overall direction and broad management coordination required. Under the direction of the executive team, the routine general coordination and management of the major functional areas will be performed by the professional firms for which this authorization is sought and also other such firms as appropriate. In addition, it is anticipated that most professional services in connection with planning and design of the program and construction supervision will be provided by outside services.

To implement the project plan and to advance the project, it is necessary to retain the Program Management Support Services firm of O'Brien-Kreitzberg & Associates, Inc. and I.M. Pei and Partners now so that work in the management support and architectural areas, preceding development of contract documents and construction, can begin.

The Program Management Support Services firm will perform the services required to assure the timely completion of all aspects of the program. This will include identification and analysis of options and formulation of recommendations. The program management function will provide management and coordination of the planning, design, procurement and construction management of each of the required tasks. The Program Management Support Services firm, in concert with the Port Authority, will develop a program master plan which defines all time, cost and resource relationships, and a cost control system compatible with the Port Authority system. A Critical Path Method program schedule will be developed which identifies significant milestones, resources required and cost parameters.

The Program Architect, I.M. Pei and Partners, will perform professional services related to the development of the preliminary functional plan for all elements of the JFK Redevelopment Program, including review and approval of detailed functional plans and schematic design and review of the preliminary design. It is anticipated that one or more professional engineering firms will be retained separately to provide the engineering services required for the conceptual design and to prepare the preliminary and final design for the program. Pei will monitor the contract document development and construction for conformance to the architectural master plan and will develop a master security plan and monitor its implementation.

(Board - 10/8/87)

On various dates in July 1987, a notice of a request for qualifications for firms interested in providing program management support services was placed in regional newspapers and national technical magazines. On August 14, 1987, thirteen qualification statements were received. Based on this submission, four firms were selected by a multi-department review board to receive requests for proposals which were then received on September 28, 1987. After review of the proposals and interviews with the responders during the week of October 1, O'Brien-Kreitzberg & Associates, Inc. was selected to provide program management support services.

In October 1984, PRC Engineering, in association with I.M. Pei and Partners, the proposed Program Architect, was retained in accordance with the authorization of the Board at its meeting on September 13, 1984 to develop a conceptual plan for the reconstruction of the Central Terminal Area at JFK. The plan was completed in January 1986. During the fifteen months spent in developing the conceptual plan, I.M. Pei, who enjoys a world wide reputation for outstanding design, became familiar with the airport and its redevelopment needs. Pei, in association with PRC, developed a conceptual solution to the problem that was reviewed by an interdepartmental value planning analysis team and a "constructibility" consultant and was found to meet project objectives and to be buildable. The concept has received wide circulation and has been favorably received by most members of the airport community. To ensure successful implementation of this concept, staff has recommended that I.M. Pei and Partners be retained to complete development of the design concept that the firm had already begun and is familiar with, and to ensure the approved program concept is successfully executed.

Both contracts will provide for compensation based on actual salaries paid (time card), plus multiplier, plus out-of-pocket expenses and will contain an MBE participation requirement that each firm make every good faith effort to meet an overall total goal of at least 15% Minority Business Enterprise and Women's Business Enterprise participation of which at least 10% must be Minority Business Enterprises.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director to:

1. enter into an agreement with O'Brien-Kreitzberg & Associates, Inc. to perform professional services in connection with Program Management Support Services for the JFK Redevelopment Program; and
2. enter into an agreement with I.M. Pei and Partners, New York, New York, to perform professional services as the Program Architect; and it is further

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

La Guardia Airport - Central Terminal Building and Roadway Expansion and Modernization

The Central Terminal Building (CTB) was originally designed to handle eight million passengers whereas in 1986 over sixteen million passengers used this facility. The existing departure level roadway is experiencing severe congestion which is causing vehicles to back up to the Grand Central Parkway during rush hours. The arrivals level of the building has inadequate baggage claim area circulation space for passengers as well as inadequate counter spaces for ground transportation and related functions.

In order to accommodate current and projected passenger demands, and to provide a higher level of service, it was determined that a major expansion of the CTB roadway and expansion of the arrival level area were required. Several alternatives to accommodate the forecast demand were investigated by Aviation staff in conjunction with Tibbets, Abbett, McCarthy & Stratton (TAMS), and a decision was reached to expand the departure level roadway to double its present capacity, which in turn would allow lateral expansion of the arrivals level area of the building by approximately 55 feet. (At its meeting on December 11, 1986 the Board authorized the retention of TAMS to develop design documents for expansion and modernization of the CTB at a cost not to exceed \$2.3 million, of which \$500,000 was designated for the direct entrance to the parking garage). The project will require the relocation of the arrivals level roadway and of the existing underground utility lines to accommodate construction of the new departure level roadway.

The project provides for the construction of a new elevated three-lane departure level roadway parallel to the existing departure roadway, and construction of a new parallel curb frontage. The space created under this new departure frontage roadway will be used to expand the arrivals level of the terminal building. The 55-foot-wide expansion of the CTB will create additional space for passenger circulation and for the provision of service in the baggage make-up area, around the ground transportation counters and outside of the baggage claim area.

The expansion of the building would also require the relocation of the existing arrivals level roadways in a southerly direction and the relocation of the main electrical feeder systems and communication duct bank, as well as the gas main, sewer lines and small portions of the high and low pressure water lines. The relocation of the utility lines is required to permit construction of the new departures level roadway and the arrivals level building expansion.

Contracts awarded under this project will provide that awardees use every good faith effort to meet a goal of 10% participation by firms owned and controlled by minorities and 1% participation for firms owned and controlled by women.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize:

1. a project for the expansion and modernization of the LaGuardia Airport Central Terminal Area and Building (CTB) which includes the following components:

- (a) departures level roadway expansion;
- (b) arrivals level roadway relocation;
- (c) arrivals level building expansion; and
- (d) relocation of electrical and communication utility lines;

at a total project cost of \$73 million, including payments to contractors of \$50.4 million and an allowance for extra work, and project contingency, administrative, engineering, and financing expenses;

2. the Executive Director (a) to take such action with respect to award of purchase or construction contracts for the foregoing project as he deems in the best interest of the Port Authority, including without limitation award to 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, rejection of all bids, solicitation of new bids on revised or the same requirements, or negotiation with one or more bidders or other contractors; and (b) to execute contracts and supplemental agreements with such bidders or contractors as he deems in the best interest of the Port Authority and to order extra work up to 10% of the price of each contract and supplemental agreement and to order net cost work; provided, however, that in no event shall the total of the contract payments under said contracts exceed the total amount of the contract payments and project contingency included in the foregoing project; the form of the contracts to be subject to the approval of General Counsel or his authorized representative; and

3. an increase in the maximum compensation to the professional engineering firm of Tibbetts, Abbett, McCarthy & Stratton (TAMS) for their portion of the design of the CTB modernization and improvement project, from \$1.8 million to \$3.0 million, to reflect substantial increases in project scope.

(Board - 10/8/87)

Newark International Airport - Taxi Dispatcher Service -
Contract Award

It was recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to award the contract titled Taxi Dispatcher Service at Newark International Airport to Tri-Way Security & Escort Service, Inc., the lowest qualified bidder from a select list at its estimated total contract price of \$687,602 for an estimated 55,500 hours of taxi dispatcher service per year. The contract provides for a one-year term effective October 26, 1987 with provision to extend for three additional one-year periods, on mutual agreement of the parties, and to adjust the contract price for each extension year on the basis of changes in the Consumer Price Index. It was further recommended that the Board authorize the Director of Aviation, at his discretion, to order additional services by the contractor during the initial contract year and during each extension year, if any, up to 15% of the total estimated contract price for each year, based upon the aforesaid number of hours of service.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is hereby authorized, for and on behalf of the Port Authority, to award the contract titled Taxi Dispatcher Service at Newark International Airport to Tri-Way Security & Escort Service, Inc., substantially in accordance with the terms set forth above; and it is further

RESOLVED, that the Director of General Services is authorized, for and on behalf of the Port Authority, at her discretion, and subject to mutual agreement of the parties, to extend the contract for three additional one-year periods with price adjustments as provided in the contract; 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 up to 15% of the total estimated contract price in the initial contract year and for each extension period; and it is further

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

(Board - 10/8/87)

**Newark International Airport - Terminals A and B Host
Services of New York, Inc. - Revisions to Lease AN-684**

It was recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into an agreement amending Lease AN-684, which covers the operation of food and beverage facilities in Terminals A and B at Newark International Airport. The amendment would provide for the renovation and expansion of the food and beverage facilities in Terminals A and B at a cost of approximately \$3.93 million, including the conversion of the single line cafeterias in the Main Concourse to a concept of multiple serving stations providing different kinds of food and beverages at each station, and the rehabilitation of the food and beverage facilities in the satellites at Terminals A and B, which have not been improved since they were opened in 1973. The Port Authority will continue to have the right to terminate the letting at any time, without cause, on 30 days' written notice to the lessee, and in such event the lessee would be reimbursed for the unamortized portion of the cost incurred for the renovation and expansion of the food and beverage facilities in Terminals A and B to the extent such cost does not initially exceed \$3.93 million. Reimbursement obligations previously incurred by the Port Authority under the lease will not be affected by the agreement.

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 amendment to Lease AN-684 with Host Services of New York, Inc. substantially in accordance with the terms and conditions set forth above, the form of the agreement to be subject to the approval of General Counsel or his designated representative.

(Board - 10/8/87)

**George Washington Bridge Bus Station - General Cleaning
Services - Contract PSE-482**

It was recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to award Contract PSE-482, George Washington Bridge Bus Station, General Cleaning, to Ogden Allied Building & Airport Services, Inc., the lowest qualified bidder as determined by public bid, for a two-year term commencing on or about December 15, 1987 at its bid price of \$1,250,881 with the Port Authority to have the right to extend the contract for one additional two-year period with the contract price during the extension period being subject to adjustment based upon mutually agreed upon increases related to labor and materials required to provide cleaning services during the extension period, as verified by audit.

It was also recommended that the Director of General Services be authorized to extend the contract for one additional two-year period as provided in the contract without further approval of the Board or any Committee, and that the Director of Tunnels, Bridges & Terminals be authorized to order extra work during the initial two-year period and during the extension period in an amount not to exceed 10% of the contract price for each such period.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director, for and on behalf of the Port Authority, is hereby authorized to award Contract PSE-482, George Washington Bridge Bus Station, General Cleaning, to Ogden Allied Building & Airport Services, Inc. for an initial two-year term effective on or about December 15, 1987 at its bid price of \$1,250,881; the Director of Tunnels, Bridges & Terminals, at his discretion, is hereby authorized to order extra work under the contract during the initial two-year term thereof in an amount not to exceed 10% of the contract price for such period; the Director of General Services is hereby authorized to extend the contract for one additional two-year period, and the Director of Tunnels, Bridges & Terminals is hereby authorized to order extra work during the extension period in an amount not to exceed 10% of the contract price agreed upon for such extension period, the form of the agreement to be subject to the approval of General Counsel or his designated representative.

(Board - 10/8/87)

**Regional Development Facility - The Columbia Biotechnology
Research Center - Port Authority Participation**

The New York Governor's Office has requested that the Port Authority undertake a regional development project in New York involving an amount not to exceed \$8.1 million of the construction of a building to house the Columbia University Biotechnology Research Center (the "regional development project"), with such amount to be allocated against moneys to be made available for such purposes in accordance with the June 1983 agreement of the Governor of the State of New York and the Governor of the State of New Jersey.

The Columbia University Biotechnical Research Center, in its first phase, is expected to consist of a research and development building for biotechnology uses and is to be approximately 110,000 square feet in size, with approximately 40% of the space expected to be dedicated to incubator use. The Center, which will be located on West 165th Street in Manhattan, New York, is to be constructed by Columbia University ("Columbia") pursuant to an arrangement with the New York State Urban Development Corporation ("UDC") and the New York City Public Development Corporation ("PDC"). The project is expected to cost \$22.1 million. Columbia will act as the developer while also adding to the financial participation of PDC, the City of New York (the "City") and the Port Authority (through UDC).

The regional development project would constitute a portion of the Regional Development Facility and, would, subject to any necessary or appropriate approvals or authorizations, be undertaken as a Port Authority industrial development project. As such, among other matters, an amendment to the master plan adopted on July 12, 1979, as amended, setting forth potential urban industrial park sites (the "Master Plan") to include the regional development project, and a municipal agreement with the City with respect to certain aspects of the regional development projects, including payments in lieu of taxes and applicability of local laws, would be required. Additionally, an agreement between the Port Authority and UDC (and other parties as necessary) will be required in connection with the Port Authority's undertaking of the regional development project. An amendment to the Master Plan, more fully describing the site and the project, therefore, is being prepared and will be submitted to the Committee on Port Planning for adoption.

With authorization of this regional development project, \$64,729,000 will remain available for regional development projects in the State of New York to be undertaken by the Port Authority from moneys to be made available in accordance with the Governors' June 1983 agreement.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Committee on Port Planning be and it hereby is authorized to: (1) adopt an amendment to the master plan adopted on July 12, 1979, as amended, setting forth potential urban industrial park sites, to include therein a site at West 165th Street, Manhattan, New York for the Columbia University Biotechnology Research Center (the "Center") and (2) authorize the Executive Director to enter into appropriate agreements with Columbia University, the New York State Urban Development Corporation, the City of New York, and the New York City Public Development Corporation or such other necessary or desirable parties in connection with Port Authority

(Board - 10/8/87)

effectuation of a regional development project, including provision, from funds to be made available for New York projects pursuant to the Governors' June 1983 agreement, for an amount not to exceed \$8.1 million of the construction of the Center, which shall constitute a portion of the Port Authority's Regional Development Facility, such agreements to include an agreement with the City of New York containing appropriate provisions with respect to payments in lieu of taxes and the applicability of any New York City laws, resolutions, ordinances, rules and regulations to this regional development project; and it is further

RESOLVED, that the form of each of such foregoing agreements shall be subject to approval of General Counsel or his designated representative.

(Board - 10/8/87)

Port Authority Industrial Park at Elizabeth - Contract of Sale with IKEA Property, Inc.

The Port Authority has received from IKEA Property, Inc. ("IKEA"), an offer to purchase an approximately 21.25 acre parcel shown as part of Tax Account No. 1-1440 on the Tax map of the City of Elizabeth, New Jersey and more particularly described and shown on a map designated EMT-S1-NJ, dated October 1, 1987. The Port Authority originally leased this property from the Central Railroad of New Jersey ("CNJ") during 1971 and 1972 and subsequently acquired it from Central Jersey Industries, Inc., successor to CNJ, pursuant to authorization of the Board at its meeting on February 14, 1980. No future use of the parcel for Port Authority use is contemplated and its sale as surplus property has been recommended by staff.

The proposed purchase price for the premises is \$3,718,750 and IKEA as purchaser will make a down payment to the Port Authority of 10% (\$371,875) upon signing of the contract of sale. IKEA will pay the balance of the purchase price, less a binder fee of \$50,000 previously paid to the Port Authority, at closing.

IKEA will be granted (and will pay to the Port Authority a fee or charge with respect to) an access easement between the property to be conveyed to IKEA and North Avenue East, a public street, and IKEA will be given the right to connect to utilities located on Port Authority property. The Port Authority will retain an access easement to enter upon and cross the property to be conveyed to IKEA to allow the Port Authority access to its drainage ditch, security fence and monitoring wells.

The Port Authority will be required, for a period not to exceed 20 years, to perform clean-up of existing site conditions as identified in all data generated and provided to New Jersey Department of Environmental Protection ("NJDEP") as of the date the property is conveyed to IKEA if so mandated by an appropriate regulatory agency or by court order up to a maximum cost of \$30 million. This responsibility would include performance of repairs by the Port Authority or reimbursement of costs incurred by IKEA due to damage to any improvement located on the property. The Port Authority's obligation will obtain only as long as IKEA retains ownership of the premises except that in case of initial third party financing, it shall extend to transferees of the lender (on foreclosure) so long as such transferees do not create any greater environmental risk on the premises. There will be no indemnification by the Port Authority of IKEA for its own or for third-party claims arising out of IKEA's occupancy of this site. Closing of title will be contingent upon the Port Authority's obtaining a letter of non-applicability from NJDEP with respect to the State's Environmental Cleanup Responsibility Act ("ECRA") and IKEA's securing of NJDEP's necessary permits.

IKEA is a subsidiary of IKEA Holding Overseas B.V., a 30-year-old firm with distribution outlets in seventeen countries throughout Europe and Canada. IKEA will be expected to construct a 275,000 square foot warehouse-type building on the premises to be used as its flagship distribution center and retail store for the metropolitan New York area. IKEA intends to operate this facility seven days a week with a staff of 250-300 employees commencing in the spring of 1989. The anticipated IKEA investment in this facility is approximately \$27 million. This project has the support of the City of Elizabeth and New Jersey Department of Commerce. The Port Department is currently working with IKEA on supplying three metropolitan area stores planned by IKEA through Port Elizabeth, which could generate 2,000-3,000 containers annually through the Port.

(Board - 10/8/87)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board

1. finds and determines that the parcel of real property hereafter described consisting of approximately 21.25 acres in the City of Elizabeth, County of Union and State of New Jersey, which was heretofore acquired by the Port Authority pursuant to its powers and authority, is no longer required for the purposes for which it was acquired;

All that lot, piece or parcel of land situated, lying and being in the City of Elizabeth, County of Union, State of New Jersey, which is bounded and described as follows:

Beginning at a point which is distant 1,618.04 feet measured northerly at right angles to the northerly line of North Avenue East (80 feet wide) and 121.00 feet measured easterly at right angles to the centerline of the Newark and Elizabeth Branch of the Central Railroad of New Jersey (now ConRail) and running:

1. N27°-29'-59"E 114.30 feet parallel with the aforesaid centerline of the Railroad to a point; thence

2. S62°-30'-01"E 5.00 feet parallel with the northerly line of North Avenue East to a point; thence

3. N27°-29'-59"E 2.00 feet parallel with the aforesaid centerline of the Railroad to a point; thence

4. N62°-30'-01"W 5.00 feet parallel with the northerly line of North Avenue East to a point; thence

5. N27°-29'-59"E 1568.00 feet parallel with the aforesaid centerline of the Railroad to a point; thence

6. S62°-30'-01"E 550.00 feet parallel with the northerly line of North Avenue East to a point; thence

7. S27°-29'-59"W 1,110.00 feet parallel with the centerline of the Railroad to a point; thence

8. N62°-30'-01"W 20.00 feet parallel with the northerly line of North Avenue East to a point; thence

9. S27°-29'-59"W 35.00 feet parallel with the centerline of the Railroad to a point; thence

10. S62°-30'-01"W 20.00 feet parallel with the northerly line of North Avenue East to a point; thence

11. S27°-29'-59"W 539.30 feet parallel with the centerline of the Railroad to a point; thence

12. N62°-30'-01"W 550.00 feet parallel with the northerly line of North Avenue East to the point and place of beginning.

(Board - 10/8/87)

All bearing set forth herein are in the New Jersey State Plane Coordinate System. Being part of a parcel of land acquired by The Port Authority of New York and New Jersey by Deed from Central Jersey Industries, Inc. dated March 4, 1980 and recorded on March 26, 1980 in the Office of the Union County Register in Book 3216, Page 412;

2. authorizes the Executive Director to enter into a contract to sell to IKEA Property, Inc., the above described parcel at the purchase price of \$3,718,750, together with and subject to continuing access easements between the parties and obligating the Port Authority to perform limited environmental clean-up on the site at a cost not to exceed \$30 million; and further authorizes the Executive Director to thereafter execute a deed of conveyance for said property;

3. authorizes that a map, designated EMT-S1-NJ, dated October 1, 1987, showing and describing the above described parcel be filed in the Office of the Secretary of the Port Authority, and directs the Chief Engineer of the Port Authority to execute a certificate to be annexed to said map stating the the real property shown on said map is no longer required for the purposes for which it was originally acquired; and

4. requires that all documents necessary to accomplish the aforesaid transaction be subject to approval as to form by General Counsel or his duly authorized representative.

(Board - 10/8/87)

**The World Trade Center - Contract WTC-399.01 - North and
South Tower Buildings and Below Grade Areas -
Maintenance Agreement - Elevators and Escalators -
Increase in Extra Work Authorization**

At its meeting on November 18, 1966, the Board authorized the award of Contract WTC-399.01, a five-year maintenance agreement, to Otis Elevator Company, a subsidiary of United Technologies, Inc., at an amount of \$665,000 exclusive of labor and material escalation. Subsequent Board, Committee and Executive Director authorizations extended the term of the agreement to fifteen years, from May 1978 until May 1993, and provided for extra work authorization in an amount equal to 10% of the annual escalated maintenance cost.

An increase in the extra work authorizations for 1986 and 1987 is necessary for the following reasons:

1. Increased repairs required due to vandalism to elevators and escalators.
2. In order to minimize inconvenience to tenants and patrons and to make more elevators available for service during regular business hours, more routine maintenance and repair work is being performed at the Port Authority's request during overtime hours. Under this arrangement, the Port Authority pays for this additional cost.
3. Participation by Otis in fire safety inspections not included in the maintenance agreement.
4. A major portion of the increase for 1987, \$80,000, is required to perform work for Dean Witter Reynolds, a major tenant in Two World Center. This amount, with appropriate overheads, is reimbursable from Dean Witter Reynolds.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that an increase in the extra work authorization under Contract WTC-399.01, Maintenance Agreement, Elevators and Escalators, from an amount of \$267,537 to an amount of \$307,537 for 1986 and from an amount of \$279,132 to an amount of \$415,132 for 1987 is authorized.

(Board - 10/8/87)

**The World Trade Center - Contract WTC-499.93 - Commodities
Exchange Center Ceiling - Award**

As a result of structural integrity surveys, it was determined that structural integrity enhancements are necessary in the Commodities Exchange Center in Four World Trade Center.

Contract WTC-499.93 provides for the furnishing and installation of hangers to re-support the existing Commodity Exchange Center's plaster ceiling over its trading floor.

Payment to the contractor under the contract will be on the basis of the actual material and labor costs, plus a fixed percentage for overhead and profit.

Proposals in relation to the fixed percentage for overhead and profit were solicited from a select list of six general contracting firms and are presently expected to be received on or about October 15, 1987.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to award Contract WTC-499.93, Commodities Exchange Center Ceiling to the lowest qualified contractor, who in his opinion is qualified by reason of responsibility, experience and capacity to perform the contract and whose proposal price the Executive Director deems reasonable, or to reject all proposals and negotiate with the lowest qualified contractor.

Whereupon, the meeting was adjourned.

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Friday, October 30, 1987

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MINUTES of special meeting of The Port Authority of New York and New Jersey held Friday, October 30, 1987 at the Port Authority offices, One World Trade Center, City, County and State of New York.

PRESENT:

NEW JERSEY

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

NEW YORK

William J. Ronan
James G. Hellmuth
Howard Schulman
John G. McGoldrick
H. Carl McCall

Stephen Berger, Executive Director
Patrick J. Falvey, General Counsel/Assistant Executive Director
Doris E. Landre, Secretary
Robert J. Aaronson, Director of Aviation
Sally Beneman, Administrative Assistant
Sidney J. Frigand, Assistant Executive Director/Government, Community & Public Affairs
Louis J. Gambaccini, Assistant Executive Director/Trans-Hudson Transportation
Charles L. Hirsch, Executive Assistant to the Executive Director
Richard R. Kelly, Director of Rail Transportation
James J. Kirk, Port Director
Phil LaRocco, Director of World Trade and Economic Development
Lillian C. Liburdi, Director of Management & Budget
Katharine B. MacKay, Assistant Executive Director/Administration
Hugh O'Neill, Assistant Executive Director/Policy Planning and Business Development
David Z. Plavin, Director of Aviation Redevelopment Programs
Martin E. Robins, Director of Planning and Development
Joseph L. Vanacore, Assistant Executive Director/Capital Programs
Barry Weintrob, Chief Financial Officer

The meeting was called to order by the Chairman.

The Secretary reported that the meeting was duly called in accordance with the By-Laws.

Report of Committee on Finance

The Committee on Finance submitted a report, for information, of action taken at its special meeting on October 30, 1987, and the report was received.

(Board - 10/30/87)

**Imported Automobile Marine Terminal - Greenville - Lease
with BMW of North America, Inc.**

It was recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into a lease with BMW of North America, Inc. at Greenville, Jersey City, New Jersey covering approximately 15.8 acres of vacant land for the construction and operation of a regional vehicle preparation center and a multi-level storage garage for an initial term commencing on the execution of the lease by the Port Authority and expiring on the day preceding the thirtieth anniversary of the date payment of rental commences. Rental is expected to commence no later than October 1, 1988, subject to postponement if at such time the Port Authority has not completed its obligation to construct the infrastructure which will enable the tenant to commence operations, including the construction of a berth, paved access from the berth to the premises, water, sewer, and storm drainage lines, and berth and channel dredging. The Port Authority will be required to maintain this infrastructure for the duration of the lease. The tenant will construct and install its own leasehold improvements and equipment. The Port Authority will pay an amount not to exceed \$15 million toward the cost of this work. The tenant will pay a land rental at the rate of approximately \$395,000 per year subject to escalation and will pay dockage and wharfage charges on at least 30,000 cars each year at the rate of \$7.25 per car subject to escalation. The tenant will be entitled to a credit against its land rental obligations in an amount not to exceed \$100,000 toward the cost of clearing the site of debris and vegetation. In addition the tenant will also be entitled to a credit against the dockage and wharfage rate for each car in excess of 40,000 vehicles discharged to the Facility and 50% for each car in excess of 45,000 vehicles discharged to the Facility. The tenant will also pay a facility rental over a 30-year period in an amount sufficient to recover the amount paid by the Port Authority to the tenant for improvements.

The lease will provide the tenant with the right of assignment so long as the assignee meets certain criteria as determined by the Port Authority including financial responsibility and integrity and will use the premises for an eligible marine terminal purpose. Upon such assignment the tenant will be relieved of its obligations under the lease. The tenant will also have the right to extend the term of the lease for an additional fifteen-year period at market rentals.

If the tenant shows the Port Authority prior to December 31, 1987 that environmental cleanup is required, the Port Authority will be obligated to perform environmental cleanup work on the site at a cost not to exceed \$750,000, an amount which, if expended, would not impair the financial integrity of the project. If the estimated cost of such cleanup exceeds that amount, the Port Authority may terminate the lease.

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 a lease with BMW of North America, Inc. substantially in accordance with the terms and conditions set forth above, the form of the agreement to be subject to the approval of General Counsel or his designated representative.

(Board - 10/30/87)

**Passenger Ship Terminal - Pier 40 - Repair of Piles -
Approval of Award of Contract PST-110.012 - and
Authorization of Supplemental Agreement No. 1**

The existing steel piles, which support Pier 40 at the Passenger Ship Terminal, have seriously deteriorated. Repairs are deemed critical by staff to prevent further deterioration of the pier and to protect public safety.

Pier 40 is approximately 640,000 square feet in area and was constructed by New York City around 1960; the Port Authority leased Pier 40 and additional piers for the Passenger Ship Terminal from the City in the early 1970's. The area occupied by Pier 40, except for the Port Authority's interest, was acquired by New York State in a condemnation proceeding in 1981. The structure consists generally of a concrete deck supported on roughly 3,600 steel piles. In 1984, the Port Authority retained Parsons, Brinckerhoff, Quade & Douglas (PBQ&D) to inspect Pier 40, whose findings were noted in PBQ&D's spring 1985 report. As a result of findings of corrosion of certain of the steel piles, the pier's allowable live load was downgraded from 600 pounds per square foot (original design) to 300 pounds per square foot. PBQ&D was again retained to perform a follow-up inspection in 1987. This inspection revealed considerable further corrosion of the steel piles, which resulted in a recommendation from PBQ&D that the pier be closed. Accordingly on August 29, 1987, Pier 40 was effectively closed. Since there was still the danger of possible collapse because of the continued corrosion of the piles, staff deemed it essential that repairs begin immediately.

On September 22, 1987, at the Policy Review meeting in preparation for the October Board Meeting, the Commissioners verbally approved proposed action to be taken by the Chief Engineer for the repair of piles at Pier 40. The Chief Engineer authorized award of a contract for pile repairs to Spearin, Preston & Burrows, Inc. (SPB). SPB has wide experience in this type of construction and had the necessary labor and equipment to begin construction immediately. Repair operations were commenced on September 28, 1987.

On October 8, 1987, at Executive Session for the October Board Meeting, the Commissioners were updated on the status of the pile repairs at Pier 40.

On October 28, 1987, the Executive Director approved the action of the Chief Engineer in awarding Contract PST-110.012 to SPB.

The contractor's compensation under Contract PST-110.012 consists of the net cost of labor, materials, equipment and related expenses required to perform the work, plus a fee as follows:

1. for work performed by the contractor - a fee of 20% (for overhead and profit);
- and
2. for work performed by a subcontractor - a fee of 7% (for the contractor's overhead and profit) plus a separate fee (for the subcontractor's overhead and profit) to be negotiated and subject to the approval of the Chief Engineer.

It is expected that repair of all 3,600 piles will be required. Staff presently estimates the cost of repairing all the piles at Pier 40 at roughly \$5.8 million.

(Board - 10/30/87)

In order to expedite the necessary repairs, various modifications to Contract PST-110.012 are being considered. Supplemental Agreement No. 1, to incorporate any such modifications, may provide for a bonus to the contractor for completion of the work earlier than provided in the contract, a guaranteed maximum price for the work, and a per pile unit price for the work. It is not expected at present that these modifications will increase the contractor's compensation under Contract PST-110.012.

It is presently anticipated that future contracts will be required to provide for restoration of the cathodic protection system and to provide a protective coating for the piles, for which appropriate authorization will be sought as required. Staff presently estimates that this work will cost roughly \$3 million.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the action of the Executive Director in authorizing the award of Contract PST-110.012, Repair of Piles, to Spearin, Preston & Burrows, Inc. is approved; and it is further

RESOLVED, that the Executive Director is authorized, in his discretion, to enter into Supplemental Agreement No. 1 to Contract PST-110.012; and it is further

RESOLVED, that the form of the aforementioned Supplemental Agreement is subject to the approval of General Counsel or his authorized representative.

Whereupon, the meeting was adjourned.

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Thursday, November 12, 1987

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MINUTES of meeting of The Port Authority of New York and New Jersey held Thursday, November 12, 1987 at the Port Authority offices, One World Trade Center, City, County and State of New York.

PRESENT:

NEW JERSEY

Philip D. Kaltenbacher, Chairman
 Jerry Fitzgerald English
 William K. Hutchison
 Henry F. Henderson, Jr.
 Robert Van Buren

NEW YORK

Robert F. Wagner, Vice-Chairman
 William J. Ronan
 James G. Hellmuth
 John G. McGoldrick

Stephen Berger, Executive Director
 Patrick J. Falvey, General Counsel/Assistant Executive Director
 Doris E. Landre, Secretary
 Anthony J. Barber, Director of Tunnels, Bridges and Terminals
 Sally Beneman, Administrative Assistant
 Henry I. DeGeneste, Deputy Director of Public Safety
 Dorothy Dugger, Deputy Director, Government, Community and Public Affairs
 Louis J. Gambaccini, Assistant Executive Director/Trans Hudson Transportation
 Gene C. Gill, Director of General Services
 Francis A. Gorman, Comptroller
 John E. Hauptert, Treasurer
 Charles L. Hirsch, Executive Assistant to the Executive Director
 Richard R. Kelly, Director of Rail Transportation
 Phil LaRocco, Director of World Trade and Economic Development
 Donald R. Lee, Director of Audit
 Lillian C. Liburdi, Director of Management & Budget
 Katherine B. MacKay, Assistant Executive Director/Administration
 Mark Marchese, Assistant Director, Information Services, Government, Community & 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, Director of Aviation Redevelopment Programs
 Rosemary Scanlon, Assistant Director/Chief Economist, Planning and Development
 Lloyd Schwalb, Supervising Information Officer, Government, Community & Public Affairs
 Morris Sloane, Director of Aviation Operations
 Victor T. Strom, Director of Public Safety
 Joseph L. Vanacore, Assistant Executive Director/Capital Programs
 Barry Weintrob, Chief Financial Officer

The meeting was called to order by the Chairman.

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of October 8, 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 has expired.

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 November 12, 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 November 12, 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 November 12, 1987, 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 November 12, 1987, in addition to the matters separately reported to the Board of Commissioners at this meeting of the Board, and the report was received.

Port Newark - Lease with Jaguar Cars, Inc.

It was recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into a lease with Jaguar Cars, Inc. at Port Newark, covering approximately 115,090 square feet in Building 139 and 148, 104 square feet of adjacent open area to be used for the preparation and storage of cars prior to dealer delivery. The term of the lease would be for approximately two years, commencing on or about January 1, 1988. The tenant would pay a rental at the rate of \$253,588 per year, and it is anticipated that the tenant will invest approximately \$60,000 in leasehold improvements.

Jaguar Cars, Inc. is an American subsidiary of Jaguar Company Ltd., a British luxury automobile manufacturer which imports approximately 26,000 cars to the United States annually. Recently Jaguar Cars, Inc. decided to process its vehicles through its own facility. The tenant will lease the subject space as an interim location while it is in the process of planning a new vehicle preparation center. Staff is currently working with Jaguar to identify a site within the Port District for its permanent location. The lease will provide the tenant with the right to terminate the letting on 90 days' prior written notice in the event an agreement for a permanent location within the Port District is reached with the Port Authority.

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 a lease with Jaguar Cars, Inc. at Port Newark substantially in accordance with the terms outlined above, the form of the agreement to be subject to the approval of General Counsel or his designated representative.

(Board - 11/12/87)

**Brooklyn - Port Authority Marine Terminal - Lease with All
Marine Surveys, Ltd.**

It was recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into a lease with All Marine Surveys, Ltd., covering the berthing of ships assigned to the Joint Maritime Administration Naval Ready Reserve Force Program at Pier 6, Brooklyn-Port Authority Marine Terminal, for a term of approximately three years and three months commencing December 1, 1987. The tenant will pay a rental at the rate of \$400,000 per year, subject to annual escalation. The tenant will construct electrical improvements to the Facility at a cost of approximately \$200,000.

The lease will provide the Port Authority with the right to terminate the letting on each anniversary of the commencement date upon 90 days' prior written notice. The tenant will have the right to terminate the letting on each anniversary upon 30 days' prior written notice to the Port Authority.

All Marine Surveys, Ltd. is a civilian pier agent which successfully bid for a contract awarded by the Navy/Maritime Administration to locate and secure berths for the ships of the Ready Reserve Force. The Port Authority, by entering into this lease, will continue to provide berthing for the only ships of the Ready Reserve Force within the Port of New York/New Jersey, while achieving current rental rates for the leased berths.

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 a lease with All Marine Surveys, Ltd. at the Brooklyn-Port Authority Marine Terminal, substantially in accordance with the terms and conditions outlined above, the form of the agreement to be subject to the approval of the General Counsel or his designated representative.

**Freight Services Improvement Conference - Continuation of
Port Authority Participation - Agreement with the States
of New York and New Jersey**

The Board, at its meeting on March 12, 1981, authorized the Executive Director to enter into an agreement with New York and New Jersey which created the Freight Services Improvement Conference (FSIC). The FSIC is a public/private sector research, planning and advocacy organization for improved freight transportation in the New York/New Jersey region. The FSIC was mandated to identify problems experienced by the region's truck, rail, air and marine sectors and to advocate and organize support for alleviating those problems. It is jointly funded and staffed by its three sponsoring agencies and receives overall direction from a steering committee comprised of an Assistant Commissioner of Transportation from each state and the Director of Planning and Development of the Port Authority. The most recent in a series of Board authorizations to continue the Port Authority's participation occurred at the December 11, 1986 meeting when the Board authorized \$344,000 for FSIC expenses through June 30, 1987.

New York State and New Jersey will contribute \$87,500 and \$67,500 respectively for the period from July 1, 1987 through June 30, 1988. The Port Authority's share of the expenses is estimated at \$369,500, which will be used for personal services for a total of four full-time employees, and materials and services in support of the FSIC work program.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to enter into a new agreement with the States of New York and New Jersey under which the Port Authority will continue its participation in the Freight Services Improvement Conference for the period July 1, 1987 to June 30, 1988 at a total estimated cost of \$369,500; and it is further

RESOLVED, that the Executive Director is authorized to enter into additional new agreements with the States of New York and New Jersey or to amend the new agreement to continue the Port Authority's participation in the Freight Services Improvement Conference at amounts to be provided in the annual budget; and it is further

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

Port Authority Industrial Park at Yonkers - Award of Contracts

The Board has authorized a project for the development of an Industrial Park at Yonkers at a total estimated project cost of \$51 million. Following evaluation of the condition of buildings at the park site, improvements to the facility were recommended in order to provide code-conforming life, health and safety, and property protective measures, to upgrade the aged and poorly maintained systems and structures and to introduce a series of operational improvements which would make the Industrial Park more efficient and more marketable.

Contract YIP-240.022 provides for the replacement and upgrading of existing electrical distribution equipment and electrical cable which brings power from the Central Power Plant (Building 5) to Buildings 1, 2 and 4 and for related mechanical and general construction.

The contract also provides for upgrading the grounding system including providing additional ground rods and making additional connections to the buildings' structural steel, all on a net cost basis presently estimated at roughly \$10,000.

The contract requires 20% Minority Business Enterprise participation and 5% Women's Business Enterprise participation in the work of the contract.

Bids were solicited by public advertisement. The low bid was submitted by Cucinell Electric Co. Inc., which was determined to be qualified to perform the work by the Chief Engineer.

The remaining contracts for the project provide for the completion of the remaining improvements necessary to the development of the Industrial Park as authorized by the Board.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to award Contract YIP-240.022 to Cucinell Electric Co. Inc., the low bidder, in the amount of \$1,277,000, to order extra work up to the amount of \$130,000 and to order net cost work; and it is further

RESOLVED, that the Executive Director is authorized to take such action with respect to the award of the remaining purchase or construction contracts for the Port Authority Industrial Park at Yonkers project as he deems in the best interest of the Port Authority including without limitation; (a) award to 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; (b) rejection of all bids; (c) solicitation of new bids on the basis of revised requirements or the same requirements; and (d) negotiation with one or more bidders or other contractors; and to execute contracts and supplemental agreements with such bidders or contractors as he deems in the best interest of the Port Authority and to order extra work and net cost work; provided, however, that in no event shall the total amount of the contract payments under said contracts exceed the total amount of the contract payments included in the foregoing project; and it is further

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

**The World Trade Center - One and Two World Trade Center
Lobbies/Mezzanines - Change in Limits of Counter
Occupancies**

A request has been received for permission to install three additional counters in the lobby of One World Trade Center, which would increase occupancy of counters to 5.8% of the net floor area. The existing counters in the lobby of One World Trade Center occupy 5% of the net floor area, consistent with the New York City Building Code, which limits such occupancies to 5% of the net floor area. The counters in Two World Trade Center occupy less than 5% of the net floor area.

In addition to satisfying the current request for the installation of additional counters in the lobby of One World Trade Center, an increase to 10% in the limit of lobby and mezzanine space that can be used for counter occupancy would permit optimum use of lobby space for services to building occupants as well as more productive use of mezzanine space.

Staff has performed a life safety analysis for the lobbies of One and Two World Trade Center and has concluded that the vast size of the lobbies in conjunction with existing safety conditions, facilities and procedures ensure that the present level of protection of egress will not be diminished by an increase of counter occupancies of up to 10% of the net floor area.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorizes an increase from 5% to 10% in the limit of the net floor area of each of the lobbies/mezzanines of One and Two World Trade Center that can be used for the installation of counters or similar occupancies.

The World Trade Center - Contract WTC-137 - Maintenance Painting - Award

Contract WTC-137 requires the contractor to furnish materials and labor to tape and spackle, paint, and install wall covering as required to interior walls, ceilings, doors, stairwells, etc., for the Port Authority and tenants for One and Two World Trade Center, the Northeast and Southeast Plaza Buildings and Below Grade area.

The term of the contract is two years commencing January 1, 1988, with Port Authority options to extend the term for two additional two-year periods. If the Port Authority elects to exercise its option(s) to extend this contract, escalation would be applied to Classified Work in accordance with the applicable Chemical and Allied Product Index and changes in the Straight Time Hourly Labor Cost pursuant to union agreement.

Staff solicited the interest and reviewed the qualifications of sixteen minority contractors identified from the Office of Minority Business Development's list of Minority Business Enterprise painting contractors. Fine Painting & Decorating Co., Inc. was determined to be the only contractor qualified by reason of responsibility, experience and capacity to perform this contract.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to award Contract WTC-137-Maintenance Painting to Fine Painting & Decorating Co., Inc., of Orange, New Jersey, a minority contractor, at its bid price in the estimated total amount of \$1,924,580 exclusive of escalation; and it is further

RESOLVED, that the Executive Director is authorized, in his discretion, to exercise the Port Authority's options to extend the term of the contract for two additional two-year periods; and it is further

RESOLVED, that the form of the foregoing exercise of option(s) is subject to the approval of General Counsel or his authorized representative.

The Teleport - Lease Agreement with Telehouse International Corporation of America

It was recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into negotiations with TELEHOUSE International Corporation of America on a lease agreement initially covering approximately nine acres of land at the Teleport for an initial term of approximately 36 years for the construction and operation of a speculative data center/office building, containing approximately 160,000 square feet, with the Tenant to have the right during a period which will expire on or about October 31, 1990, to lease an additional approximately seven acres to expand the data center/office building by approximately 140,000 square feet; and that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into a lease with TELEHOUSE International Corporation of America based on such negotiations.

The arrangement agreed to contemplates an annual site rental at the rate of approximately \$620,000 per year plus a basic operating expense rental at the rate of approximately \$310,000 per year. In addition, the Tenant will also pay additional operating expenses rental based upon its proportionate share of the actual increases of common Teleport operation and maintenance expenses. Unless additional capital investments are made by the Port Authority for Teleport infrastructure improvements, the site rental will be discontinued at the conclusion of the thirtieth anniversary of the lease. The Tenant will have the right to transfer, assign or sublet the premises to third parties and to mortgage the leasehold. Among the other matters to be included in the agreement will be the extent of the Port Authority's site preparation obligations, if any. Electricity will be provided at a rate equivalent to 115% of the Port Authority's direct expenses in connection with the purchase of such power.

The material terms of any arrangement finally agreed to would be subject to approval by the Mayor of the City of New York in accordance with the applicable provisions of the City's Lease with the Port Authority.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into negotiations with TELEHOUSE International Corporation of America on a lease agreement initially covering approximately nine acres of land at the Teleport, and to enter into a lease based thereon, substantially in accordance with the terms and conditions outlined above, the form of agreement finally agreed upon to be subject to the approval of General Counsel or his designated representative.

(Board - 11/12/87)

Kennedy International Airport - Central Heating and Refrigeration Plant - Replacement of Absorption Chillers - Project Authorization

In order to ensure that sufficient cooling capacity is available from the Central Heating and Refrigeration Plant, which supplies chilled water to buildings in the Central Terminal Area unit terminals at Kennedy International Airport, it is necessary to begin a program to replace the existing absorption chillers. The chillers are between 20 and 30 years old and are approaching the end of their useful lives. The earliest time that new units could come on line is the summer of 1989 cooling season, since a long lead time is required for fabrication of the units.

The Port Authority plans to purchase three electric driven centrifugal chillers for installation in the Central Heating and Refrigeration Plant at Kennedy International Airport.

Under separate contract(s), the existing sixteen absorption chillers will be removed, the building will be prepared for the installation of the three new units and associated controls and piping will be installed and substation modifications will be performed.

A portion of the work will include the removal of asbestos insulation. Provision is being made in the contract(s) for the performance of certain modifications that may be required to controls and appurtenances on a net cost basis, presently estimated at roughly \$100,000.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorizes: (1) a project at Kennedy International Airport to provide for the purchase and installation of three electric driven centrifugal chillers for the Central Heating and Refrigeration Plant at a total expenditure not to exceed \$6.7 million, including payments to contractors, allowances for extra work and net cost work, and engineering, administrative and financing expenses and a project contingency; and (2) the Executive Director to: (a) take such action with respect to award of purchase or construction contracts for the foregoing project as he deems in the best interest of the Port Authority, including without limitation award to 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, rejection of all bids, solicitation of new bids on revised or the same requirements, or negotiation with one or more bidders or other contractors; and (b) execute contracts and supplemental agreements with such bidders or 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 contract, including supplemental agreements thereto; and it is further

RESOLVED, that the form of said contracts and agreements are to be subject to the approval of General Counsel or his authorized representative.

(Board - 11/12/87)

**Kennedy International Airport - International Arrivals
Building and Wing Buildings Canopies Rehabilitation
Contract JFK-457A - Award**

Contract JFK-457A provides for the rehabilitation of the structural steel members and decking and replacement of the existing roofing, soffits and trim at the International Arrivals Building (IAB) at Kennedy International Airport. It also includes related work involving repairs of canopy drains and replacement of light fixtures.

Contract JFK-457, for reroofing the canopies of the IAB, was bid in late 1984. One bid was received which was significantly higher than the Engineer's Estimate and staff deemed it prudent to reject the bid. The contract was rebid as Contract JFK-457A; but prior to the date for receipt of bids a vehicle struck the canopies, revealing previously hidden deterioration of the structure. Various repair alternates were considered in detail; and ultimately it was decided to perform a general rehabilitation of the canopies, including structural and other repairs in addition to the reroofing provided for originally in Contract JFK-457A.

Contract JFK-457A also provides for Minority Business Enterprise and Women's Business Enterprise good faith participation of 12% and 2% respectively.

In addition, the contract contains Net Cost Work presently estimated at roughly \$200,000 for maintenance of traffic and work area protection and removal and replacement of existing deteriorated steel decking and structural steel in addition to those areas shown.

The contract also provides that a portion of the work will be performed during nighttime hours in order to minimize inconvenience to the public and interference with essential facility operations.

Contract JFK-457A was publicly advertised and bids were received on October 27, 1987. The low bid was submitted by Kornas Construction Corp., which was determined by the Chief Engineer to be qualified to perform the contract.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to award Contract JFK-457A, International Arrivals Building, Canopies Rehabilitation to Kornas Construction Corp., the low bidder, at its bid price in the amount of \$1,292,000, to order extra work up to the amount of \$130,000 and to order net cost work.

(Board - 11/12/87)

Kennedy International Airport - Central Heating and Refrigeration Plant - Replacement of Hot Water Generators 2 and 3 - Project Authorization and Award of Purchase and Installation Contracts

As part of an overall program to ensure that sufficient heating and cooling capacity is available at Kennedy International Airport, a program for upgrading and replacement of key elements of the systems at the Central Heating and Refrigeration Plant (CH&RP) was developed. Presently, of the six hot water generators at the Plant, hot water generators 1 and 4 are being replaced and will be available for service in early 1988. Of the four remaining units, hot water generators 2 and 3 have been identified to require replacement in time for the 1988-89 heating season. Due to the long lead time for fabrication (up to seven months), immediate action is needed to ensure the units are available.

It was originally anticipated that an interim maintenance/ rehabilitation program would serve to assure the existing units' continued reliability. However, upon further review of the cost associated with this option, it was deemed by staff to be more cost effective to proceed with immediate replacement of the units.

Under separate contract(s), hot water generators 2 and 3 will be removed, the building will be prepared for installation of the two units and associated controls and piping will be installed. A portion of the work will include the removal of asbestos insulation. Provision is being made in the contract(s) for the performance of certain modifications to controls and appurtenances that may be required, on a net cost basis, presently estimated at roughly \$80,000.

Since the timing of the installation is critical in order to ensure that sufficient plant capacity is available for the 1988/89 heating season, bids for the installation contract will be solicited from a list of contractors who, as determined by the Chief Engineer, have the experience, capability and equipment available to perform the work in a timely manner. The Port Authority will purchase the two hot water generators to be installed.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize: (1) a project at Kennedy International Airport to provide for the purchase and installation of two hot water generators for the Central Heating and Refrigeration Plant (CH&RP) in the Central Terminal Area at a total expenditure not to exceed \$3.9 million, including payment to contractors, allowances for extra work and engineering, administrative and financing expenses and a project contingency; and (2) the Executive Director to: (a) take such action with respect to award of purchase or construction contracts for the foregoing project as he deems in the best interest of the Port Authority, including without limitation award to 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, rejection of all bids, solicitation of new bids on revised or the same requirements, or negotiation with one or more bidders or other contractors; and (b) execute contracts and supplemental agreements with such bidders or 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 contract including supplemental agreements thereto; and it is further

RESOLVED, that the form of said contracts and agreements to be subject to the approval of General Counsel or his authorized representative.

**Kennedy International Airport - International Arrivals and
Airline Wing Buildings - Operation and Maintenance of
Loading Bridges and Plane Mates and Crew Bus Services -
Award of Contract AYB-856**

The term of the agreement with the current contractor, Servair Maintenance, Inc., for performance of operation and maintenance of Loading Bridges and Plane Mates and providing crew bus services at Kennedy International Airport, expires on January 31, 1988. By award of proposed new Contract AYB-856, continuity will be maintained for critical operation.

Based on experience with the current contract, technical expertise and quality of work performed was emphasized in the preparation of a Request for Proposals. This was done to ensure the availability of quality personnel to staff the maintenance, operations and supervisory functions at wage rates commensurate with those paid by others in the industry. The Request for Proposals was publicly advertised on July 29, August 1, and on August 10, 1987. Requests for Proposals were mailed to six contractors. Four proposals were received on September 25, 1987.

A two-phased evaluation process was used. Proposals were first evaluated on technical content which included the proposer's recommendations for staffing and quality assurance program. Proposed prices were then evaluated and the final contract negotiated. The evaluation team was comprised of members from Aviation, Finance, and General Services Departments, and the airlines were represented by the Director of the Kennedy International Airport Terminal Association (KIATA) who provided input to the process. The evaluation team selected Hudson General Corporation.

Contract AYB-856 will require the contractor to perform operations and maintenance on the passenger Loading Bridges and Plane Mates at the International Arrivals and Airline Wing Buildings and to provide crew bus service for airline crews departing from or arriving at remote aircraft gates. The contract will provide for a three-year term beginning on or about January 11, 1988, subject to termination by the Port Authority on 30 days written notice. The Port Authority will have options to renew the contract on the same terms and conditions for two one-year periods.

The estimated contract price for the initial term is \$10.7 million. Compensation for net cost work and additional services which may be required during this period is estimated at \$1.5 million and \$1.2 million respectively. The Contract also provides for escalation based upon increased costs of performance for the option periods.

At a future meeting of the Board, authorization will be requested to replace the existing Loading Bridges with new ones. The scope of the replacement contract will include a five-year maintenance obligation by the manufacturer of the new bridges. Contract AYB-856 provides for a potential decrease in scope and compensation which is compatible with the replacement of existing bridges with new ones. It is also anticipated that authorization will be requested at a future Board meeting to purchase an estimated three additional Plane Mates.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize: (1) the Executive Director to award Contract AYB-856. Operation and Maintenance of Loading Bridges and Plane Mates and Crew Bus Services to Hudson General Corporation for a three-year term at the estimated contract price of \$10.7 million, exclusive of an estimated \$1.5 million for net cost work, the form of the contract to be subject to the approval of General Counsel or his authorized representative; (2) the Director of Aviation to order additional services under Contract AYB-856 up to 10% of the total of the estimated contract price and estimated net cost work; and (3) the Director of General Services to extend Contract AYB-856 for two additional one-year terms, as provided in the contract, and the Director of Aviation to authorize the expenditure for additional service up to 10% of the total of the estimated contract price and the estimated net cost work for each extension period.

**Kennedy International Airport Retention of Design
Architectural/Engineering Services for the JFK
Redevelopment Program**

Over the past year, an interdepartmental group established by the Director of Aviation has made recommendations concerning the type of organization best suited to successfully undertake the JFK Redevelopment Program. It was assumed that large amounts of the work would be performed by outside services. The group recommended that the Port Authority maintain control and direction of the work through a nucleus of Port Authority staff. Currently this nucleus organizational framework is in place. It consists of a Program Director, an Assistant Program Director for Administration and three senior Assistant Program Directors (Planning, Design and Construction) to provide direction and management oversight to the total JFK Redevelopment Program effort. At this time it is envisioned that the nucleus team, with the assistance of several senior level Port Authority staff members and advice from other departments, will provide the necessary overall direction and broad management coordination required. Under the direction of the executive team, the routine general coordination management of the major functional areas will be performed by the professional firms for which this authorization is sought and also other such firms as appropriate.

To implement the project plan and to advance the project, it is necessary to retain the Design Architectural/Engineering Services firm of Tippetts-Abbett-McCarthy-Stratton/Seelye Stevenson Value and Knecht now so that the Program Architect can be supported with needed engineering expertise and incidental architectural services leading to the preparation of contract documents.

The Design Architect/Engineer will be responsible for providing engineering and incidental architectural support services to the Program Architect through the conceptual, schematic, and design development phases of the design process. He will be responsible for providing all services necessary for the production of contract documents and follow-up design services during the construction phase. He will direct production of the design documents and specific segments of the conceptual, schematic, and design development phases, to be determined by the Program Architect and the Assistant Program Director/Design. The Port Authority will reserve the right to assign specific parts of the work to others.

On September 18, 1987, a notice of a Request for Proposal for firms interested in providing Design Architect/Engineering Services was placed in regional newspapers and a national technical magazine. On October 19, 1987, ten proposals were received. After review of the proposals, an interdepartmental review board selected Tippetts-Abbett-McCarthy-Stratton/Seelye Stevenson Value and Knecht to provide design architectural/engineering services.

The contract will provide for compensation based on actual salaries paid (time card), plus multiplier, plus out-of-pocket expenses and will contain an Minority Business Enterprise participation requirement that the firm make every good faith effort to meet an overall goal of at least 15% Minority Business Enterprise and Women's Business Enterprise participation of which, at least 10% must be Minority Business Enterprises.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director to enter into an agreement with Tippets-Abbott-McCarthy-Stratton/Seelye Stevenson Value and Knecht to perform professional services in connection with Design Architectural/ Engineering Services; and it is further

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

**Kennedy International Airport - Retention of Construction
Management Support Services for the JFK Redevelopment
Program**

Over the past year, an interdepartmental group established by the Director of Aviation has made recommendations concerning the type of organization best suited to successfully undertake the JFK Redevelopment Program. It was assumed that large amounts of the work would be performed through services performed by outside firms. The group recommended that the Port Authority maintain control and direction of the work through a nucleus of Port Authority staff. Currently this nucleus organizational framework is in place. It consists of a Program Director, an Assistant Program Director for Administration and three senior Assistant Program Directors (Planning, Design and Construction) to provide direction and management oversight to the total JFK Redevelopment Program effort. At this time it is envisioned that the nucleus team, with the assistance of several senior level Port Authority staff members and advice from other departments, will provide the necessary overall direction and broad management coordination required. Under the direction of the executive team, the routine general coordination management of the major functional areas will be performed by the professional firms as appropriate.

Authorization to retain a Program Architect and a Program Manager was provided by previous Board action. Authorization for retention of Design Architectural/Engineering Services is being sought under a separate authorization at the November Board meeting. In addition to this request for authorization to retain a Construction Manager, a request for authorization to retain a Planner will be forthcoming in the near future. Interim Planning Support Services are being provided on a call-in basis utilizing a previous authorization.

The Construction Manager will assist the Port Authority to achieve quality construction and timely completion in connection with all construction aspects of the Redevelopment Program. Among other duties the Construction Manager will be charged with monitoring of contractors' schedules and contract costs, assisting the Authority in coordinating all aspects of construction, and inspecting construction to assure conformance to the contract drawings and specifications.

On September 25, 1987, a notice of a Request for Proposals for firms interested in providing construction management support services was placed in regional newspapers and national technical magazines. On October 23, 1987, five proposals were received. After review of the proposals an interdepartmental review board selected Bechtel Civil, Inc. to provide construction management support services for the JFK Redevelopment Program. Bechtel Civil, Inc. intends to utilize the services of Tishman Construction Corporation of New York as a subconsultant.

The contract will provide for compensation based on actual salaries paid (time card), plus multiplier, plus out-of-pocket expenses and will contain a Minority Business Enterprise participation requirement that the contractor make every good faith effort to meet an overall goal of at least 15% Minority Business Enterprise and Women's Business Enterprise participation, of which at least 10% must be by Minority Business Enterprises.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director, to enter into an agreement with Bechtel Civil, Inc. to perform construction management support services for the JFK Redevelopment Program; and it is further

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

**Kennedy International Airport - Agreement with British Airways,
PLC - British Airways Unit Terminal - Architectural and
Engineering Design Costs**

It was recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into an agreement with British Airways, PLC whereby the Port Authority would be obligated to reimburse British Airways 50% of the cost of certain architectural and engineering work performed in connection with a planned \$75 million renovation and expansion of the British Airways' Unit Terminal at Kennedy International Airport, up to a maximum of \$2 million, in the event negotiations between British Airways and the Port Authority for a new lease covering occupancy of the British Airways' Unit Terminal at Kennedy International Airport after December 31, 1994, should fail.

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 with British Airways, PLC substantially on the terms set forth above; the form of such agreement to be subject to the approval of General Counsel or his designated representative.

Whereupon, the meeting was adjourned.

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Thursday, December 10, 1987

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MINUTES of meeting of The Port Authority of New York and New Jersey held Thursday, December 10, 1987 at the Port Authority offices, One World Trade Center, City, County and State of New York.

PRESENT:

NEW JERSEY

Philip D. Kaltenbacher, Chairman
William K. Hutchison
Henry F. Henderson, Jr.
Robert Van Buren

NEW YORK

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

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
Sally Beneman, Administrative Assistant
Regina L. Bryde, Administrative Assistant
Henry I. DeGeneste, Deputy Director of Public Safety
Eugene J. Fasullo, Deputy Director of Engineering/Deputy Chief Engineer
Sidney J. Frigand, Assistant Executive Director/Government, Community & Public Affairs
Louis J. Gambaccini, Assistant Executive Director/Trans Hudson Transportation
Gene C. Gill, Director of General Services
Francis A. Gorman, Comptroller
John E. Hauptert, 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
Phil LaRocco, Director of World Trade and Economic Development
Donald R. Lee, Director of Audit
Lillian C. Liburdi, Director of Management & Budget
Katherine B. MacKay, Assistant Executive Director/Administration
Mark Marchese, Assistant Director, Information Services, Government, Community & Public Affairs
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
Martin E. Robins, Director of Planning and Development
Morris Sloane, Director of Aviation Operations
Victor T. Strom, Director of Public Safety
Joseph L. Vanacore, Assistant Executive Director/Capital Programs
Barry Weintrob, Chief Financial Officer
Marvin E. Weiss, Director, Office of Minority Business Development

The meeting was called to order by the Chairman.

Action on Minutes

The Secretary submitted for approval Minutes of the meetings of October 30 and November 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 has expired.

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 December 10, 1987, in addition to matters filed with the Committee pursuant to Board action or 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 December 10, 1987, in addition to matters filed with the Committee pursuant to Board action or 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 December 10, 1987, in addition to matters filed with the Committee pursuant to Board action or separately reported to the Board of Commissioners at this meeting of the Board, and the report was received.

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Report of Committee on Port Planning

The Committee on Port Planning submitted a report, for information, of action taken at its meeting on December 10, 1987, in addition to matters filed with the Committee pursuant to Board action or separately reported to the Board of Commissioners at this meeting of the Board, and the report was received.

(Board - 12/10/87)

The Minute on Page 551 to Page 559 has been withdrawn.

(Board - 12/10/87)

Authorization to Provide Partial Funding for a Staten Island Arterial Needs Study

In recognition of the need for coordinated regional planning, the Port Authority, with its interstate vehicular crossings and other interests, is vitally interested in addressing future roadway network needs in the region. New York State Department of Transportation (NYSDOT) intends to initiate a separate study of the transportation needs of Staten Island with the participation of other agencies. It has requested that the Port Authority fund a portion of this study in order to move the study along in a more timely fashion. Port Authority participation will be limited to providing partial funding and an advisory/review role during the study. Relevant technical information will be made available to NYSDOT. The study will address potential roadway, transit and ferry improvements which will be identified for future detailed study.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director to enter into an agreement with the New York State Department of Transportation (NYSDOT) to provide partial funding for a study that will determine and document current and projected needs on the Staten Island Arterial System, the total estimated cost of the NYSDOT study being \$350,000, of which the Port Authority will pay a share, the form of the agreement to be subject to the approval of General Counsel or his authorized representative.

(Board - 12/10/87)

**Imported Automobile Marine Terminal - Port Jersey Properties -
Payment In-Lieu-Of-Taxes - City of Bayonne**

The Board, at its meetings on February 11, 1982, November 10, 1982, April 14, 1983, May 10, 1984, July 11, 1985 and August 14, 1986, authorized the payment for each of the years 1982-1986 to the Cities of Bayonne and Jersey City, New Jersey, of the amounts representing the real estate taxes assessed on the Greenville and Port Jersey properties. At its meeting on December 11, 1986, the Board authorized a project for the development of an imported automobile marine terminal, construction of which has begun. While the development of these properties is in progress an in-lieu-of-tax agreement has been delayed until active negotiations are concluded. In the interim, it is recommended that payment be made to the City of Bayonne of an amount equal to the assessed real estate taxes against the Port Jersey properties for the year 1982, the year of purchase of these properties, in the amount of \$103,766.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board hereby authorizes the payment for the year 1987, to the City of Bayonne, New Jersey, in connection with the Port Jersey properties purchased from Harborland Corporation and Teachers Insurance and Annuity Association of America, in the amount of \$103,766, which is equal to the real estate taxes assessed on the properties for the year 1982, the year of purchase of these properties.

(Board - 12/10/87)

Establishment of Futures Program - Authorization of Futures Investment Contracts

In October 1986, the Board authorized a limited program that involved entering into futures transactions for the purpose of preserving the economic effect to the Port Authority of selected interest rates on an amount of up to \$50 million with respect to the then anticipated refunding of Consolidated Bonds, Forty-ninth Series, Due 2017. The program was implemented in January 1987 and closed out in June 1987 coincident with the issuance by the Committee on Finance of the refunding bonds, Consolidated Bonds, Fifty-eighth Series, Due 2017. A futures gain of \$2.8 million was used to reduce in part the overall economic effect to the Port Authority of the refunding. On October 1, 1987, the Forty-ninth Series Bonds were refunded.

In light of the success of this limited program, it is now deemed appropriate to establish a continuing program pursuant to which the Executive Director would be authorized on an ongoing basis to enter into the sale (and, for settlement purposes, purchase) on the Chicago Board of Trade of any combination of up to 1,300 Municipal Bond and United States Treasury Bond futures contracts (each contract is for a principal amount of \$100,000) at appropriate times, in order to preserve, on an economic basis to the Port Authority, selected interest rates on an amount of up to \$100 million in anticipation of future sales of Port Authority Consolidated Bonds or Notes.

The purpose of the program is to reduce to the extent practicable the economic effect of the risk of changes in the interest rate environment from the time such contracts are entered into to the date of the sale of Consolidated Bonds. The program is also intended to achieve greater efficiency in the timing and sale of Port Authority Consolidated Bonds effectively removing a volatile and, to some degree, unpredictable element, namely future interest rate movements, as a critical factor in the timing of bond sales. Thus, for example, the sale of futures contracts would allow an appropriate amount of capital expenditures to be accumulated under the Port Authority Commercial Paper Program without interest rate concerns impacting on the timing of the sale of a series of Port Authority Consolidated Bonds or Notes.

In addition to the ongoing program, the Executive Director would also be authorized on a one-time-only basis to enter into the sale, and thereafter, for settlement purposes, purchase of any combination of up to 1,300 Municipal Bond and United States Treasury Bond futures contracts, in order to preserve the economic effect to the Port Authority of selected long-term interest rates with respect to a possible refunding of the principal amount outstanding of Consolidated Bonds, Forty-second Series, Due 2011.

The Committee on Finance would be authorized to approve the selection (and, if subsequently necessary in the opinion of the Committee, replacement) of an investment firm or banking institution to provide all necessary or desirable services in connection with the futures transactions, including establishment and maintenance of a margin (or transaction) account.

Investments would be made in the Municipal Bond futures contracts or United States Treasury Bond futures contracts (or a combination of both), with flexibility to move between such type of contracts to avoid basis risk and to take advantage of favorable spread relationships. Each futures position would be finally closed out only when the series of bonds or notes to which such position pertains is sold or, without regard to the sale of such series, when a selected maximum interest rate at which such series of bonds or notes would be sold is reached.

(Board - 12/10/87)

In the case of the refunding of the outstanding principal amount of Consolidated Bonds, Forty-second Series, a futures position would be established when long-term interest rates are at 7% or below and more than 90 days remain until the next call date for the Forty-second Series Bonds; it is anticipated that the refunding bonds would be sold within 90 days prior to such call date.

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:

a. enter into the sale of any combination of United States Treasury Bond and Municipal Bond futures contracts on the Chicago Board of Trade (CBOT), in a total aggregate amount not to exceed 1,300 contracts (each contract for a principal amount of \$100,000) outstanding at any one time, for each of the following two purposes, such contracts and the delivery of any securities on behalf of the Port Authority by the investment firm or banking institution selected by the Committee on Finance pursuant to this resolution to meet applicable requirements of the CBOT:

1) up to 1,300 contracts for the ongoing purpose of preserving, from time to time, the economic effect to the Port Authority of selected interest rates in anticipation of future sales, of up to \$100 million of Consolidated Bonds; and

2) up to 1,300 contracts for the purpose of preserving the economic effect to the Port Authority of selected interest rates in anticipation of a possible future refunding of the then outstanding principal amount of Consolidated Bonds, Forty-second Series, Due 2011, if and when long-term interest rates fall to 7% or below;

b. enter into the purchase of United States Treasury Bond and Municipal Bond futures contracts on the CBOT to settle contracts entered into pursuant to paragraph (a) above, with such contracts and the receipt of any securities on behalf of the Port Authority by the investment firm or banking institution selected by the Committee on Finance pursuant to this resolution to meet applicable requirements of the CBOT;

c. enter into an agreement or agreements with the investment firm or banking institution selected by the Committee on Finance pursuant to this resolution to permit such firm or institution to sell and purchase on behalf of the Port Authority the futures contracts described in (a) and (b) above on the CBOT, in accordance with the applicable rules and regulations of the CBOT, such agreement or agreements to provide for the establishment and maintenance of a margin (or transaction) account with such selected entity and for the use of operating funds of the Port Authority in an amount sufficient to permit the sale or purchase, as the case may be, of the authorized amount of such futures contracts and the maintenance of outstanding futures contracts; and

(Board - 12/10/87)

d. take such other actions as may be necessary or desirable to effectuate the futures program and the sale and purchase of the above-described futures contracts in connection therewith; and it is further

RESOLVED, that the Committee on Finance be and it hereby is authorized to make the selection (and, if subsequently necessary in the opinion of the Committee, replacement) of an investment firm or banking institution to provide all necessary or desirable services in connection with the program authorized by this resolution, including without limitation establishment and maintenance of a margin (or transaction) account; and it is further

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

(Board - 12/10/87)

**George Washington Bridge - Washbridge Apartments Soffit
Asbestos Removal and Refireproofing - Contract
GWB-110.090 - Award**

In the early 1960's the four Washbridge Apartment Buildings were constructed in the "air rights" over the New York Expressway approach to the George Washington Bridge. At that time, the girders above the soffits (the concrete ceiling above the Expressway) were fireproofed with asbestos. These girders are located in the space known as the "Protective Zone" between the first floor of each apartment building and the soffitt.

The agreement between the Port Authority and the City of New York, dated August 25, 1960, in which the Authority quitclaimed the "air rights" of portions of the New York Expressway to the City, and provided for the construction of four apartment buildings, includes a provision whereby the Port Authority is responsible to make repairs to the soffits.

Recent engineering investigations have determined that all the soffits must be replaced. Removal of the asbestos on the girders and installation of non-asbestos fireproofing must take place before the soffits are replaced.

Contract GWB-110.090 requires the removal of asbestos fireproofing from the girders within the "Protective Zone" between the soffit and first floor of the apartment buildings, proper disposal of the asbestos and refireproofing of the girders. The contract contains a provision requiring the contractor to make a good faith effort to meet the goals for Minority Business Enterprise/Women's Business Enterprise participation of 10% for MBE's and 1% for WBE's.

At its meeting on August 1987, the Board authorized the Executive Director to award Contract GWB-110.090 to the lowest bidder on the basis of bids to be received and to order extra work up to 10% of the amount of the bid accepted. On October 8, 1987, two bids were received, both of which were considerably higher than the engineer's estimate and it was deemed prudent to negotiate with both bidders.

Hesco Environmental Safety, Inc. offered the lowest price as a result of negotiations and is deemed qualified by the Chief Engineer to perform the work.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to award Contract GWB-110.090 to Hesco Environmental Safety Co., Inc. at its price of \$2,075,541 and to order extra work up to the amount of \$210,000.

(Board - 12/10/87)

**Commissioner Ronan - Twentieth Anniversary of Port Authority
Service**

Commissioner McGoldrick asked to address the Board and expressed his and his fellow Commissioners' pleasure at Commissioner Ronan's completing 20 years of service as a Commissioner of The Port Authority of New York and New Jersey on December 13, 1987. He expressed the Board's appreciation for Commissioner Ronan's dedication and splendid service as a Commissioner.

Commissioner McGoldrick offered on behalf of his fellow Commissioners, their hearty congratulations on this special anniversary and their good wishes for Commissioner Ronan's continued service on the Board.

Whereupon, the meeting was adjourned.

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Thursday, January 7, 1988

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MINUTES of special meeting of The Port Authority of New York and New Jersey held Thursday, January 7, 1988 at the Port Authority offices, One World Trade Center, City, County and State of New York.

PRESENT:

NEW JERSEY

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

NEW YORK

William J. Ronan
James G. Hellmuth
Howard Schulman
John G. McGoldrick
H. Carl McCall

Stephen Berger, Executive Director
Patrick J. Falvey, Deputy Executive Director/General Counsel
Doris E. Landre, Secretary
Sally Beneman, Administrative Assistant
Sidney J. Frigand, Assistant Executive Director/Government, Community & Public Affairs
Charles L. Hirsch, Executive Assistant to the Executive Director
Katharine B. MacKay, Assistant Executive Director/Administration
Hugh O'Neill, Assistant Executive Director/Policy Planning and Business Development
Joseph L. Vanacore, Assistant Executive Director/Capital Programs
Barry Weintrob, Chief Financial Officer

The meeting was called to order by the Chairman.

The Secretary reported that the meeting was duly called in accordance with the By-Laws.

**Port Authority Commercial Paper Program - Expansion and
Modification - Report**

The Port Authority Commercial Paper Program (the "Program"), an issue of special obligations of the Authority established in 1982, and subsequently amended and supplemented, presently provides for the sale of Port Authority Commercial Paper Notes in an unlimited aggregate principal amount, provided that the aggregate principal amount outstanding at any one time shall not exceed \$150,000,000 ("Notes"), and for certain banking arrangements involving an "up-front" line of credit to permit accumulation of capital expenditures to be provided for through the sale of Notes and a revolving credit facility to provide liquidity in the event Notes can not be refunded at their maturities due to market conditions. The Program is presently scheduled to expire December 31, 1990.

Since its inception, the Program has been an efficient means of providing for capital expenditures on an interim basis. The Program now enhances flexibility in the scheduling for the issuance of Consolidated Bonds which may be issued for purposes of refunding outstanding commercial paper obligations. In light of the success of the Program and in view of the fact that gross capital expenditures are anticipated to exceed more than \$2 billion over the next three years in connection with the Authority's plan of financing for its facilities, it is now appropriate to increase to \$300,000,000 the aggregate principal amount of commercial paper notes which may be outstanding at any one time and to provide specifically for the establishment and authorization of the issuance of two separate series of the issue of Authority commercial paper obligations, including commercial paper notes, an "up-front" line of credit and a revolving credit facility for each series. Each such series would be limited to a maximum aggregate principal amount outstanding at any one time of \$150,000,000. It continues to be expected that commercial paper obligations would ultimately be refunded with Consolidated Bonds issued for such purposes.

Proceeds of commercial paper obligations would be used, in a manner consistent with Section 103(a) of the Internal Revenue Code of 1986, as amended, or successor provisions of law, and regulations related thereto, with respect to one series of commercial paper obligations, applicable to obligations the interest on which is treated as a preference item in calculating the alternative minimum tax imposed by such Code with respect to individuals and corporations, and with respect to the other series of commercial paper obligations, applicable to obligations the interest on which is not treated as a preference item in calculating the alternative minimum tax with respect to individuals and corporations, in each case in accordance with applicable law, regulations and contractual provisions, for purposes of capital expenditures in connection with one or more of the facilities of the Authority and for purposes of refunding

certain commercial paper obligations. It is not presently anticipated that proceeds of commercial paper obligations issued under either "up-front" line of credit would be used for purposes of refunding commercial paper obligations or that amounts under either revolving credit facility would be used to repay borrowings under either "up-front" line of credit.

Each Authority commercial paper note would have a maturity date no later than 270 days from its date of issue, but in no event later than December 31, 1990, the final permissible maturity date of all such notes; be issued in bearer form, in the minimum amount of \$100,000, unless required to be issued in registered form to comply with applicable Federal law or regulations; bear interest at rates fixed by an authorized officer of the Authority not in excess of 10% per annum with interest payable at maturity; and not be subject to redemption prior to maturity.

The principal of and interest on the commercial paper obligations of each series would be a special obligation of the Authority payable from the proceeds of the commercial paper notes of such series or other obligations of the Authority issued for such purposes, including Consolidated Bonds issued in whole or in part for such purposes, or from Net Revenues (as defined in the within Port Authority Commercial Paper Resolution) deposited to the Consolidated Bond Reserve Fund, and in the event such proceeds or Net Revenues are insufficient therefor, from other moneys of the Authority legally available for such payments when due.

The principal of and interest on the commercial paper obligations shall not be payable from the General Reserve Fund, and the payment thereof shall be subject in all respects to (i) the payment of debt service on Consolidated Bonds as required by the applicable provisions of the Consolidated Bond Resolution; and (ii) the payment into the General Reserve Fund of the amount necessary so as to maintain said Fund at the amount specified in the General Reserve Fund Statutes.

Additionally, so long as any commercial paper notes issued on or after the effective date provided for in the expansion and modification of the Program remain outstanding, the Authority would, at such time as it makes the computations called for by Section 3 of the Consolidated Bond Resolution, in connection with the issuance of new Consolidated Bonds for purposes other than solely the refunding of all or any portion of the principal amount of commercial paper notes then outstanding, and only for purposes of commercial paper obligations, consider the principal amount of Consolidated Bonds then outstanding to include a principal amount of such bonds (with certain specified characteristics) equal to the amount obtained by subtracting from \$100,000,000 (or \$50,000,000 in the event that commercial paper notes of only one series of commercial paper obligations are outstanding at such time of issuance), an amount equal to the principal amount of the commercial paper notes outstanding at such

time of issuance which are to be refunded by such new Consolidated Bonds. In the event that such new Consolidated Bonds are issued solely for purposes of refunding all or any portion of the principal amount of the commercial paper notes outstanding at such time of issuance, then the above-described computations shall not be required.

The Notes issued prior to the effective date of the expansion and modification of the Program would continue to be subject to the Port Authority Commercial Paper Resolution as adopted by the Authority on November 14, 1985.

It continues to be necessary, in order to sell tax-exempt commercial paper, for issuers to have a separate credit facility to ensure liquidity in the event such commercial paper cannot be refunded at maturity due to market conditions. This is accomplished through either a bank letter of credit or a line of credit. In view of the Authority's continued strong financial rating, a line of credit in the form of a stand-by credit facility continues to be sufficient.

The Program as expanded would include a stand-by revolving credit facility of up to \$150,000,000 as part of each series of commercial paper obligations. The revolving credit facility for one series would continue to be provided by Marine Midland Bank, N.A. ("Marine"), with the participation of other New York and New Jersey banks, without change in the financial arrangements presently in effect with Marine. A revolving credit facility for the other series would be provided by The Daiwa Bank, Limited ("Daiwa"). Daiwa was selected from a group of 16 banking institutions responding to a Request for Proposals sent to 25 banking institutions. The total estimated annual cost of Daiwa's proposal was more than \$70,000 less than the annual cost of the next lowest proposal.

Goldman, Sachs & Co. ("Goldman"), would continue to be an exclusive dealer for commercial paper notes of one series and Shearson Lehman Brothers Inc. ("Shearson") would be appointed an exclusive dealer for commercial paper notes of the other series. Morgan Guaranty Trust Company of New York ("Morgan") would continue to be an issuing and paying agent for the commercial paper notes of one series and The Chase Manhattan Bank, N.A. ("Chase"), would be an issuing and paying agent for commercial paper notes of the other series. Morgan and Goldman have been satisfactorily providing services under the Program as issuing and paying agent and exclusive dealer, respectively. Shearson and Chase were both selected after consideration of proposals from, and discussions with, other financial service companies and banking institutions.

Separate "up-front" lines of credit as part of each series of commercial paper obligations for funding of capital expenditures would continue to facilitate the Program as expanded by allowing accumulation of capital expenditures and permitting

commercial paper notes of each series to be issued in larger principal amounts to refund outstanding amounts under the respective lines of credit. Marine and Daiwa Bank Trust Company, a wholly-owned subsidiary of Daiwa organized under the laws of the State of New York, respectively, would provide the separate lines of credit under terms and conditions similar to those presently in effect. The principal amount of borrowings under each "up-front" line of credit outstanding at any one time would not be in excess of \$15,000,000. Similarly to the present arrangements, disbursement accounts under each of the "up-front" lines of credit would be utilized on a zero balance basis, with checks drawn on these accounts to be treated as demand loans to the Authority in payment of the capital expenditures represented by such checks.

The Board of Commissioners would provide that no part of the proceeds of the commercial paper obligations shall be invested directly or indirectly in such manner as to cause the interest on such commercial paper obligations to be 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 the applicable Treasury regulations related thereto.

In addition to the customary certifications, determinations, statements and other documents necessary or desirable in connection with the issuance of Authority obligations, an authorized officer of the Authority would be authorized expressly to certify on behalf of the Authority as to the need for issuance of commercial paper obligations, as to the status of the projects for which the proceeds of such commercial paper obligations are to 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. Additionally, upon the recommendation of the Executive Director and the General Counsel, the law firm of Orrick, Herrington & Sutcliffe would be appointed to act as bond counsel for the Program, commencing with commercial paper obligations issued under the within Port Authority Commercial Paper Resolution.

The Committee on Finance would be authorized to take such actions in connection with the expansion and modification of the Program as in the opinion of the Committee on Finance may best serve the public interest, including the authorization and approval of the appointment of, and agreements with, one or more other or additional dealers or issuing and paying agents or both, and the authorization and approval of such other or additional revolving credit facilities and "up-front" lines of credit with such other or additional parties as may be necessary or desirable to effectuate the expansion and modification of the Program; provided, however, that any such agreements shall contain terms and conditions not inconsistent with the within Port Authority Commercial Paper Resolution.

**Port Authority Commercial Paper Program - Expansion and
Modification - Port Authority Commercial Paper Resolution**

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 capital funds for the financing of its facilities; and

WHEREAS, on September 9, 1982, the Authority established and authorized an issue of commercial paper obligations with an unlimited aggregate principal amount, provided that the aggregate principal amount thereof outstanding at any one time was not to exceed One Hundred Million Dollars (\$100,000,000); and

WHEREAS, on September 9, 1982, the Authority authorized the sale of commercial paper notes, subject to the foregoing, with the proceeds derived from the sale thereof, from time to time, to be used for financing for any and all purposes for which the Authority is or shall be authorized to issue bonds, notes, securities or other obligations or evidences of indebtedness (and in connection therewith amended such authorization on June 9, 1983), and provided that no such commercial paper notes would be outstanding subsequent to December 30, 1983; and

WHEREAS, on October 13, 1983, the Authority authorized an extension of the issue of commercial paper obligations (and in connection therewith amended such authorization on July 11, 1985) for the period commencing on December 30, 1983, and ending on December 31, 1985, with an unlimited aggregate principal amount during such period, provided that the aggregate principal amount thereof outstanding at any one time during such period would not exceed One Hundred Fifty Million Dollars (\$150,000,000); and

WHEREAS, on November 14, 1985, the Authority authorized a further extension of the issue of commercial paper obligations for the period commencing on December 31, 1985, and ending on December 31, 1990, with an unlimited aggregate principal amount during such period, provided that the aggregate principal amount thereof outstanding at any one time during such period would not exceed One Hundred Fifty Million Dollars (\$150,000,000); and

WHEREAS, the Authority has determined to authorize an increase in the maximum aggregate principal amount of commercial paper obligations outstanding at any one time from One Hundred Fifty Million Dollars (\$150,000,000) to Three Hundred Million Dollars (\$300,000,000) and to authorize the issuance of Port Authority Commercial Paper Obligations (such term and any

other terms of specific meaning shall have the meanings as set forth in Article I of this Resolution) in two separate series with unlimited aggregate principal amounts, provided that the aggregate principal amount of each such series outstanding at any one time shall not exceed One Hundred Fifty Million Dollars (\$150,000,000), with the proceeds thereof to be applied in accordance with the provisions of Section 2.04 of this Resolution; and

WHEREAS, Port Authority Commercial Paper Obligations shall be an issue of special obligations of the Authority payable from the sources of payment and to the extent provided in Section 2.03 of this Resolution; and

WHEREAS, except as provided in Section 2.03 of this Resolution, the moneys of the Authority would not be pledged to the payment of the interest on or the repayment of the principal of Port Authority Commercial Paper Obligations; and

WHEREAS, on September 9, 1982, as amended on October 13, 1983, and November 14, 1985, the Authority authorized the establishment and continuation of a stand-by revolving credit facility with Marine Midland Bank, N.A., in further support of the payment of any commercial paper notes at their maturity dates, if necessary, and an up-front line of credit for funding of capital expenditures in connection with the facilities of the Authority in anticipation of the issuance of commercial paper notes; and

WHEREAS, the Authority has determined to authorize a Revolving Credit Agreement and a Line of Credit Agreement in connection with each series of Port Authority Commercial Paper Obligations, each of such agreements to conform to the provisions of this Resolution;

NOW, THEREFORE, after due consideration had, be it resolved by the Authority that the resolution of September 9, 1982 (appearing at pages 263 et seq. of the Official Minutes of that date), as heretofore amended and supplemented by the resolutions of June 9, 1983 (appearing at pages 251 et seq. of the Official Minutes of that date), of October 13, 1983 (appearing at pages 395 et seq. of the Official Minutes of that date), of July 11, 1985 (appearing at pages 297 et seq. of the Official Minutes of that date), and of November 14, 1985 (appearing at pages 407 et seq. of the Official Minutes of that date), is hereby further amended and supplemented, with respect to the Port Authority Commercial Paper Obligations to be issued under this Resolution on and after the Effective Date, to read as follows:

ARTICLE I. DEFINITIONS.

As used in this Resolution and unless otherwise indicated or unless the context otherwise requires, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the defined terms). As used in this Resolution, any words or phrases not otherwise defined herein and specifically defined in the Consolidated Bond Resolution shall be read and construed in accordance with such specific definitions. All accounting terms not specifically defined in this Resolution shall be construed in accordance with generally accepted accounting principles consistently applied.

The term "Advance" shall mean an advance of moneys made to the Authority under a Revolving Credit Agreement in an amount requested by the Authority sufficient to prevent a Settlement Deficiency.

The term "Authorized Officer" shall mean any of the officers or employees of the Authority designated from time to time by the Chairman of the Authority; Vice-Chairman of the Authority; Chairman of the Committee on Finance; Executive Director; Deputy Executive Director; Assistant Executive Director; or Chief Financial Officer of the Authority to perform the act or sign the document referred to in this Resolution and listed on a certificate filed with respect thereto from time to time with an Issuing and Paying Agent.

The term "Bank Note" shall mean a promissory note or notes of the Authority, issued on the terms set forth in a Revolving Credit Agreement to evidence the cumulative amount of any Advances under such Revolving Credit Agreement and any repayment of the principal of such Advances.

The term "Code" shall mean the Internal Revenue Code of 1986, as amended.

The term "Consolidated Bond Reserve Fund" shall mean the special fund by that name established by Section 7 of the Consolidated Bond Resolution.

The term "Consolidated Bond Resolution" shall mean the resolution adopted by the Authority on October 9, 1952, establishing the issue of Consolidated Bonds.

The term "Consolidated Bonds" shall mean the Authority's Consolidated Bonds (including Consolidated Notes) issued under the Consolidated Bond Resolution.

The term "Dealer" shall mean any entity appointed in accordance with this Resolution for and in connection with the sale of Port Authority Commercial Paper Notes.

The term "Dealer Agreement" shall mean an agreement between the Authority and a Dealer.

The term "Demand Note" shall mean a promissory note or notes of the Authority issued on the terms set forth in a Line of Credit Agreement to evidence the cumulative amount of any Loans under such Line of Credit Agreement and any repayment of the principal of such Loans.

The term "Depository Agreement" shall mean an agreement between the Authority and an Issuing and Paying Agent.

The term "Effective Date" shall mean the first date on which both of the Revolving Credit Agreements authorized under Section 2.10 of this Resolution are effective according to their terms.

The term "Final Maturity Date" shall mean the date established by the Authority in Section 2.02 of this Resolution beyond which Port Authority Commercial Paper Notes are not authorized to be issued or outstanding.

The term "General Reserve Fund" shall mean the General Reserve Fund of the Authority authorized by the General Reserve Fund Statutes.

The term "General Reserve Fund Resolution" shall mean the resolution of the Authority adopted on March 9, 1931, as amended May 5, 1932, concerning the administration of the General Reserve Fund, as further amended by resolution adopted on October 9, 1952, to conform to the provisions of Section 6 of the Consolidated Bond Resolution.

The term "General Reserve Fund Statutes" shall mean Chapter 5 of the Laws of New Jersey of 1931, as amended, and Chapter 48 of the Laws of New York of 1931, as amended.

The term "Issuing and Paying Agent" shall mean any bank or trust company appointed in accordance with this Resolution for and in connection with the issuance, delivery and repayment of Port Authority Commercial Paper Notes.

The term "Line of Credit Agreement" shall mean an agreement concerning, inter alia, Loans and a Demand Note, authorized pursuant to Section 2.11 of this Resolution.

The term "Loan" shall mean any borrowing by the Authority under a Line of Credit Agreement.

The term "Maturity Date" shall mean the date on which the principal of and interest on any of the Port Authority Commercial Paper Obligations is due and owing to the holder thereof.

The term "Net Revenues", solely for the purpose of this Resolution, shall mean, with respect to any date of calculation, the revenues of the Authority pledged under the Consolidated Bond Resolution and remaining after (i) payment or provision for payment of debt service on Consolidated Bonds as required by the applicable provisions of the Consolidated Bond Resolution; (ii) payment into the General Reserve Fund of the amount necessary to maintain said Fund at the amount specified in the General Reserve Fund Statutes; and (iii) applications to purposes authorized in accordance with Section 7 of the Consolidated Bond Resolution.

The term "Port Authority Commercial Paper Obligations" shall mean the issue of special obligations of the Authority established and issued in such series as may be authorized in Section 2.01 and pursuant to and under this Resolution, including any Port Authority Commercial Paper Note, Demand Note or Bank Note.

The term "Port Authority Commercial Paper Note" or "Port Authority Commercial Paper Notes" shall mean any note or notes constituting all or a portion of the issue of obligations established and issued pursuant to Section 2.01 of this Resolution.

The term "Port Authority Commercial Paper Resolution" or "this Resolution" shall mean this resolution (appearing at pages 6 - 23 of the Official Minutes of the Authority of January 7, 1988), including any amendments, modifications or supplements hereto.

The term "Revolving Credit Agreement" shall mean an agreement concerning, inter alia, Advances and a Bank Note authorized pursuant to Section 2.10 of this Resolution.

The term "Settlement Account" shall mean any separate account established and maintained in accordance with Article III of this Resolution, with an Issuing and Paying Agent for the receipt and the disbursement of the proceeds from the sale of Port Authority Commercial Paper Notes and for the payment of the principal of and interest on Port Authority Commercial Paper Notes at their Maturity Dates.

The term "Settlement Deficiency" shall mean the amount by which the sum of the principal of and interest on any Port Authority Commercial Paper Notes payable on any Maturity Date exceeds the amount of moneys available in the Settlement Account for payment of such Port Authority Commercial Paper Notes on such Maturity Date.

ARTICLE II. ESTABLISHMENT, AUTHORIZATION, TERMS AND ISSUANCE.

Section 2.01. Establishment and Authorization of Issue of Commercial Paper Obligations. There is hereby established an issue of special obligations of the Authority to be known as "Port Authority Commercial Paper Obligations," and the issuance of such Port Authority Commercial Paper Obligations from time to time in two separate series, to be known as "Port Authority Commercial Paper Obligations, Series A", and "Port Authority Commercial Paper Obligations, Series B", respectively, in accordance with the provisions of this Resolution, is hereby authorized. Port Authority Commercial Paper Obligations of each series in an unlimited aggregate principal amount are hereby authorized to be issued for the purposes set forth in Section 2.04(a) and 2.04(b), respectively, of this Resolution; provided, that the aggregate principal amount of all Port Authority Commercial Paper Obligations outstanding at any one time shall not exceed Three Hundred Million Dollars (\$300,000,000), and, provided, further, that the aggregate principal amount of all Port Authority Commercial Paper Obligations, Series A, outstanding at any one time shall not exceed One Hundred Fifty Million Dollars (\$150,000,000) and that the aggregate principal amount of all Port Authority Commercial Paper Obligations, Series B, outstanding at any one time shall not exceed One Hundred Fifty Million Dollars (\$150,000,000). For purposes of determining such aggregate principal amounts, no Port Authority Commercial Paper Note shall be deemed to be outstanding on its Maturity Date and no Loan (or portion thereof) shall be deemed to be outstanding on any day to the extent that one or more Port Authority Commercial Paper Notes, the proceeds of which are to be used to refund such Port Authority Commercial Paper Note or such Loan (or portion thereof), have been sold on such day. Port Authority Commercial Paper Obligations shall otherwise be subject to the terms, conditions and limitations provided or referred to in this Resolution. Port Authority Commercial Paper Obligations shall be payable from the sources of payment and to the extent provided in Section 2.03 of this Resolution.

Section 2.02. General Terms of the Port Authority Commercial Paper Notes. The Port Authority Commercial Paper Notes authorized by this Resolution shall be issued in bearer form, not registrable as to either principal or interest; provided, however, that if at any time there shall be in effect a provision of the Code which provides that, for the interest on such Port Authority Commercial Paper Notes 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 Port Authority Commercial Paper Notes must be in registered form, then such Port Authority Commercial Paper Notes shall be issued in registered form, registered as to both principal and interest, but not as to either alone. The Port Authority Commercial Paper Notes shall be issued in the denomination of \$100,000 or any larger denomination

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that is an integral multiple of \$5,000 in excess thereof as determined by an Authorized Officer and shall be dated the dates of their delivery from time to time hereunder. The Port Authority Commercial Paper Notes constituting a portion of each series of Port Authority Commercial Paper Obligations shall bear an appropriate series designation and shall be numbered consecutively from 1 upwards in the order of their issuance and may bear such other identification as an Authorized Officer may deem appropriate. The Port Authority Commercial Paper Notes shall mature on such dates and in such years as shall be determined by an Authorized Officer; provided, however, that the term of any Port Authority Commercial Paper Note shall not exceed two hundred seventy (270) days; and provided further, however, that no Port Authority Commercial Paper Note shall be issued or outstanding subsequent to the Final Maturity Date, which is hereby established as December 31, 1990. The Port Authority Commercial Paper Notes constituting a portion of each series of Port Authority Commercial Paper Obligations shall be payable at the principal office in New York, New York, of the Issuing and Paying Agent for such Port Authority Commercial Paper Notes, in lawful money of the United States of America. No Port Authority Commercial Paper Note shall be subject to redemption prior to maturity.

Each Port Authority Commercial Paper Note shall be deemed to bear interest at a rate per annum equal to the product (converted to a percentage) of (a) a fraction, the numerator of which is the total interest payable on such Port Authority Commercial Paper Note during its term and the denominator of which is the par value or denomination of such Port Authority Commercial Paper Note and (b) a fraction, the numerator of which is the number of days (calculated on an actual calendar day basis) in the calendar year of the issuance of such Port Authority Commercial Paper Note and the denominator of which is the number of days (calculated on an actual calendar day basis) from the date of such Port Authority Commercial Paper Note to its Maturity Date.

Each Port Authority Commercial Paper Note shall bear interest at a rate to be set by an Authorized Officer; provided, however, that no Port Authority Commercial Paper Note shall bear interest in excess of ten per centum (10%) per annum.

Section 2.03. Sources of Payment. The principal of and interest on each of the Port Authority Commercial Paper Notes, Demand Notes and Bank Notes constituting a portion of each series of Port Authority Commercial Paper Obligations shall be a special obligation of the Authority payable from the proceeds of Port Authority Commercial Paper Notes of such series or other obligations of the Authority issued for such purposes, including Consolidated Bonds issued in whole or in part for such purposes, or from Net Revenues deposited to the Consolidated Bond Reserve Fund, and in the event such proceeds or Net Revenues are

insufficient therefor, from other moneys of the Authority legally available for such payments when due.

The principal of and interest on Port Authority Commercial Paper Obligations shall not be payable from the General Reserve Fund, and the payment thereof shall be subject in all respects to (i) the payment of debt service on Consolidated Bonds as required by the applicable provisions of the Consolidated Bond Resolution; and (ii) the payment into the General Reserve Fund of the amount necessary so as to maintain said Fund at the amount specified in the General Reserve Fund Statutes.

Section 2.04. Application of Proceeds.

- (a) The proceeds of Port Authority Commercial Paper Obligations, Series A, shall be used, in a manner consistent with provisions of Section 103(a) of the Code, or successor provisions of law, and the regulations related thereto, applicable to obligations the interest on which is treated as a preference item in calculating the alternative minimum tax imposed by the Code with respect to individuals and corporations, for purposes of capital expenditures in connection with any one or more of the facilities of the Authority and for purposes incidental thereto and for purposes of refunding, in accordance with applicable law, regulations and contractual provisions, any commercial paper obligations issued and outstanding prior to the Effective Date and any Port Authority Commercial Paper Obligations, Series A, issued and outstanding.
- (b) The proceeds of Port Authority Commercial Paper Obligations, Series B, shall be used, in a manner consistent with provisions of Section 103(a) of the Code, or successor provisions of law, and the regulations related thereto, applicable to obligations the interest on which is not treated as a preference item in calculating the alternative minimum tax imposed by the Code with respect to individuals and corporations, for purposes of capital expenditures in connection with any one or more of the facilities of the Authority and for purposes incidental thereto, and for purposes of refunding, in accordance with applicable law, regulations, and contractual provisions, any Port Authority Commercial Paper Obligations, Series B, issued and outstanding.
- (c) In the event an Authorized Officer determines that the needs of the Authority for capital funds or the public interest require allocation of all or any

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portion of the proceeds of any of the obligations constituting a portion of either or both series of Port Authority Commercial Paper Obligations to purposes in connection with some but not all of the purposes authorized for such series, such Authorized Officer is hereby authorized, from time to time, to make such allocation in regard to the expenditure of the proceeds of such Port Authority Commercial Paper Obligations; provided, however, that no portion of the proceeds of any Port Authority Commercial Paper Obligations shall be allocated to purposes in connection with an additional facility of the Authority prior to the initial expenditure of proceeds of the first series of Consolidated Bonds issued for purposes of capital expenditures in connection with such additional facility.

Section 2.05. Issue and Sale of Port Authority Commercial Paper Notes. Port Authority Commercial Paper Notes may be issued, sold and delivered under the terms of this Resolution whenever an Authorized Officer shall prescribe the terms of such Port Authority Commercial Paper Notes (including the principal amount of, the purchase price for, the interest payable on, the issuance date of and the Maturity Date of such Port Authority Commercial Paper Notes) and deliver instructions therefor to the Issuing and Paying Agent for such Port Authority Commercial Paper Notes, all pursuant to Section 2.02 of this Resolution and to the Depositary Agreement with respect to such Port Authority Commercial Paper Notes. Such instructions prescribing the terms of the Port Authority Commercial Paper Notes may be given orally, but in such event an Authorized Officer shall deliver to the Issuing and Paying Agent for such Port Authority Commercial Paper Notes written confirmation of such prescribed terms within twenty-four (24) hours of such oral instructions (unless such instructions are transmitted by a time-sharing terminal or telex, in which event such time-sharing terminal message or telex shall be considered to be written instructions). An Authorized Officer is hereby authorized to instruct the Issuing and Paying Agent for Port Authority Commercial Paper Notes constituting a portion of a series of Port Authority Commercial Paper Obligations to countersign any of such Port Authority Commercial Paper Notes for the purposes of authentication only and to deliver such Port Authority Commercial Paper Notes to the purchasers thereof; provided, however, that such Port Authority Commercial Paper Notes shall not be valid or obligatory for any purpose unless and until so countersigned.

Section 2.06. Appointment of Issuing Agent and Paying Agents. Morgan Guaranty Trust Company is hereby appointed as an issuing and paying agent for and in connection with the Port Authority Commercial Paper Notes constituting a portion of Port Authority Commercial Paper Obligations, Series A. The Chase Manhattan Bank, N.A., is hereby appointed as an issuing and

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paying agent for and in connection with the Port Authority Commercial Paper Notes constituting a portion of Port Authority Commercial Paper Obligations, Series B. An Authorized Officer is hereby authorized to enter into Depository Agreements, which may contain terms and conditions not inconsistent with this Resolution, with each of such Issuing and Paying Agents for and in connection with the issuance, delivery and repayment of Port Authority Commercial Paper Notes. An Authorized Officer is hereby authorized to establish and maintain non-interest bearing bank accounts in the name of and on behalf of the Authority with each of such Issuing and Paying Agents as partial compensation to each of such Issuing and Paying Agents; provided, however, that the moneys on deposit in such bank accounts shall not be in excess of Fifty Thousand Dollars (\$50,000) for each of such bank accounts (or such other amounts as may be approved by the Committee on Finance).

Section 2.07. Transfer of Notes. The Authority and any Issuing and Paying Agent for Port Authority Commercial Paper Notes constituting a portion of a series of Port Authority Commercial Paper Obligations may treat the holder of any Port Authority Commercial Paper Note constituting a portion of such series as the absolute owner of such Port Authority Commercial Paper Note for the purpose of receiving payment of the principal thereof and interest thereon and for all other purposes, and neither the Authority nor such Issuing and Paying Agent shall be affected by any notice or knowledge to the contrary, unless such Port Authority Commercial Paper Note shall be issued in registered form, in which case the Authority and such Issuing and Paying Agent may treat the registered holder of such Port Authority Commercial Paper Note as the absolute owner of such Port Authority Commercial Paper Note for the purpose of receiving payment of the principal thereof and interest thereon and for all other purposes, and neither the Authority nor such Issuing and Paying Agent shall be affected by any notice or knowledge to the contrary.

Section 2.08. Port Authority Commercial Paper Notes Mutilated, Lost or Destroyed. In case any Port Authority Commercial Paper Note shall at any time become mutilated or be lost or destroyed, the Authority, in its discretion, may execute and cause the Issuing and Paying Agent for such Port Authority Commercial Paper Notes, to countersign and deliver a new Port Authority Commercial Paper Note of the same series of Port Authority Commercial Paper Obligations, principal amount, interest amount and Maturity Date in exchange or substitution for and upon cancellation of such mutilated Port Authority Commercial Paper Note or in lieu of or in substitution for such destroyed or lost Port Authority Commercial Paper Note; or if such Port Authority Commercial Paper Note shall have matured, instead of issuing a substitute Port Authority Commercial Paper Note the Authority may instruct such Issuing and Paying Agent to pay the same without surrender thereof. In case of destruction or loss, the applicant for a substitute Port Authority Commercial Paper

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Note shall furnish to the Authority evidence satisfactory to it of the destruction or loss of such Port Authority Commercial Paper Note and of the ownership thereof and also such security and indemnity as may be required by the Authority. Upon the issuance of any substitute Port Authority Commercial Paper Note, 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 Port Authority Commercial Paper Note so issued in substitution. Any Port Authority Commercial Paper Note issued under the provisions of this Section 2.08 in lieu of any Port Authority Commercial Paper Note alleged to have been destroyed or lost shall constitute an original contractual obligation on the part of the Authority, whether or not the Port Authority Commercial Paper Note 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 with all other Port Authority Commercial Paper Notes issued hereunder.

Section 2.09. Authorization of Sale and Distribution of Offering Statements. The Port Authority Commercial Paper Notes constituting a portion of each series of Port Authority Commercial Paper Obligations shall be sold to the purchasers thereof in accordance with the terms and conditions of the Depositary Agreement and the Dealer Agreement in effect for such Port Authority Commercial Paper Notes, and the Issuing and Paying Agent for such Port Authority Commercial Paper Notes is hereby authorized and instructed to deliver such Port Authority Commercial Paper Notes to the purchasers thereof upon the instructions of an Authorized Officer in accordance with the terms of such Depositary Agreement and Dealer Agreement. An Authorized Officer is hereby authorized to arrange for the preparation of a Commercial Paper Memorandum or other offering statement for Port Authority Commercial Paper Notes constituting a portion of each series of Port Authority Commercial Paper Obligations on behalf of the Authority, describing such Port Authority Commercial Paper Notes and the other Port Authority Commercial Paper Obligations, and the Authority and its financial condition; provided, however, that no such Commercial Paper Memoranda or other offering statements shall be issued without the express consent of an Authorized Officer. The Authority hereby approves the use of any such Commercial Paper Memorandum or other offering statement pertaining to Port Authority Commercial Paper Notes constituting a portion of a series of Port Authority Commercial Paper Obligations by the Dealer for such Port Authority Commercial Paper Notes.

Section 2.10. Authorization of Revolving Credit Agreements and Bank Notes. An Authorized Officer is hereby authorized (i) to enter into a Revolving Credit Agreement with each of Marine Midland Bank, N.A., with respect to the Port Authority Commercial Paper Notes constituting a portion of Port

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Authority Commercial Paper Obligations, Series A, and The Daiwa Bank, Limited with respect to the Port Authority Commercial Paper Notes constituting a portion of Port Authority Commercial Paper Obligations, Series B, which may contain terms and conditions not inconsistent with this Resolution, for provision for the payment, if necessary, of Advances, in support of the payment of the principal of and interest on, at the Maturity Date of, any Port Authority Commercial Paper Note of the series to which such agreement pertains, and (ii) to execute and deliver a Bank Note pertaining to each such Revolving Credit Agreement.

Section 2.11. Authorization of Line of Credit Agreements and Demand Notes. An Authorized Officer is hereby authorized (i) to enter into a Line of Credit Agreement, which may contain terms and conditions not inconsistent with this Resolution, with each of Marine Midland Bank, N.A., to provide for those capital expenditures authorized as purposes for Port Authority Commercial Paper Obligations, Series A, and Daiwa Bank Trust Company to provide for those capital expenditures authorized as purposes for Port Authority Commercial Paper Obligations, Series B, with each line of credit in an unlimited aggregate principal amount, (ii) to execute and deliver a Demand Note pertaining to each such Line of Credit Agreement, and (iii) to establish and maintain zero balance bank accounts under each Line of Credit Agreement to permit borrowings under each line of credit for authorized purposes.

Section 2.12. Appointment of Dealers. Goldman, Sachs & Co., is hereby appointed an exclusive dealer with respect to the Port Authority Commercial Paper Notes constituting a portion of Port Authority Commercial Paper Obligations, Series A. Shearson Lehman Brothers Inc. is hereby appointed an exclusive dealer with respect to the Port Authority Commercial Paper Notes constituting a portion of Port Authority Commercial Paper Obligations, Series B. An Authorized Officer is hereby authorized to enter into Dealer Agreements which may contain such terms and conditions not inconsistent with this Resolution with each of such Dealers for and in connection with the sale of Port Authority Commercial Paper Notes.

ARTICLE III. SETTLEMENT ACCOUNTS.

Section 3.01. Establishment of Settlement Accounts. There is hereby established a Settlement Account for the Port Authority Commercial Paper Notes constituting a portion of each series of Port Authority Commercial Paper Obligations. Each Settlement Account shall be held and maintained by the Issuing and Paying Agent for the Port Authority Commercial Paper Notes to which such account pertains, for the account of the Authority in accordance with the terms of this Resolution.

Section 3.02. Deposits to and Disbursements from Settlement Accounts. There shall be deposited into a Settlement Account for Port Authority Commercial Paper Notes such portion of the proceeds of the sale of the Port Authority Commercial Paper Notes as an Authorized Officer shall direct, all Advances made under the Revolving Credit Agreement pertaining to such Port Authority Commercial Paper Notes and such amounts as the Authority may elect to deposit in such Settlement Account from funds (including proceeds of Consolidated Bonds) legally available for such deposit. Disbursements from each Settlement Account shall be made upon the instructions of an Authorized Officer.

IV. FORM AND EXECUTION OF NOTES.

Section 4.01. Form of Port Authority Commercial Paper Notes. The Port Authority Commercial Paper Notes shall have the official seal of the Authority, or a facsimile thereof, affixed thereto or printed or impressed thereon, and shall be signed, manually or by facsimile signature, by an Authorized Officer and shall be manually countersigned by the Issuing and Paying Agent for such Port Authority Commercial Paper Notes. All Port Authority Commercial Paper Notes shall be in substantially the following form, the blank spaces being appropriately filled in:

(Form of Port Authority Commercial Paper Note)

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
 COMMERCIAL PAPER NOTE
 COMMERCIAL PAPER OBLIGATIONS, SERIES _____

Issue Date: Principal Amount:

Number _____

On _____, for value received, THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY ("Authority") promises to pay to the Bearer hereof the sum of _____ U.S. Dollars payable at _____.

This note is issued pursuant to the Port Authority Commercial Paper Resolution adopted by the Authority on January 7, 1988 ("Note Resolution"), and is a SPECIAL OBLIGATION payable solely from the sources of payment listed and to the extent provided in Section 2.03 of the Note Resolution. A copy of the Note Resolution, which is a contract between the Authority and the holder of this note, is on file with the Issuing and Paying Agent for Port Authority Commercial Paper Notes constituting a portion of Port Authority Commercial Paper Obligations, Series _____, at the above address.

This note shall not be entitled to any security, right or benefit pursuant to the Note Resolution or be valid or obligatory for any purpose unless duly countersigned by the Issuing and Paying Agent for Port Authority Commercial Paper Notes constituting a portion of Port Authority Commercial Paper Obligations, Series_____.

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 Note Resolution, 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 Note 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 affixed hereto or printed or impressed hereon, and this note to be dated as of its Issue Date.

THE PORT AUTHORITY
OF NEW YORK AND NEW JERSEY

Authorized Officer

NOT VALID UNLESS COUNTERSIGNED

Authenticated on: _____

Issuing and Paying Agent

By _____

Authorized Signature

(End of Form of Port Authority Commercial Paper Note)

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Section 4.02. Execution of Port Authority Commercial Paper Notes. In case an Authorized Officer who shall have signed any of the Port Authority Commercial Paper Notes shall cease to be such Authorized Officer before such Port Authority Commercial Paper Notes shall have been authenticated by an Issuing and Paying Agent, such Port Authority Commercial Paper Notes may nevertheless be issued as though the person who signed such Port Authority Commercial Paper Notes had not ceased to be such Authorized Officer.

Section 4.03. Registration. In the event that any Port Authority Commercial Paper Notes are required to be issued in registered form, then, in that event, an Authorized Officer is hereby authorized to modify the form of such Port Authority Commercial Paper Notes. The Authority shall bear the cost incurred by the Authority in connection with the registration, authentication, transfer, cancellation, exchange and delivery of such registered Port Authority Commercial Paper Notes, including such fees as may be imposed by an Issuing and Paying Agent for such services in connection therewith.

ARTICLE V. COVENANTS.

The Authority hereby covenants and agrees with each holder of Port Authority Commercial Paper Notes as follows:

(a) The Authority shall duly and punctually pay or cause to be paid the principal of and interest on such Port Authority Commercial Paper Notes, as specified therein.

(b) Upon the date of issuance of such Port Authority Commercial Paper Notes, all conditions, acts and things required by the Constitution or statutes of the States of New York and New Jersey or of the United States of America, or this Resolution to exist, to have happened and to have been performed precedent to or in the issuance of such Port Authority Commercial Paper Notes shall exist, have happened and have been performed and such Port Authority Commercial Paper Notes, together with all other indebtedness of the Authority, shall be within every debt and other limit prescribed thereby.

(c) The Authority shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Authority under the provisions of this Resolution in accordance with the terms of such provisions.

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(d) So long as any Port Authority Commercial Paper Notes issued on or after the Effective Date remain outstanding, at such time or times as the Authority makes the computations called for by Section 3 of the Consolidated Bond Resolution, in connection with the issuance of new Consolidated Bonds for purposes other than solely the refunding of all or any portion of the principal amount of Port Authority Commercial Paper Notes then outstanding, and only for purposes of Port Authority Commercial Paper Obligations, the Authority shall consider the principal amount of Consolidated Bonds then outstanding to include a principal amount of such bonds (with the following characteristics: maturity - thirty (30) years from the time of issuance of the aforesaid new Consolidated Bonds; interest - at the rate to be estimated by the Authority to be the approximate rate of interest for an issue of such bonds at such time of issuance, payable semiannually beginning six (6) months from such time of issuance; amortization - in such annual amounts as would be required to retire the principal amount of such bonds by the thirtieth (30th) anniversary of such time of issuance if such annual retirement were effected at par at each anniversary of such time of issuance and if the annual debt service thereon would be equal for all years after such time of issuance until the thirtieth (30th) anniversary of such time of issuance) equal to the amount obtained by subtracting from One Hundred Million Dollars (\$100,000,000) (or Fifty Million Dollars (\$50,000,000) in the event that only Commercial Paper Notes constituting a portion of either Port Authority Commercial Paper Obligations, Series A or Port Authority Commercial Paper Obligations, Series B, are outstanding at such time of issuance), an amount equal to the principal amount of Port Authority Commercial Paper Notes outstanding at such time of issuance which are to be refunded by such new Consolidated Bonds. In the event that such new Consolidated Bonds are issued solely for purposes of refunding all or any portion of the principal amount of Port Authority Commercial Paper Notes outstanding at such time of issuance, then no computations hereunder shall be required.

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ARTICLE VI. MISCELLANEOUS.

Section 6.01. Contract. The provisions of this Resolution shall constitute a contract with the holders of the Port Authority Commercial Paper Notes issued pursuant to this Resolution, and with each such holder.

Section 6.02. Amendments. The Authority may modify or amend this Resolution or any agreement authorized by this Resolution at any time by a supplemental resolution or agreement, as applicable, without notice to or the consent of any holder of the Port Authority Commercial Paper Notes, but only in regard to such provisions as shall not materially and adversely affect the interests of such holders of the Port Authority Commercial Paper Notes then outstanding.

Section 6.03. Liability. No Commissioner, officer, agent, representative, or employee of the Authority or Authorized Officer shall be held personally liable to any purchaser or holder of any of the Port Authority Commercial Paper Obligations under or upon such Port Authority Commercial Paper Obligations, or under or upon this Resolution or any resolution hereafter adopted relating to the Port Authority Commercial Paper Obligations, or because of the issuance or attempted issuance of any of the Port Authority Commercial Paper Obligations, or because of any act or omission in connection with the construction, acquisition, effectuation, operation or maintenance of any facility of the Authority, or because of any act or omission in connection with the investment or management of the revenues, funds or moneys of the Authority, or otherwise in connection with the management of its affairs, excepting solely for things wilfully done by such person with an intent to defraud or wilfully omitted to be done by such person with an intent to defraud.

Section 6.04. Investment of Proceeds. No part of the proceeds of any of the Port Authority Commercial Paper Obligations shall be invested directly or indirectly in such a manner as to cause the interest on the Port Authority Commercial Paper Obligations to be includible, for Federal income tax purposes, in the gross income of the recipients thereof under Section 103(a) of the Code or the applicable regulations related thereto.

Section 6.05. Certifications. An Authorized Officer is hereby authorized to certify on behalf of the Authority as to the need for the issuance of the Port Authority Commercial Paper Obligations for the purposes for which such Port Authority Commercial Paper Obligations are issued, as to the status of the projects for which the proceeds of the Port Authority Commercial Paper Obligations would 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 this Resolution.

Section 6.06. Determinations. Whenever in this Resolution it is provided that any selection, designation, determination or estimate shall or may be made by an Authorized Officer duly authorized by this Resolution, or that any action may be taken or withheld by such Authorized Officer or that any action shall or may be taken or withheld at the option of or dependent upon the opinion, discretion or judgment of such Authorized Officer, then such Authorized Officer's selection, designation, determination, estimate, or action so made, taken or withheld shall be conclusive for the purposes of this Resolution, whether required to be made, taken or withheld as a condition precedent to the issuance of any of the Port Authority Commercial Paper Obligations or for the purpose of determining if all conditions precedent to the issuance of any such Port Authority Commercial Paper Obligations exist, or otherwise as in the opinion of such Authorized Officer will best serve the public interest, the Authority hereby adopting such selection, designation, determination, estimate or action so made, taken or withheld as its own.

Section 6.07. Committee on Finance. The Committee on Finance is hereby authorized to take such actions in connection with Port Authority Commercial Paper Obligations and the program relating thereto as in the opinion of the Committee on Finance may best serve the public interest, including the authorization and approval of the appointment of, and agreements with, one or more other or additional Dealers or Issuing and Paying Agents or both, and the authorization and approval of such other or additional Revolving Credit Agreements and Line of Credit Agreements with such other or additional parties as may be necessary or desirable to effectuate such program; provided, however, that any such agreements shall contain terms and conditions not inconsistent with this Resolution.

Section 6.08. Titles. Titles to the Articles and Sections of this Resolution are solely for convenience, and are not an aid in the interpretation of this Resolution or any part thereof.

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Appointment of Bond Counsel

RESOLVED, that the resolution of the Committee on Finance adopted on October 30, 1987, entitled "Appointment of Bond Counsel in Connection with Issuance of Port Authority Obligations" (appearing at Page 2 of the minutes of the Committee on Finance of such date) be and it is hereby rescinded and cancelled in its entirety; and it is further

RESOLVED, that the law firm of Orrick, Herrington & Sutcliffe be and it hereby is appointed to act as bond counsel in connection with the issuance of the Authority's commercial paper obligations, and in connection therewith General Counsel of the Authority be and he hereby is authorized to make all necessary and appropriate arrangements in connection with the provision of such bond counsel services.

The above resolution was adopted, Commissioners McGoldrick and Schulman voting "Nay" as to the first paragraph.

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1988 Budget

It was reported that copies of the Budget for the year 1988 were presented to the Commissioners in October 1987. The 1988 Budget is a product of the Port Authority's internal planning process and represents the continuation of the capital plan endorsed by the Governors as well as the estimated expenditures necessary to achieve the organization's objectives. These objectives are: to strengthen the Port Authority's organizational 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 Port Authority. Approval of these recommendations will enable the Port Authority to accomplish its mission.

The 1988 Budget for The Port Authority of New York and New Jersey, including the anticipated expenditures of subsidiary corporations, totals \$2.2 billion, as shown on page 28. It consists of approximately \$834 million in gross capital expenditures, \$1.1 billion of operating expenses, \$218 million of debt service charged to operations and reserves, \$39 million of expenditures for the Fund for Regional Development, and \$47 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 1988 Budget includes a total of \$127 million for retention of professional, technical, or advisory services and \$117 million for maintenance and service, construction, and commodities (materials, equipment, and supplies) contracts, in addition to expenditures otherwise authorized, consisting of the following amounts:

- Maintenance & Services Contracts	\$31 million
- Construction Contracts	\$74 million
- Commodities Contracts	\$12 million

The Executive Director would be authorized to take action with respect to these expenditures in accordance with appropriate procedures filed with the Committees of the Board. A good faith effort will be utilized to obtain a goal of at least 10% Minority Business Enterprise and 1% Women's Business Enterprise participation or other Port Authority established goals on contracts so authorized. Reports will be made to the Commissioners on the goals, if any, to be sought in each contract and subsequently on the extent to which the goals are being met by contractors as well as by direct awards to MBEs and WBEs and by subcontracting.

The 1988 capital expenditures are for projects related to the Port Authority's Aviation, Interstate Transportation Network, Port, and World Trade and Economic Development facilities and include a provision of \$10 million for emergency repairs. The Budget also includes \$47 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 June 1983, \$30 million for regional development projects identified by the Governors, and an allowance of \$40 million for projects under study and in development. Expenditures for construction contracts included in the 1988 Budget are shown on page 29.

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In 1988, Aviation's activities will be devoted to the revitalization, renewal, and enhancement of the airports while maintaining ongoing operations and levels of service. Aviation's plan provides for the establishment of project teams and the initiation of significant planning activity associated with JFK 2000 and Newark 2000 and the LaGuardia Airport modernization and expansion. Also included are expenditures related to improvements at the International Arrivals Building, construction of an air cargo building and multi-tenant air cargo site, as well as roadway and parking lot improvements at Kennedy International Airport; school soundproofing at all three airports; realignment and widening of roadways at LaGuardia Airport; finishes for Terminal C, and roadway, taxiway and parking lot improvements at Newark International Airport.

For Interstate Transportation Network facilities, the 1988 Budget includes expenditures for increased system capacity to meet growing traffic demands and for the protection of the physical integrity of the facilities. The Budget provides for the start of major construction at the new PATH Car Maintenance Facility, the commencement of 8-car operations on PATH's Newark-World Trade Center service, completion of the Holland Tunnel ceiling replacement project, facility rehabilitation at the George Washington and Staten Island Bridges, additional improvements at the Port Authority Bus Terminal, and continued development of the Hoboken-lower Manhattan Ferry Service. The Budget also includes the planned purchase of buses for use in the States of New York and New Jersey under the Port Authority Bus Programs.

In order to ensure the competitive position of our port facilities and enhance the economic benefits to the region, the 1988 Budget includes expenditures for channel dredging, facility rehabilitation at the Brooklyn-Port Authority Marine Terminal, terminal improvements at the Elizabeth-Port Authority Marine Terminal, as well as the commencement of operations at the Fishport at Erie Basin and the Imported Automobile Marine Terminal at Port Jersey/Greenville.

The World Trade and Economic Development Department's program reflects expansion and renovation of the industrial parks, maintaining the safety and structural integrity of the World Trade Center, and continued construction of the Teleport and Newark Legal and Communications Center, as well as construction of the Essex County Resource Recovery Facility.

Circumstances have arisen during the year 1987 which were not foreseeable or determinable on April 9, 1987, when the Board adopted the 1987 Budget. These changes, totaling about \$3.2 million, are set forth on page 31, and, together with all other expenditures for the Port Authority for the year 1987, will not exceed the amount as set forth in the 1987 Budget.

As contemplated in the 1988 Budget, in light of recent staff studies, consultant studies, and similar studies conducted by private and public agencies, of salary, wage, and Consumer Price Index trends, and consistent with the Port Authority Labor Relations Instruction, effective December 27, 1987, provision for salary ranges and salaries for staff not represented for collective negotiations would be set or increased by 4 percent, and compensation programs, as revised, would continue to be administered on the basis of merit; provided, however, that no increase in salary will be given to Department Directors or Assistant Executive Directors, pending approval by Board resolution of a revised salary plan for such positions. In addition to provisions governing the salaries of incumbent Department Directors and Assistant Executive Directors, the revised plan will establish starting salary ranges for new appointees to such positions.

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A provision of \$400 thousand 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.

In connection with the adoption of the 1987 Budget on April 9, 1987, the Board authorized the appropriation by the Executive Director of funds paid into and available in the Consolidated Bond Reserve Fund for the purpose of capital expenditures in 1987 in a total amount not to exceed \$120 million, together with capital funds to be carried into 1987 and the proceeds of Consolidated Bonds and Commercial Paper Notes to be issued in 1987. As of October 31, 1987, approximately \$105 million had been appropriated from the Consolidated Bond Reserve Fund for direct investment in Port Authority facilities. Due to conditions in the financial markets and other circumstances not anticipated when the 1987 Budget was adopted, additional appropriated funds of approximately \$35 million may be needed during November and December 1987, based on total gross capital expenditures estimated at \$615 million for 1987. Furthermore, the 1988 Budget anticipates gross capital expenditures of approximately \$834 million. To provide sufficient funds to substantially complete the Port Authority's capital program for 1987 and 1988, together with capital funds to be carried into each year and the proceeds of Consolidated Bonds, Commercial Paper Notes, and other obligations to be issued, it is desirable at this time to authorize the appropriation for the purpose of capital expenditures to be made in each year of funds paid into and available in the Consolidated Bond Reserve Fund in a total aggregate amount not to exceed \$400 million in 1987 and 1988.

To continue the Port Authority's practice of annually setting aside amounts towards covering self-insured contingent losses, it is necessary in light of currently established accounting standards to authorize an appropriation from the Consolidated Bond Reserve Fund of a total amount, consistent with the Authority's financial commitments and policies, not to exceed \$10 million to a provision for self-insurance for the year 1988.

Consistent with the Port Authority's financial commitments and policies, the amounts so financed from the Consolidated Bond Reserve Fund would not exceed an amount which, when combined with any other amounts financed in 1987 and 1988, respectively, from such funds paid into and available in the Consolidated Bond Reserve Fund, would preclude the Port Authority from: (a) maintaining the General Reserve Fund at an amount equal to 10% of the par value of outstanding Port Authority bonds legal for investment (other than New York State Guaranteed Commuter Car Bonds); and (b) maintaining in all reserve funds an aggregate amount in excess of the next two years' debt service on outstanding Port Authority bonds secured by a pledge of the General Reserve Fund.

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, as contained in the financial plan presented to the Commissioners in October 1987, would also be confirmed.

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

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 1988, including authority for the Executive Director to take action, in accordance with appropriate procedures, with respect to professional, technical, or advisory services, and with respect to maintenance and service, construction, and commodities contracts, and to implement the annual salary range adjustment, which is hereby recognized:

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
Including Subsidiary Port Authority Trans-Hudson Corporation

1988 BUDGET
(Thousands of Dollars)

Item	Total Expenditures	Personal Services	Materials & Services	Other
Executive Offices				
Office of the Executive Director	\$2,049	\$810	\$1,239	
General Administration	701		701	
Office of the Secretary	4,650	1,602	3,048	
Office of Minority Business Development	1,185	657	528	
Office of Capital Programs	551	416	135	
Office of Policy Planning & Development	231	172	59	
Chief Financial Officer	3,196	1,849	1,347	
Audit Department	6,739	4,960	1,779	
Comptroller's Department	26,618	9,249	17,369	
Treasury	17,491	2,456	15,035	
Insurance Costs	45,266		45,266	
Debt Service	281,782			\$281,782
Expenditures on Behalf of Fund for Regional Development	39,451			39,451
Management and Budget Department	11,704	7,198	4,506	
Payments of City Rent & In Lieu of Taxes	148,895			148,895
Office of Administration	644	396	248	
General Services Department	50,343	23,946	1,467 *	24,930
Personnel Department	23,968	13,269	10,699	
Office of Medical Services	5,100	2,824	2,276	
Management Information Services Department	12,114	14,761	(13,287) *	10,640
Gov't., Comm. & Public Affairs Department	7,056	3,810	3,246	
Law Department	16,834	10,780	6,054	
Planning and Development Department	17,494	9,622	7,872	
Public Safety Department	40,281	30,336	9,945	
Engineering Department	143,613	64,212	59,931	19,470
Construction Contracts	179,198			179,198
Office of Interstate Transportation Network	928	524	404	
Ferry Transportation Services	8,398	1,291	7,107	
Construction Contracts	22,000			22,000
Tunnels, Bridges and Terminals Department				
Administration and Planning	29,815	10,269	10,731	8,815
Holland Tunnel	19,479	15,532	3,947	
Lincoln Tunnel	21,609	16,776	4,833	
George Washington Bridge	21,844	16,786	5,058	
Staten Island Bridges	11,730	9,297	2,433	
Port Authority Bus Terminal	33,182	19,422	13,760	
Construction Contracts	3,960			3,960
Rail Transportation Department				
Administration, Planning and Construction	29,866	9,335	17,495	3,036
PATH	106,146	78,611	27,535	
Construction Contracts	2,890			2,890
Port Department				
Administration, Planning and Construction	12,877	6,381	4,496	2,000
Port Newark	7,794	4,012	3,782	
Howland Hook Marine Terminal	1,160	70	1,090	
Elizabeth-P.A. Marine Terminal	4,780	2,305	2,475	
Columbia Street Marine Terminal	190	72	118	
Erie Basin- Fishport	3,558	1,027	2,531	
Brooklyn- P.A. Marine Terminal	4,357	1,942	2,415	
New York City Passenger Ship Terminal	7,520	1,179	6,341	
Red Hook Container Terminal	2,303	213	2,090	
Port Promotion	6,736	3,148	3,588	
Construction Contracts	94,500			94,500
Aviation Department				
Administration and Planning	65,321	16,733	48,588	
LaGuardia Airport	42,159	20,272	21,887	
Newark International Airport	78,510	28,480	50,030	
John F. Kennedy International Airport	110,281	45,596	64,685	
Port Authority Heliports	2,816	1,250	1,566	
Construction Contracts	130,000			130,000
World Trade/Economic Development Department				
Administration, Planning and Construction	12,123	5,424	5,034	1,665
The World Trade Center	124,722	17,073	103,242	4,407
Trade Programs/Foreign Trade Devel. Offices	13,182	5,629	7,553	
Newark Legal and Communications Center	810	438	372	
The Teleport	4,171	1,061	3,110	
Economic Development	17,697	2,938	5,070	9,689
Construction Contracts	193,545			193,545
Predevelopment Site Acquisition Program	5,000			5,000
Bus Programs	32,353			32,353
Regional Development Facility	47,420			47,420
Projects Under Study & Development	40,000			40,000
Regional Development Programs	30,000			30,000
Provisions for Delays Carried Forward	(261,010)			(261,010)
Provisions for Capital Writeoff and Bad Debts	9,131		9,131	
Total Port Authority Budget	\$2,243,007	\$546,411	\$621,960	\$1,074,636
Agency Accounts (Reimbursible)				
Railroad Equipment Program	\$13,432			

* Net after charges to other departments.

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
1988 BUDGET
CONSTRUCTION CONTRACTS
(Thousands of Dollars)

ENGINEERING DEPARTMENT	
PATH	\$67,301
Hoboken Waterfront Development	28,665
Port Authority Industrial Park in Yonkers	16,739
PATH Safety Program	13,395
George Washington Bridge & Bus Station	9,755
Holland Tunnel	9,130
Port Authority Bus Terminal	7,620
Lincoln Tunnel	7,558
Essex County Resource Recovery Facility	4,950
Port Authority Industrial Park at Elizabeth	4,458
Newark South Ward Industrial Park	3,898
Journal Square Transportation Center	1,925
Bayonne Bridge	1,445
Goethals Bridge	1,393
Outerbridge Crossing	966
Total	179,198
TUNNELS, BRIDGES AND TERMINALS DEPARTMENT	
Port Authority Bus Terminal	1,800
Bayonne Bridge	1,000
Holland Tunnel	500
Goethals Bridge	360
Lincoln Tunnel	300
Total	3,960
PORT DEPARTMENT	
Elizabeth - P. A. Marine Terminal	24,800
Port Newark	21,750
Imported Automobile Marine Terminal	17,700
Erie Basin - P. A. Marine Terminal	11,300
Brooklyn - P. A. Marine Terminal	10,560
New York Port Project	5,000
NYC Passenger Ship Terminal	2,390
Howland Hook	1,000
Total	94,500
AVIATION DEPARTMENT	
John F. Kennedy International Airport	\$54,000
Newark International Airport	46,000
LaGuardia Airport	30,000
Total	130,000
WORLD TRADE AND ECONOMIC DEVELOPMENT DEPARTMENT	
Essex County Resource Recovery	120,363
Newark Legal and Communications Center	37,000
World Trade Center	21,720
The Teleport	7,012
Port Authority Industrial Park at Elizabeth	4,000
Bathgate Industrial Park	2,950
Port Authority Industrial Park at Yonkers	500
Total	193,545
RAIL TRANSPORTATION DEPARTMENT	
PATH Rapid Transit	2,552
PATH Safety Program	310
Journal Square Transportation Center	28
Total	2,890
FERRY TRANSPORTION SERVICE UNIT	
Ferry Vessels and Terminals	22,000
BUS PROGRAMS	
	32,353
Total Construction Contracts	\$658,446

(Board - 1/7/88)

RESOLVED, that the following revisions to the Budget for the year 1987 be approved:

SCHEDULE OF REVISION TO CERTAIN 1987 BUDGET ITEMS

	TOTAL EXPENDITURES	PERSONAL SERVICES	MATERIALS & SERVICES	OTHER
<u>Port Department</u>				
Howland Hook				
Marine Terminal	\$ 802	\$(201)	\$1,003	
<u>Aviation Department</u>				
LaGuardia Airport	805	(792)	1,597	
JFK International Airport	1,226	79	1,147	
Office of Medical Service	346	(87)	433	

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 1988 annual Budget of the Port Authority and any amendments thereto; and it is further

RESOLVED, that, in connection with the Port Authority's capital program, the financing by the Executive Director, by application of funds paid into and available in the Consolidated Bond Reserve Fund, including investment earnings attributable to the General Reserve Fund not required for the maintenance of that Fund, of capital expenditures during the years 1987 and 1988 in connection with the Port Authority's facilities in a total aggregate amount not to exceed \$400,000,000 in 1987 and 1988, be and the same hereby is authorized; provided, however, that the amount so financed shall not exceed an amount which, when combined with any other amounts financed in 1987 and 1988, respectively, from such funds paid into and available in the Consolidated Bond Reserve Fund, will preclude the Port Authority from: (a) maintaining the General Reserve Fund at an amount equal to 10% of the par value of outstanding Port Authority bonds legal for investment (other than New York State Guaranteed Commuter Car Bonds); and (b) maintaining in all reserve funds an aggregate amount in excess of the next two years' debt service on outstanding Port Authority bonds secured by a pledge of the General Reserve Fund; and that the application from time to time of funds as set forth herein is hereby approved and authorized; and it is further

(Board - 1/7/88)

RESOLVED, that, in connection with the Port Authority's self-insurance program, the application by the Executive Director of funds paid into and available in the Consolidated Bond Reserve Fund, including investment earnings attributable to the General Reserve Fund not required for the maintenance of that Fund, to a Provision for Self-Insurance in connection with the Port Authority's facilities in a total amount, consistent with the Port Authority's practice of self-insurance, not to exceed \$10 million in 1988, be and the same hereby is authorized; provided, however, that the amount so applied shall not exceed an amount which, when combined with any other amounts financed in 1988 from such funds paid into and available in the Consolidated Bond Reserve Fund, will preclude the Port Authority from: (a) maintaining the General Reserve Fund at an amount equal to 10% of the par value of outstanding Port Authority bonds legal for investment (other than New York State Guaranteed Commuter Car Bonds); and (b) maintaining in all reserve funds an aggregate amount in excess of the next two years' debt service on outstanding Port Authority bonds secured by a pledge of the General Reserve Fund; and that the application from time to time of funds as set forth herein is hereby approved and authorized.

Whereupon, the meeting was adjourned.

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Thursday, January 14, 1988

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MINUTES of meeting of The Port Authority of New York and New Jersey held Thursday, January 14, 1988 at the Port Authority offices, One World Trade Center, City, County and State of New York.

PRESENT:

NEW JERSEY

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

NEW YORK

Robert F. Wagner, Vice-Chairman
 William J. Ronan
 Howard Schulman
 John G. McGoldrick
 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
 Sally Beneman, Administrative Assistant
 Henry I. DeGeneste, Deputy Director of Public Safety
 Eugene J. Fasullo, Deputy Director of Engineering/Deputy Chief Engineer
 Sidney J. Frigand, Assistant Executive Director/Government, Community & Public Affairs
 Louis J. Gambaccini, Assistant Executive Director/Trans Hudson Transportation
 Gene C. Gill, Director of General Services
 Francis A. Gorman, Comptroller
 John E. Hauptert, Treasurer
 Charles L. Hirsch, Executive Assistant to the Executive Director
 Leon Katz, Supervising Information Officer, Public Affairs
 Richard R. Kelly, Director of Rail Transportation
 Robert J. Kelly, Deputy Director of Tunnels, Bridges and Terminals
 James J. Kirk, Port Director
 Phil LaRocco, Director of World Trade and Economic Development
 Donald R. Lee, Director of Audit
 Lillian C. Liburdi, Director of Management & Budget
 Katherine B. MacKay, Assistant Executive Director/Administration
 Mark Marchese, Assistant Director, Information Services, Government, Community & 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
 David Z. Plavin, Director of Aviation Redevelopment Programs
 Martin E. Robins, Director of Planning and Development
 Morris Sloane, Director of Aviation Operations
 Victor T. Strom, Director of Public Safety
 Joseph L. Vanacore, Assistant Executive Director/Capital Programs
 Barry Weintrob, Chief Financial Officer
 Marvin E. Weiss, Director, Office of Minority Business Development

The meeting was called to order by the Chairman.

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of December 10, 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 has expired.

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 January 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 January 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 January 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 January 14, 1988, in addition to matters separately reported to the Board of Commissioners at this meeting of the Board, and the report was received.

(Board - 1/14/88)

**Authorization to Study Alternatives to Meet Future
Transportation Needs Between Staten Island and New
Jersey**

The increasing integration of the metropolitan area economy across state lines has focused attention on the interstate roadway network and on the Port Authority's vehicular crossings which are key elements of that network. Projected growth in the economy and labor force of the region will cause significant traffic growth on the roadway network, including the Port Authority's crossings. In recognition of this, the Governors of New York and New Jersey earlier this year requested that the Port Authority expedite its analysis of the need for additional interstate transportation capacity, including, where necessary, the provision of additional capacity between Staten Island and New Jersey.

Port Authority studies have indicated that future volume growth along with the increasing use of wider trucks will lead to peak period congestion and delays at the Goethals Bridge and Outerbridge Crossings. Of the three crossings which connect Staten Island and New Jersey, the Goethals Bridge and Outerbridge Crossing have experienced significant growth in traffic volumes over the last several years. Staff forecasts that significant growth in traffic will occur over the next ten to twenty years at these bridges and on connecting highways. This will lead to delays and congestion as anticipated volumes will significantly exceed capacity at the Goethals Bridge and nearly reach capacity at the Outerbridge Crossing. Exacerbating this situation is the fact that the bridges, designed in the 1920's, have lanes that are narrow by comparison to the standards of the 1980's. This will reduce operational efficiency as new, wider standard trucks enter the traffic stream in greater numbers.

Pursuant to the two States' Bridge & Tunnel Unification Act, and in view of the future traffic problems which are anticipated at the Goethals Bridge and Outerbridge Crossing, it is appropriate that a study be undertaken to determine the most feasible plan for meeting future needs. The study will include, among other relevant concerns, environmental impact analyses. In connection with the study, staff will endeavor to negotiate rights of entry onto various properties for the purpose of surveys and other examinations, such as geotechnical and environmental studies, borings, test pits and samplings, etc. However, if necessary, the Port Authority's statutory rights of entry may be exercised. As part of the effort to assure coordinated regional planning members from several key transportation agencies, from both New York and New Jersey, have agreed to participate on an interagency working committee throughout the study period.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the conduct of a study on the necessity for and practicability of alternatives to meet future transportation needs between New Jersey and Staten Island pursuant to the legislative mandate of the Bridge and Tunnel Unification Act, the study to include, for planning purposes only, the obtaining of property surveys, title searches and negotiating or exercising statutory rights of entry.

(Board - 1/14/88)

**Port Authority Auto Marine Terminal - Greenville - Amendment
of Lease with BMW of North America, Inc.**

It was recommended that the Board authorize the Executive Director for, and on behalf of the Port Authority, to enter into an agreement amending the Port Authority's lease with BMW of North America, Inc. ("BMW") at the Port Authority's Auto Marine Terminal at Greenville, Jersey City, New Jersey, to allow BMW to assume responsibility for certain aspects of the development of the Auto Marine Terminal. The agreement would cover the performance by BMW of design and construction management services for certain paving, utilities, and related work at an estimated cost to the Port Authority of \$300,000 and the performance of this work by BMW at an estimated cost to the Port Authority of \$5 million.

The work to be covered by this agreement constitutes part of the \$31 million Port Authority Auto Marine Terminal project previously authorized by the Board, which the Port Authority is obligated to perform pursuant to its lease with BMW. Performance of the work by BMW would expedite certain aspects of the development of the project which must be in place for BMW to operate the Regional Vehicle Preparation Center and Multi-Level Storage Garage which it intends to build on its premises under the lease.

BMW's assumption of these obligations will render null and void the provisions of the lease providing for the postponement of the rent commencement date if the Port Authority does not complete construction of that portion of the paved access route from the Port Jersey berth to BMW's premises which is located between Port Jersey Boulevard and the premises, and does not bring water, sewer and storm damage connections to the premises. The rent commencement date would still be subject to postponement if the Port Authority does not complete construction of the other work which it agreed to perform pursuant to the lease.

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 with BMW of North America, Inc. amending the Port Authority's lease with BMW of North America, Inc. substantially in accordance with the terms and conditions set forth above, the form of the agreement to be subject to the approval of General Counsel or his designated representative.

(Board - 1/14/88)

**Elizabeth-Port Authority Marine Terminal Amendment of Lease
(EP-144) with Atlantic Container Line BV - to Lease of
Paceco Portainer Crane No. 282**

It was recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into an agreement amending the Port Authority's terminal lease with Atlantic Container Line BV ("ACL") at the Elizabeth Port Authority Marine Terminal to cover the leasing to ACL of Paceco Portainer Crane No. 282 owned by the Port Authority for a term commencing on or about February 1, 1988 and continuing for the approximate thirteen year balance of the terminal lease at a rental at the rate of approximately \$252,586 per year. ACL will have the right to separately terminate the leasing of the crane effective as of September 30, 1992 or September 30, 1997 by giving eighteen months' prior written notice.

This arrangement will allow ACL to operate and maintain a Port Authority asset that will enhance ACL's operational flexibility and allow for an increase in tonnage moving through the Facility. ACL will be permitted to use a portion of its \$4 million commitment for terminal improvements for any necessary modifications to the crane.

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 with Atlantic Container Line BV amending the Port Authority's lease with Atlantic Container Line BV substantially in accordance with the terms and conditions set forth above, the form of the agreement to be subject to the approval of General Counsel or his designated representative.

(Board - 1/14/88)

**Expansion of Foreign-Trade Zone No. 49 to Include the Port
Jersey/Greenville Properties in Bayonne and Jersey City,
New Jersey**

Foreign-Trade Zone status for Port Jersey/Greenville would provide an effective marketing tool to attract potential automobile companies, manufacturers, and developers, who would benefit through the deferral, reduction, and/or elimination of U.S. Custom duties.

The total acreage involved is 195 acres. Of that, 145 acres will be developed as an imported automobile unloading and preparation center and the remaining 50 acres will be used for future development. Foreign-Trade Zone status of the imported automobile marine terminal would enable automobile importers and manufacturers to: defer U.S. Customs duty payments through the storage of parts and finished cars; reduce duty payments on imported car parts and accessories which are incorporated into a car; and eliminate duty payments altogether on cars re-exported from the Zone.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director be and hereby is authorized to file an application with the Foreign-Trade Zones Board of the United States Department of Commerce for the expansion of Foreign-Trade Zone No. 49, which consists of 2100 acres at the Port Newark/Elizabeth-Port Authority Marine Terminal, to include the Port Jersey/Greenville properties comprising 195 acres in Bayonne and Jersey City, New Jersey.

(Board - 1/14/88)

**Port Authority Bus Terminal - Improvements and Modernization
South Wing - Rehabilitation of 3rd and 4th Floor
Unloading Platforms - Contract BT-190.066 - Award**

In 1981, the Board authorized a project to improve and modernize the Port Authority Bus Terminal at a total estimated project cost of \$36.5 million.

Contract BT-190.066, the last contract to be awarded under this authorization, provides for the general rehabilitation of the 3rd and 4th floor unloading platforms in the South Wing of the Bus Terminal, including tiling floors and walls, ventilating the 3rd floor, new lighting and signing, new stairs between the 2nd and 3rd floors and new terrazzo flooring for portions of the 2nd floor (Suburban Concourse).

The contract also provides for the replacement of cracked brick masonry in stair and escalator enclosures on a net cost basis presently estimated at roughly \$20,000.

Additionally, the contract provides 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 contract was publicly advertised and bids were received on January 5, 1988. Hercules Construction Corp. was the low bidder and was determined to be qualified to perform the contract by the Chief Engineer.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized to award Contract BT-190.066 to Hercules Construction Corp., the low bidder, in the amount of \$2,222,000 to order extra work up to \$225,000 and to order net cost work.

(Board - 1/14/88)

The World Trade Center - Expansion of Condenser Water Systems Project Authorization

One of the World Trade Center's competitive advantages as rental property is its ability to provide tenants with air-conditioning on a 24-hour per day, seven days per week basis. Standard office air-conditioning is provided via the World Trade Center's chilled water system. The tenants' additional cooling for their proprietary equipment is provided via the condenser water systems. Tenants requiring condenser water presently pay a fee to the Port Authority of approximately \$1,000 per ton, per year based upon the rating of their connected air conditioning load.

The existing condenser water systems are currently operating at full capacity. Increased demands by new and existing tenants for more condenser water in both One and Two World Trade Center have made it necessary to expand the systems to meet current increased tonnage requirements and to have the ability to expand the systems in the future as the need arises.

It is estimated that this investment for the towers will allow us to meet tonnage requirements through year-end 1988 and will enable staff to accomplish modifications and/or expansion of the systems which are determined to be necessary to supply additional tonnage requirements needed to meet further tenant demands. Four condenser water systems, two in each tower, are presently capable of supplying 1,100 tons of condenser water in each tower. The planned expansion will enable the systems to supply an additional 550 tons of condenser water in each tower.

Swiss Bank Corporation International Securities, Inc. (SBCIS) the lessee of approximately 50,000 square feet of space in One World Trade Center, requires supplementary air-conditioning for half of their space. In order to accommodate them prior to completion of the expansion of the condenser water systems in November 1988, SBCIS has arranged to temporarily connect to base building chilled water. SBCIS will perform a portion of the construction of the condenser water expansion. As this construction work would have been performed at the cost and expense of the Port Authority, the Port Authority will grant SBCIS a credit in an amount not to exceed \$460,000 by providing additional base building chilled water to the lessee.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize: (1) a project at the World Trade Center to expand the existing condenser water systems at a total expenditure not to exceed \$10.0 million, including payments to contractors, allowances for extra work and net cost work, engineering, administrative and financing expenses and a project contingency; (2) the Executive Director to: (a) take such action with respect to purchase or construction contracts for the foregoing 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) 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 contract, including supplemental agreements thereto; and (3) the Executive Director, for and on behalf of the Port Authority, to enter into an agreement with the lessee Swiss Bank Corporation International Securities Inc. whereby the lessee will perform construction work in connection with the condenser water expansion and the Port Authority will grant the lessee a credit in an amount not to exceed \$460,000 by providing additional base building chilled water to the lessee; the form of such agreement shall be subject to approval of the General Counsel or his designated representative.

(Board - 1/14/88)

**The World Trade Center and Port Authority Bus Terminal -
Revised Rules and Regulations**

The Board was requested to authorize revisions to the existing Rules and Regulations governing the use and occupancy of the World Trade Center and the Port Authority Bus Terminal.

The Revised Rules and Regulations will allow staff to operate these facilities in a safe and efficient manner and continue to provide optimum levels of service to the patrons and tenants. Together with the comprehensive program developed and implemented to respond to the homeless and the unique operational and maintenance problems associated with the conduct of some World Trade Center and Bus Terminal patrons, the revised Rules and Regulations will allow staff to more effectively supervise and coordinate facility operations and thereby provide the public with a safe, well-ordered Bus Terminal and World Trade Center.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board hereby adopts the "World Trade Center and Port Authority Bus Terminal, Revised Rules and Regulations" (attached hereto), for the safe and efficient operation thereof, effective January 14, 1988.

RULES AND REGULATIONS
FOR THE WORLD TRADE CENTER

1. **Permission granted to use World Trade Center conditional.** Permission granted by the Port Authority directly or indirectly, expressly or by implication, to any person or persons, to enter upon or use any part of the World Trade Center (including lessees and other persons occupying or using space at the World Trade Center, persons doing business with the Port Authority or with its lessees or permittees, and all other persons whatsoever whether or not of the type indicated), is conditioned upon compliance with the Port Authority rules and regulations as from time to time may be changed; and entry upon or into the World Trade Center by any person shall be deemed to constitute an agreement by such person to comply with said rules and regulations.
2. The Manager of the World Trade Center shall have authority to deny the use of the Center to any person violating the said Rules and Regulations or laws, ordinances or regulations of the United States, the State of New York, or the City of New York.
3. **Entry restrictions.** Persons shall use the common areas and facilities in the World Trade Center solely for purposes of ingress and egress, and no person shall cause any obstruction of or loiter in any such common area or facility. No person shall interfere with the safe, orderly flow of vehicular or passenger traffic. No person shall be permitted to sleep, lie down or sit on the floor, ledges, platforms, steps or escalators nor erect any unauthorized permanent or temporary structure at the World Trade Center without the express written permission of the Manager. In addition, no person shall spit, urinate or defecate on any part of the World Trade Center other than in a urinal or toilet intended for that purpose. No person shall enter upon any court or roof area or parking area unless specifically so authorized by lease, permit, license or other agreement with the Port Authority. The Port Authority may exclude from buildings at the World Trade Center, between the hours of 6 p.m. and 8 a.m. and at all hours on Saturdays, Sundays and legal holidays, all persons who do not present a pass to the World Trade Center. All such passes shall be in such form as the manager of the World Trade Center may prescribe from time to time and no person shall issue passes unless authorized in writing by the manager to do so. Any area barricaded, roped off or otherwise restricted, shall be presumed to be closed to the public and members of the public are prohibited from entering said areas without the express permission of the Manager or his designee. Furthermore, if the Port Authority deems it advisable for security reasons, occupants of space at the World Trade Center and persons frequently doing business there shall provide and their employees shall wear or carry badges or other suitable means of

identification which shall be subject to the prior approval of the Port Authority. Each person responsible for issuance of a pass or other means of identification to another person shall be liable to the Port Authority for all acts or omissions of such other persons.

4. No person shall gamble or conduct or engage in any game of chance at the World Trade Center unless such game of chance is permitted by local, state and federal law and has been approved by the Manager.

5. No person may for commercial use make drawings or take still photographs or motion pictures within the World Trade Center without permission of the manager.

6. No persons other than authorized persons or employees of the Port Authority in designated areas, shall bathe, shower, shave, launder or change clothes or remain undressed in any public restroom, sink, washroom on or within the World Trade Center.

7. Authorization required for commercial activity, entertainment or solicitation of funds. No person at the World Trade Center, unless duly authorized in writing by the Port Authority, shall

(a) sell, or offer for sale any articles of merchandise or carry on any other commercial activity; or

(b) solicit any business or trade, or perform or offer to perform any service, including without limitation thereto the carrying of baggage for hire, the shining of shoes or bootblacking; or

(c) entertain or offer to entertain any persons by any method including without limitation thereto by singing, dancing or playing any musical instrument; or

(d) canvass, peddle, or solicit funds for any purpose.

8. Alcoholic Beverage Restrictions - No person shall drink or carry any open alcoholic beverage on any part of the World Trade Center; provided, however, that this section shall not apply to those premises or areas wherein the consumption of alcoholic beverages is permitted pursuant to the provisions of a lease or other written agreement with the Port Authority.

9. Permission required for posting or distribution of printed matter, etc. No person shall post, distribute, exhibit, inscribe, paint or affix (nor shall any person cause, direct or order the posting, distributing, exhibiting, inscribing, painting or affixing of) signs, advertisements, circulars, notices, posters, or printed or written or pictorial matter or articles or

objects of any kind at, in, on or to any part of the common areas and facilities of the World Trade Center without the prior written consent of the manager of the World Trade Center. In the event of the violation of the foregoing, the Port Authority may remove the same without any liability, and may charge the expense and cost incurred for such removal to the person or persons violating this rule.

10. **Property Damage.** No person shall deface, mark, break or otherwise damage any part of the World Trade Center or any property thereat. No person shall remove, alter or deface any barricade, fence or sign at the World Trade Center.

11. All persons at the World Trade Center shall exercise the utmost care to avoid and prevent injury to persons and damage to property. Neither any inclusion in nor any omission from these Rules and Regulations shall be construed to relieve any person from exercising the utmost care to avoid and prevent injury to persons and damage to property.

12. **Lost articles to be turned over to Port Authority.** Persons finding lost articles at the World Trade Center shall turn them over to a Port Authority policeman or to the office of the manager. Articles which are not claimed by the owner within 90 days may be turned over to the finders thereof, unless found by Port Authority employees.

13. **Animals and pets, barred, exception.** No person except a police officer or other person authorized by the manager of the World Trade Center shall enter in or upon the World Trade Center with any animal or pet of any kind except a "seeing eye" dog or an animal properly confined for shipment.

14. **Requests for Port Authority employees to perform work or services to be directed to manager.** No person shall request any Port Authority employee to do any work or perform any service, but shall make all such requests to the manager of the World Trade Center, who may not comply with the request unless the person making the request is entitled to receive the service at the time the request is made, under written agreement with the Port Authority, and each person claiming to be so entitled shall make known such fact to the manager when the request is made.

15. **Smoking, operation of cutting torches and like devices restricted.** No person shall smoke or carry lighted cigars, cigarettes, pipes, matches or any naked flame in any place where smoking is specifically prohibited by signs, and no person shall operate at the World Trade Center an oxyacetylene torch, electric arc or similar flame or spark producing device, cook or light a fire or otherwise create a fire or life safety hazard on any part of the World Trade Center. No person shall tamper with or permit to be done anything which may interfere with the effectiveness or accessibility of any fire prevention, warning or extinguisher equipment at the World Trade Center nor use the same for any

purpose other than fire fighting or fire prevention. Tags showing date of last inspection attached to units of fire extinguishing and fire fighting equipment shall not be removed therefrom, except by authority.

16. Transportation, storage, etc. of certain materials and substances prohibited. No person shall store, keep, carry, handle, use, dispense or transport at, in or upon the World Trade Center, or bring into the World Trade Center for any purpose:

(a) any flammable, combustible, explosive, corrosive, oxidizing, poisonous, compressed or otherwise offensive fluid, gas, chemical substance or material, at such time or place or in such manner or condition as to endanger unreasonably or as to be likely to endanger unreasonably persons or property; or

(b) any firearms or any other weapons, except persons carrying firearms pursuant to and in compliance with law and all licenses, permits, etc. in connection therewith including such of the following as may be on official duty: authorized peace officers, post office, customs or express carrier employees or members of the armed forces of the United States; or

(c) the following radioactive materials:

(1) source material (as defined in Standards for Protection Against Radiation, promulgated by the Atomic Energy Commission, Title 10, Code of Federal Regulations, Part 20) including but not limited to uranium, thorium, or any combination thereof (but not including the "unimportant quantities of source material" set forth in 10 CFR 40.13);

(2) special nuclear material (as defined in Standards for Protection Against Radiation, promulgated by the Atomic Energy Commission, Title 10, Code of Federal Regulations, Part 20) including, but not limited to, plutonium, uranium, 233, uranium enriched in the isotope 233 or in the isotope 235, or any material artificially enriched by any of the foregoing;

(3) nuclear reactor fuel elements that are partially expended or irradiated;

(4) new nuclear reactor fuel elements;

(5) radioactive waste material; or

(6) any radioactive material moving under an Interstate Commerce Commission special permit or Atomic Energy Commission permit and escort.

17. Tampering with controls, equipment, etc. prohibited. No person shall tamper with or permit to be done anything which

may interfere with the effectiveness or accessibility of any World Trade Center controls, machinery or equipment including without limitation thereto thermostats, heater valves, sprinkler valves and devices, or blower motors, and no person shall turn on or off heating or air cooling controls in the World Trade Center or operate, adjust or otherwise handle or manipulate any of the aforesaid systems or portions thereof or operate any other equipment, machinery or other devices installed or located therein unless expressly authorized in writing by the Port Authority to do so.

18. Overloading of utility, mechanical, etc., systems prohibited. No person shall keep, maintain, place or install, use or connect at the World Trade Center any equipment or engage in any activity or operation at the World Trade Center which will cause or tend to cause an overloading of the capacity of any electrical circuit or system or portion of any other utility, mechanical, electrical communication or other systems serving the World Trade Center, nor do or permit to be done anything which may interfere with the effectiveness or accessibility of existing and future utility, mechanical, electrical, communication or other systems or portions thereof at the World Trade Center. No person shall in any common area plug a TV, radio or electrical device into any electrical outlet or connect any device to any utility at or in the World Trade Center without the express written approval of the Manager.

19. Obstruction of expansion or contraction joints prohibited. No person shall place any furniture, machine or equipment over any expansion or contraction joint unless one end of such furniture, machine or equipment is free to permit expansion or contraction.

20. Permission required for installations or operation of certain equipment. No person shall install or use at the World Trade Center except with the prior written consent of the manager of the World Trade Center, any air conditioning unit or equipment, refrigerator, heating or cooking apparatus or other power-activated equipment or any signal or call system or other communication systems or equipment or any device which connects to the power or other lines for signal or communications or other transmissions in any way whatsoever. No person shall install or operate at the World Trade Center any device which may in the Port Authority's opinion interfere with or impair any radio, television or telephone transmission or reception or any other communication service.

21. Permission required to lay floor covering. No person shall lay any linoleum, floor tile, carpeting or any other affixed floor covering at the World Trade Center without the prior written consent of the manager of the World Trade Center and if such consent is given such directions as the Port Authority may give as to methods and procedures to be used in the laying and installing of any such floor covering shall be followed.

22. **Locks and keys.** No person shall place any additional lock of any kind upon any window or interior or exterior door without the prior written consent of the manager and unless a key therefor is delivered to the Port Authority, nor make any change in any door or window lock or the mechanism thereof, except with the prior written consent of the manager. Upon the expiration or sooner termination of any agreement covering occupancy of space, the occupant shall surrender to the Port Authority any and all keys to interior and exterior doors or windows, whether said keys were furnished to or were otherwise procured by occupants and in the event of the loss of any keys furnished by the Port Authority the occupant shall pay to the Port Authority the Port Authority's cost of replacement thereof.

23. **Obstruction light, air, heat, etc. passage prohibited.** No person shall obstruct or permit the obstruction of light, air or passage in the World Trade Center, or cover or obstruct any elements of the heating, ventilating or air cooling systems therein. In addition no person shall place any window coverings including without limitation thereto, curtains, blinds, shades, draperies or screens on any exterior window, without the prior written consent of the manager of the World Trade Center, but all occupants of space shall provide and install, at their expense, such draperies as the Port Authority may in its discretion require or approve, and all occupants of space shall keep the draperies closed whenever the sun is shining on the windows.

24. **Approval required for certain service contracts.** No person shall purchase or contract for spring water, ice, waxing, rug shampooing, draperies, towels, cleaning, glass washing, furniture polishing, lamp servicing, cleaning or electric fixtures, removal of waste paper, rubbish and garbage, or other like services at the World Trade Center except from contractors, companies or persons approved by the Port Authority.

25. **Measures required to eliminate damaging vibrations.** All persons in their operations and use of space at the World Trade Center shall take all reasonable measures to eliminate vibrations tending to damage any part of the World Trade Center.

26. **Objectionable noise prohibited.** No person shall make, continue, cause or permit to be made or continued, any objectionable or disturbing noises or disturb or interfere with occupants of the World Trade Center or neighboring buildings or premises, whether by the use of any loudspeaker or other amplifying device, musical instrument, radio, talking machine, television, unmusical noise, whistling, singing, or in any other way. Nothing in this section shall affect the right of the Port Authority to authorize commercial activity, entertainment or solicitation of funds as provided in Section 1290.3.

27. **Acts or omissions resulting in filing of liens prohibited.** No person shall do or omit to do anything which may be ground for the filing of any mechanic's or other lien against the World Trade Center or any part thereof. Nothing herein shall be deemed to be a consent by the Port Authority to any such lien or the filing thereof or any implication that such lien would be valid or enforceable against the Port Authority or its property, but if such lien is filed, notwithstanding that it may be groundless or unenforceable, the Port Authority may take such steps as may be required to remove it including payment of any debts alleged to be owed by any person and such person shall pay the Port Authority the Port Authority's cost thereof upon demand.

28. **Names of persons to be notified in event of emergency to be filed.** Each occupant of space at the World Trade Center shall file with the Port Authority the name, address, and telephone number of at least two authorized representatives to be notified in the event of an emergency.

29. **Doors, windows to be locked and utility services turned off upon leaving.** All occupants of space at the World Trade Center shall before leaving the same at any time, close and lock all entrance doors therein and turn off all utility services controllable by the occupant.

30. **Use of premises for lodging, sleeping or immoral purposes prohibited.** No occupant of space at the World Trade Center shall use the same for lodgings or sleeping purposes or for any immoral purposes.

31. **Use of premises during other than normal business hours.** When an occupant of space at the World Trade Center intends to occupy the space during hours other than normal business hours, the occupant shall make a request in writing, for such of those services which the occupant is entitled to receive during normal business hours as the occupant may desire during hours other than normal business hours, each such request to be made by 4 p.m. of the last business day before each day during which the services are desired. Such services will be provided and paid for by the occupant in accordance with the schedule of rates established by the Port Authority from time to time and the occupant agrees that the Port Authority has made no representations or warranties that the premises will be habitable or usable by the occupant during other than normal business hours unless the aforesaid services are requested in advance by the occupant. An occupant of any space at the World Trade Center shall advise the manager of the World Trade Center one day in advance of any occasion when the space he occupies will not be occupied during normal business hours because of vacations or special holidays.

32. **Sidewalks, open areas, etc. to be kept free from snow, ice, dirt and rubbish.** All persons occupying at the World Trade Center any space which has an entrance or exit opening out on a

sidewalk or other open area, shall keep all sidewalks, open areas, curbs, lobbies, vestibules and steps adjacent to such space free from snow, ice, dirt and rubbish.

33. No person shall abandon any property at the World Trade Center. Nor shall any person for himself, herself or another store either temporarily or permanently any personal property at any part of the World Trade Center without the approval of the Manager of the facility. No person shall store bundles, paper, cloth, cardboard or any other material in solid, liquid or gas form that could in any way pose a fire or lifesafety hazard or obstruct or hinder passage without the express, written approval of the Manager.

34. Accumulation and disposal of garbage, debris, waste, etc. restricted. No person shall allow any garbage, debris, or other waste materials (whether solid or liquid) to collect or accumulate at the World Trade Center and each person shall be responsible for the removal from the World Trade Center of all garbage, debris and other waste materials (whether solid or liquid) arising out of that person's operations or occupancy or use of space at the World Trade Center. All persons shall use extreme care when effecting removal of all such waste and in no event shall any person use for such purpose any facilities of the Port Authority without the prior consent in writing of the manager of the World Trade Center. All persons shall effect such removal only during such hours and by such means as are prescribed by the manager of the World Trade Center. No person shall use the water closets, wash bowls or other plumbing fixtures for any purposes other than those for which they were designed, and no person shall throw therein any improper articles or substances (whether liquid or solid) including without limitation thereto garbage, refuse, sweepings, rubbish, rags, ashes, or litter. No person shall drop or throw anything out of the doors, windows or down the passageways or into any ventilating or elevator shaftway, stairwell or other openings. The cost of correcting any condition or repairing any damage resulting from misuse of fixtures or facilities or from other actions prohibited herein shall be borne by the persons who, or whose officers, employees, representatives, agents, contractors or invitees, have caused the same.

35. **Trash Removal.** All persons at the World Trade Center are responsible for providing for their own trash disposal to a compactor provided by the manager for this purpose. No other method of trash disposal is permitted without the express written consent of the manager.

36. **Movement of inventory, supplies, equipment, furnishings, etc. restricted.** No person shall move inventory, merchandise, supplies or materials, fixtures, equipment, furnishings, or bulky articles of any kind, including without limiting the generality thereof desks, chairs, tables, safes, cabinets, shelves, business machines, fans or floor coverings, to

or from any space at the World Trade Center except with the prior written consent of the manager of the World Trade Center and during such hours on such days as may be prescribed by the manager of the World Trade Center. In no event will consent be given unless the person employed or under contract to perform such moving is competent and responsible and at least 24 hours' notice of the person's desire to have such moving performed has been given in writing to the manager of the World Trade Center. No person shall use hand trucks in the passenger elevators or shall use the passenger elevators to transport freight or bulky packages of any type without the written consent of the manager of the World Trade Center.

37. Right reserved to inspect freight, articles, packages, etc. brought in or out. The Port Authority reserves the right to inspect all freight and other articles including hand-carried packages brought into or out of the World Trade Center and to exclude therefrom all articles which violate any of these rules and regulations, and to require the occupants of space and others regularly doing business at the World Trade Center to issue package passes (in such form as may be approved by the Port Authority) for packages being carried to or from, or from one location to another within the World Trade Center.

38. Elevator service. (a) Non-exclusive automatic passenger elevator service will be operated during normal business hours.

(b) Minimal passenger elevator service will be available at times other than normal business hours for persons who may have business in the World Trade Center during such times and whose presence in the center is duly authorized in the manner the Port Authority prescribes.

(c) Freight elevators and truck docks will be available for routine movements during normal business hours. Notice must be given within normal business hours to the manager of the World Trade Center at least 24 hours in advance in the event freight elevator service is desired which cannot be accommodated as a routine movement or during normal business hours. The person requesting the same will pay the cost for this extra freight elevator service in accordance with the schedule of rates established by the Port Authority from time to time. Persons for whose account property is being delivered or picked up at the truck docks shall arrange for such delivery or pick-up to be made only at such place or places as may be designated by the Port Authority for such purposes and shall arrange for the handling and movement of the property in such a way that it will be removed from the truck docks immediately upon its arrival there and such persons shall not allow any property to be placed or transported at any time in any common area or facility at the World Trade Center unless the area or facility is one which the manager has designated as a proper area or facility for that type of property or transportation or to remain therein for a longer

time than is necessary to transport it to its destination. The Port Authority will not be responsible for the custody, security, handling or movement of property while at the truck docks or on the freight elevators or while en route to or from either of the same and the person for whose account property is being delivered or picked up at the truck docks or is being transported on, to or from freight elevators shall make all arrangements for loading, unloading, handling and movement of the property and its security including keeping the property attended at all times. Property may be moved within the World Trade Center solely by suitable vehicles of the indoor industrial wheeler type with rubber tire and side guards and by way of such routes as the manager may designate from time to time.

39. Operation of elevators by persons other than Port Authority employees prohibited. No person other than employees of the Port Authority, or their designee, shall operate any freight elevator or passenger elevator (except for the operation in automatic passenger elevators of such controls as are designed for use by passengers) at the World Trade Center.

40. Use of elevators, escalators and loading docks restricted. (a) Passenger elevators and escalators may not be used to carry freight.

(b) The use of any escalator, elevator, private right-of-way or truck loading dock at the World Trade Center will be subject to the direct control of the manager.

(c) No unauthorized person shall cause an elevator or escalator to stop by means of any emergency stopping device unless continued operation would appear to result in probable injury to a person or persons. Any such stopping should be reported immediately to the manager.

41. Vehicular traffic restricted. No person shall (nor shall any occupant of space at the World Trade Center permit its officers, employees, agents, representatives of other persons who are connected with or are doing business with such occupant or who are at the World Trade Center for the purpose of visiting such space, to) operate any automotive or other vehicle (including skateboard, rollerskates or bicycle, scooter or any self propelled vehicle or device) in any area of the World Trade Center not designated for such use, or operate the same in any vehicular roadway, parking area, public area or street, in or adjacent to the World Trade Center, or park or allow any vehicle to stand in any such roadway, area or street except in accordance with such signs, speed limits, lights, signals, pavement markings, directions, laws, ordinances, rules and regulations (of the Port Authority or of such other agency, municipality or other governmental authority having jurisdiction) as may be in force from time to time. No person shall park vehicles except in those portions of the parking area designated for that purpose by the Port Authority and except upon payment of such parking fees and

charges as may from time to time be prescribed and if specific space is assigned to that person then only in the space so assigned. In the event that a person shall park in any space other than the specific space assigned to that person then that person shall pay to the Port Authority upon demand \$25 per day per car parked in any area other than those designated.

42. Disabled, abandoned or illegally parked vehicles subject to removal. The manager may remove from any area at the World Trade Center any vehicle which is disabled, abandoned, parked in violation of these rules and regulations, or which presents an operational problem to any area at the World Trade Center, at the operator's or owner's expense and without liability for damage which may result in the course of such moving.

43. Operation of motor vehicles. No person shall operate a vehicle at the World Trade Center in a careless or negligent manner or in disregard of the rights and safety of others, or without due caution or circumspection, or at a speed in excess of speed limits posted in the area where the vehicle is being operated, or in any event a speed in excess of fifteen (15) miles per hour, or at any speed or in a manner which endangers unreasonably or is likely to endanger unreasonably persons or property, or while the driver thereof is under the influence of intoxicating liquor, or any narcotic or habit-forming drug or if such vehicle is so constructed, equipped or loaded as to endanger unreasonably or be likely to endanger unreasonably persons or property, or unless (a) the driver thereof is duly authorized to operate such vehicle on State or municipal highways; and (b) such vehicle is registered in accordance with the provisions of law.

44. Duty of driver of vehicle involved in accidents. The driver of any vehicle involved in an accident at the World Trade Center which results in injury or death to any person or damage to any property shall immediately stop such vehicle at the scene of the accident, render such assistance as may be needed, and give his name, address, and operator's license and registration number to the person injured or to any officer or witnesses of the injury. The operator of such vehicle shall make a report of such accident in accordance with the law of the State.

45. Definitions. As used in these rules and regulations:

(a) Holidays or legal holidays shall mean and include the following days in each year: the first day of January, known as New Year's day; the eighteenth day of January, known as Martin Luther King, Jr. day; the twelfth day of February, known as Lincoln's birthday; the third Monday in February, known as Washington's birthday; the last Monday in May, known as Memorial day; the fourth day of July, known as Independence day; the first Monday in September, known as Labor day; the second Monday in October, known as Columbus day; the fourth Monday in October, known as Veteran's day; the fourth Thursday in November, known as

Thanksgiving day; and the twenty-fifth day of December, known as Christmas day; and if any of such days is Sunday, the next day thereafter; and each general election day in the State of New York; and such other or different days or dates as are declared "holidays" or "legal holidays" under the laws of the State of New York or as may hereafter be so declared.

(b) Normal business hours shall mean 8 a.m. to 6 p.m. Mondays to Fridays inclusive, legal holidays excepted.

(c) Person or persons shall mean and include natural persons, corporations and other legal entities, whether foreign or domestic, sovereign states and governments, governmental and quasi-governmental authorities, bureaus, agencies, boards and other units of governments, and partnerships, firms, companies, joint ventures and unincorporated associations. All persons shall be responsible for the acts or omissions of their officers, members, employees, agents, representatives, contractors, customers, guests, invitees, and those doing business with them.

(d) Manager or manager of the World Trade Center shall mean the person or persons from time to time designated by the Port Authority to exercise the powers and functions vested in the said manager by these rules and regulations and shall include a temporary or acting manager of the World Trade Center for the time being and his duly designated representative or representatives.

(e) Common areas and facilities shall mean and include without limiting the generality thereof, entrances, exits, lobbies, toilets, passages, halls, corridors, courts, plazas, vestibules, stairways and elevators, escalators and other areas and facilities for the movement of persons and property.

(a)

REVISED RULES AND REGULATIONS
FOR PORT AUTHORITY BUS TERMINAL

PURPOSE

1. Purpose. These rules are established by the Port Authority of New York and New Jersey to facilitate the proper use of the Port Authority Bus Terminal and to protect the terminal and its patrons.

DEFINITIONS

2. Definitions. As used herein:

(a) Bus shall mean a self-propelled highway vehicle designed and constructed for the carriage of passengers for hire, employing as a source of motive power (either directly or by electrical transmission) a reciprocating internal-combustion or a turbine engine (not including a jet-propulsion engine) utilizing as fuel gasoline, diesel oil, or any other substance utilized by highway vehicles for fuel and permitted both by the laws of New York and by those of New Jersey then in effect and also under the then existing rules and regulations governing the use of the Lincoln Tunnel (and then only in strict compliance with the requirements of such laws, rules and regulations), and having overall dimensions not in excess of the following: length, 60 feet; width, 102 inches; height, 11 feet six inches and having a maximum gross loaded weight not in excess of 42,000 (unladen weight) pounds avoirdupois, distributed to provide not more than

(b)

20,000 pounds per axle. Articulated buses up to 65 feet overall length shall, for the purposes of these regulations, be included in the definition.

(b) Carrier shall mean an operator of one or more vehicles for the transportation of passengers for hire.

(c) Driver shall mean the person who is in actual physical control of a vehicle.

(d) Express shall mean and include property other than baggage, mail, manifest baggage and newspapers, transported or to be transported by a carrier in accordance with its published tariffs, and shall be defined as defined in the published tariffs of any carrier, except that it shall not include acid, animals, articles packed in wet ice or water, dangerous articles, explosives, gases, inflammable materials, intoxicating beverages, jewelry, lottery tickets, materials having or capable of producing strong, offensive odors, meat, meat products, money, securities, watches, or wet batteries; provided, however, that by notice given within 60 days after the effective date of any reissue, revision or supplement of a tariff of any carrier, the Port Authority may exclude therefrom any article, material or thing listed therein for the first time; and provided, further,

(c)

that express shall not include any parcel or piece the overall dimensions of which are greater than 24 inches by 24 inches by 45 inches.

(e) Highway vehicle shall mean and include an automobile, a bus, a truck, a tractor equipped with rubber tires, a trailer, or a semi-trailer.

(f) I.C.C. regulations shall mean regulations of the Interstate Commerce Commission in effect on the effective date hereof issued under the authority of the Interstate Commerce Commission.

(g) Manifest baggage shall mean and include property checked through on the line of any carrier (or of a carrier connecting with any carrier) on a ticket or tickets for passenger transportation, in accordance with and as defined by local and joint baggage tariff 500-G of the Interstate Commerce Commission, issued June 15, 1949 and effective July 20, 1949, as the same may be hereafter supplemented or amended; provided, however, that by notice given to the carrier within 60 days of any supplement, revision or reissue of the tariff of such carrier, the Port Authority may exclude any article, material or thing therein listed for the first time.

(h) Parking shall mean the halting of a vehicle on a roadway or other area while not actually engaged in receiving or discharging passengers, except when halted in obedience to

(d)

traffic regulations, signs or signals, and without regard to the presence or absence of the driver.

(i) Permission shall mean permission granted by the manager except where otherwise specifically provided.

(j) Person shall mean any individual, firm, partnership, corporation, or incorporated or unincorporated association, and shall include any assignee, receiver, trustee, executor, administrator or similar representative appointed by a court, and shall mean the United States of America or any department of the government thereof, any state or political subdivision thereof, or any foreign government or political subdivision thereof, or the United Nations.

(k) Port Authority shall mean The Port Authority of New York and New Jersey.

(l) Port Authority rules and regulations shall mean the rules and regulations set forth in this Part and all amendments and supplements thereto.

(m) Published tariff; see tariff.

(n) Stand shall mean to halt a bus for the purpose of loading or unloading or for waiting in position for loading or unloading.

(o) Manager of the terminal or manager shall mean the person or persons from time to time designated by the Port Authority to exercise the powers and functions vested in the said

(e)

manager by these rules and regulations, and shall mean the manager or acting manager of the terminal for the time being or his duly designated representative or representatives.

(p) **Tariff or published tariff** shall mean the schedule of rates, terms and conditions of transportation under which a carrier conducts its operation and which has been approved by the Interstate Commerce Commission or by other governmental regulatory body having jurisdiction over the operations of the carrier.

(q) **Terminal** shall mean the two buildings that represent the North and South Wing of the bus facility which are connected above and below West 41st Street. The South Wing shall mean the building on the block bounded by West 40th Street, Ninth Avenue, West 41st Street and Eighth Avenue in the borough of Manhattan, in the City, County and State of New York. The North Wing shall mean the building on a portion of the block bounded by West 42nd Street, Eighth Avenue, West 41st Street and the east face of the building at 330 West 42nd Street in the borough of Manhattan, in the City, County and State of New York. The terminal also includes the overhead viaducts from the South Wing to the west side of 9th Avenue as well as the tunnel leading from the North Wing to Dyer Avenue.

(r) **Vehicle** shall mean and include automobiles, trucks, buses, tractors, trailers, semi-trailers, horse-drawn carts or

(f)

wagons and any other devices in or upon or by means of which any person or property is or may be transported, carried or drawn upon land only, except railroad rolling equipment or other devices designed to operate on stationary rails or tracks.

(s) Vehicular level shall mean and include any floor or story at the terminal designed for use by highway vehicles.

GENERAL

3. Permission to use terminal conditional. Any permission granted by the Port Authority directly or indirectly, expressly or by implication, to any person or persons to enter upon or use the terminal or any part thereof, is conditioned upon acceptance of and compliance with the Port Authority rules and regulations, as from time to time may be changed, and entry upon or into the terminal by any person shall be deemed to constitute an agreement by such person to comply with the said rules and regulations; provided, however, that such rules and regulations will not apply to premises or space occupied or used under the provisions of a written agreement made with the Port Authority unless provision is made therein for the application of the said rules and regulations.

4. Use of terminal may be denied persons violating law or rules. The manager of the terminal shall have authority to deny the use of the terminal to any individual violating Port Authority rules and regulations or laws, ordinances or

regulations of the United States government, the State of New York, or the City of New York.

5. Permission to enter certain areas of the building.

(a) Closed Areas - No person except person assigned to duty therein shall enter without permission any area of the terminal posted as being closed to public.

(b) Restricted Areas - No person shall enter without authorization any area of the terminal posted as restricted unless such person complies with such restriction.

(c) Persons entering the terminal when not fully open for business - During such days and hours as the terminal is partially closed such as late hours of the night and early hours of the morning, any person shall, when entering, remaining, or leaving the terminal, if requested by a Port Authority representative, exhibit such authorization as prescribed by the manager.

6. Abandonment of property prohibited. No person shall abandon any property at the terminal.

7. Permission required to carry on commercial activity. No person shall carry on any commercial activity at the terminal without permission.

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8. Gambling prohibited. No person shall gamble or conduct or engage in any game of chance at the terminal unless such game of chance is permitted by local state and federal law and has been approved by the manager.

9. Permission required to solicit funds or contributions. No person shall solicit funds or contributions for any purpose at the terminal without permission.

10. Permission required to post or distribute commercial signs, advertisements, etc. No person shall post, distribute or display commercial signs, advertisements, circulars or printed or written material within the terminal without permission. The manager of the terminal reserves the right to set standards for the location, appearance, size and content of all signs, posters, notices, displays and advertisements and may prohibit installation of such or subsequent removal, if necessary.

11. Lost Articles. All persons finding lost articles at the terminal shall deliver them to the Parcel Check Room. Articles unclaimed by the owner or owners within three months after the finding thereof will be turned over to the finders, except when found by Port Authority employees on duty.

12. Trash, garbage, waste, etc. to be deposited in receptacles provided therefor. No persons shall throw, discharge or deposit trash, garbage, waste, oil or other petroleum products

(i)

or any other waste material into or upon any portion of the terminal except by depositing such material in receptacles provided therefor. All such receptacles shall be subject to the approval of the manager.

13. Defacing, damaging, etc. terminal or property therein prohibited. No person shall deface, mark, break, or otherwise damage any part of the terminal, or any property thereat.

14. Non-commercial distribution of leaflets, carrying of placards and holding of discussions restricted.

(a) The non-commercial distribution of leaflets, the setting up of card tables to aid in that distribution, the carrying of placards and the holding of discussions with terminal patrons shall be permitted in the following manner at the locations on the subway mezzanine passageway, main floor, second floor and fourth floor and not within 10 feet of an escalator or elevator as designated on a diagram of the terminal on display in the manager's office and on file in the secretary's office. All areas shall be unavailable during major holiday periods, i.e., the periods commencing on the day preceding major holidays (e.g. Friday before Labor Day, day before Thanksgiving, the day

before three-day weekends) through and including the concluding day of the holiday period. The manager may grant exception to this rule for holidays which do not give rise to three-day weekends and for which traffic forecasts indicate that traffic in the terminal shall not substantially exceed that which occurs on a normal day.

(1) Subway mezzanine passageway between North and South Wings. Five persons shall be permitted to distribute leaflets and/or carry placards and hold discussions in this area.

(2) Main Floor

(i) Area A. Six persons shall be permitted to distribute leaflets, carry placards and hold discussions. Additionally, these persons may set up two card tables at the location in this area designated on the diagram of the terminal on display in the manager's office and on file in the secretary's office.

(ii) Area B. This area shall be available to eight persons for the distribution of leaflets, the carrying of placards and the holding of discussions. Additionally, these

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persons may set up two card tables in the location in this area designated on the diagram of the terminal displayed in the manager's office and on file in the secretary's office.

(3) Second Floor

(i) Area A. This area shall be available to six persons for the distribution of leaflets, the carrying of placards and the holding of discussions with patrons of the terminal at all times when the area is open to the general public, except when this area is being used as a passenger holding area.

(ii) Area B. Two persons may distribute leaflets and set up one card table to aid in this distribution in the location designated as area B on the diagram of the terminal displayed in the manager's office and on file in the secretary's office. Because of the small size of this area and its proximity to escalators, the area shall be unavailable to these persons for discussions with terminal patrons.

(iii) Area C

(a) This area shall be available to three persons for the distribution of leaflets, the carrying of placards and the holding of discussions with terminal patrons. Additionally, one card table may be set up for the distribution of leaflets at the specified location within area C shown on the diagram displayed in the manager's office and on file in the secretary's office.

(b) This area will be unavailable for these activities when being used as a passenger holding area.

4. Fourth Floor

(i) Area A. This area shall be available at all times to three persons for the distribution of leaflets, carrying of placards and the holding of discussions with terminal patrons. Additionally, one card table may be set up for the distribution of leaflets by these persons in the location designated on area A of the upper bus level shown on the

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diagram of the terminal displayed in the manager's office and on file in the secretary's office.

(ii) Area B. This area shall be available at all times to two persons for the distribution of leaflets, the carrying of placards and the holding of discussions with terminal patrons.

(b) In addition to the above, a total of 10 persons shall be permitted to walk on the concourses and walkways within the terminal which are open to the public, for the purpose of distributing non-commercial leaflets at all times, provided that such activities shall be subject to the limitations described above.

(c) (1) Any person or group who wishes to conduct any of the above activities at the locations specified shall apply to the manager on forms provided by him for this purpose. Application shall be made not less than 36 hours nor more than one week before commencement of the activities. The application shall set forth the type of activities to be conducted, the time, location and duration of the activities, and the name, address and telephone number of the person making the application (in

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case of a group it shall be sufficient to supply the name, address and telephone number of one person who can be contacted if problems arise concerning the grant of the application).

(2) The manager shall grant all such applications on a first come, first served basis so long as the number of persons, the activities and the time, duration and location applied for are in compliance with the provisions set forth in subdivision (a).

(3) The grant of the application by the manager shall be in the form of a permit which shall set forth the number of persons covered by the permit, the activities which are permitted, the permitted time and duration of those activities, and the location at which the activities may be conducted.

(4) The duration of each permit issued shall not be in excess of two weeks. Any person or group may renew a permit for successive two-week periods. Renewal applications shall be made on the same form as new applications and shall be processed as if they were new applications.

(d) No signs, placards or other material shall be affixed to the bus terminal. No leaflets or other

material shall be distributed by leaving them unattended throughout the terminal.

- (e) The manager may refuse the grant of any permit or suspend any permit already granted in the event of emergencies, such as snowstorms, traffic accidents, power failures, transportation strikes or other conditions which render the traffic flow in any of the areas covered by the permit such that conduct of the activities would create a dangerous condition or substantially interfere with traffic in the terminal.

15. Creation of obnoxious odors, noxious gases, smoke or fumes prohibited. No person shall create, or permit any vehicle or machine of which he is in charge to create, obnoxious odors, noxious gases, smoke or fumes in the terminal. The creation of internal-combustion engine exhaust-fumes by vehicles in the terminal, so long as such vehicles are maintained and are being operated in a proper manner, shall not be an infraction of this section. No person shall spit, urinate or defecate on any part of the terminal other than in a urinal or toilet intended for that purpose.

16. Vehicular use of terminal restricted. No person shall travel, or remain on, or shall permit any vehicle of which

he has charge to travel, or remain on, any portion of the terminal except upon the roadways, walks or other places or areas provided for the particular class of traffic. No person shall occupy or shall permit any vehicle of which he has charge to occupy the walks, roadways, entrances, exits, waiting rooms or other areas of the terminal in such a manner as to hinder or obstruct their use by others. Only parties authorized by the manager are permitted to operate vehicles on terminal premises; unauthorized vehicular operation on terminal premises may be considered trespass.

17. Loitering in or about terminal prohibited. No person shall loiter in or about the terminal or any part thereof.

18. Authorization required for sale of merchandise, solicitation of trade, entertainment of persons or solicitation of alms. No person, unless duly authorized by the Port Authority, shall, in or upon any area, platform, stairway, station, waiting room or any other appurtenance of the terminal:

- a) sell, offer for sale any article of merchandise; or
- b) solicit any business or trade, including the carrying of baggage for hire; the shining of shoes or bootblacking; or
- c) entertain any persons by singing, dancing or playing any musical instrument; or
- d) solicit alms

19. Persons unable to give satisfactory explanation of presence prohibited from loitering in terminal. No person, who is unable to give satisfactory explanation of his presence, shall

loiter in or about any toilet, area, station, station platform, waiting room or any other appurtenance of the terminal. No person shall bathe, shower, shave, launder or change clothes or remain undressed in any public restroom, sink, washroom or any other area within the terminal.

20. Animals barred from terminal. No person except a police officer or another person authorized by the manager shall enter in the terminal with any animal except a "seeing eye" dog or an animal properly confined for shipment.

21. Passage through loading gates restricted. No person shall pass through the loading gates on any vehicular level except:

- a) persons employed by or doing business with a carrier whose duties require such passage;
- b) authorized representatives of the Port Authority;
- c) persons having permission; and
- d) passengers immediately prior to boarding buses or immediately after leaving buses

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22. Photography and filming in the terminal. No person may make drawings or take still photographs or motion pictures for commercial use within the terminal without permission from the manager.

23. Alcoholic beverages. No person shall drink or carry any open alcoholic beverage in any public part of the terminal.

SAFETY

24. Permission required to bring into or carry firearms or other weapons in terminal; exceptions. No persons, except authorized law-enforcement officers, post-office, customs and express employees, licensed armed guards, employees of a carrier, and members of the armed services of the United States or of any State thereof on official duty, shall bring into or carry in the terminal any firearms or other weapons, without permission.

25. Permission required to bring into or carry explosives, acids, inflammables, compressed gases, etc. in terminal; exceptions. No person shall bring into or carry in the terminal any explosives, acids, inflammables, compressed gases or articles or materials having or capable of producing strong offensive odors, or articles or materials likely to endanger persons or property, except with permission. No person shall

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bring or cause to be brought into or kept in the terminal any signal flare or any container filled with or which has been emptied or partially emptied of oil, gas petroleum products, paint or varnish, except with permission. When permission is given to bring into or keep at the terminal any such articles or materials it shall be conditioned upon the use of appropriate receptacles in rooms or areas approved therefor by the manager. Bringing in or keeping at the terminal without special permission gasoline or other motor fuel contained in tanks permanently

attached to vehicles and not contained under pressure shall not be an infraction of this regulation. Bringing into and keeping in the terminal without special permission kerosene signal flares in good condition, of the type required or permitted by Interstate Commerce Commission regulations and properly stowed in buses, shall not be an infraction of this regulation.

26. Permission required to use inflammable liquids for cleaning at terminal. No person shall use inflammable liquids for cleaning at the terminal without permission.

27. Smoking or carrying lighted cigars, cigarettes, pipes, etc. in certain areas of terminal prohibited. No person

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shall smoke or carry lighted cigars, cigarettes, pipes, matches or any naked flame in areas of the terminal where smoking is prohibited by the Port Authority.

28. Unauthorized interference with or use of terminal systems or equipment prohibited. No person shall do or permit to be done anything which may interfere with the effectiveness or accessibility of the fire protection system, sprinkler system, drainage system, alarm system, telephone system, public announcement and intercommunication system, plumbing system, air-conditioning system, ventilation system, fire hydrants, hoses, fire extinguishers, Port Authority towing equipment or other mechanical system, facility or equipment installed or located at the terminal including closed circuit television cameras and monitors, signs and notices; nor shall any person operate, adjust or otherwise handle or manipulate, without permission, any of the aforesaid systems or portions thereof, or any machinery, equipment or other devices installed or located at the terminal. Tags showing date of last inspection attached to units of fire extinguishing and fire fighting equipment shall not be removed therefrom. Nor shall any person plug a TV, radio or other electrical device into any outlet or connect any device to any utility at or in the terminal.

29. All persons required to exercise care to avoid or prevent injury to persons or damage to property. All persons at

the terminal shall exercise the utmost care to avoid or prevent injury to persons or damage to property. Neither any inclusion in nor any omission from these rules and regulations set forth in this Part shall be construed to relieve any person from exercising the utmost care to avoid or prevent injury to persons or damage to property.

30. Permission and accompaniment by Port Authority employee required for entry into all designated Port Authority areas. No person shall enter any Port Authority area at the terminal except with permission and then only when accompanied by an employee of the Port Authority. This includes emergency stairwells except when an emergency conditions exists.

31. No sleeping in terminal. No person on or in the facility shall sleep, doze, lie, or sit down on the floors, hallways, platforms, stairs, landings or other places where such activity may be hazardous to such person or to others, or may interfere with the operation of the terminal's transportation system, pedestrian flow or comfort of its users or tenants.

32. No skateboarding, rollerskating, or bicycle riding. No person shall skateboard, roller skate or ride a bicycle, scooter or any other self-propelled vehicle or device on or through any part of the terminal.

33. Noise. No person shall make, continue, cause or permit to be made or continued any unauthorized noise in the terminal.

34. Fire. No person shall cook, light a fire or otherwise create a fire in any part of the terminal.

35. Storage. No person shall store bundles, paper, cloth, cardboard or any other material in solid, liquid or gas form that could in any way pose a fire or life safety hazard or obstruct or hinder passage without the approval of the manager.

36. No sound reproduction devices. Except with prior permission, no person shall operate or use any personal radio, television, phonograph, tape recorder or other sound reproduction device in the terminal in such a manner that the sound emanating from such sound reproduction device is audible to another person.

37. Use of lighting or sound reproduction equipment. No person shall without specific authorization from the manager operate or use or cause to be operated or use any lighting or sound reproduction device for commercial or business advertising purposes or for the purpose of attracting attention to any performance, show, sale or display of merchandise, or any commercial or business enterprise, in front or outside of any building, place or premises in the terminal.

38. Inspection of freight, articles and packages. The manager reserves the right to inspect all freight and other

articles including hand-carried packages brought into or out of the Bus Terminal and to exclude therefrom all articles which violate any of these rules and regulations, and to require the occupants of space and others regularly doing business at the terminal to issue package passes (in such form as may be approved by the manager) for packages being carried to or from, or from one location to another within the terminal.

BAGGAGE AND EXPRESS

39. Leaking, loose, improperly packaged and marked baggage or express not accepted for handling. No piece of baggage or express will be accepted for handling at the terminal, if in a leaking or loose condition. No piece of express will be accepted for handling if it is not properly packaged and marked.

40. Express, baggage or manifest baggage producing or capable of producing offensive odor or likely to cause damage or injury to persons or property not accepted for handling and subject to removal from terminal. No piece of express, baggage or manifest baggage will be accepted for handling at the terminal if it has or is capable of producing an offensive odor or is likely to damage other express or baggage or to endanger persons or property or to make any portion of the terminal untenable; and the same shall be subject to immediate removal by the Port

Authority from the terminal or to another location or locations within the terminal, such removal to be at the risk and expense of the carrier involved.

41. Express, baggage and manifest baggage subject to I.C.C. regulations not handled unless in compliance with applicable provisions of such regulations. Express, baggage, and manifest baggage, subject to I.C.C. regulations, will not be handled at the terminal, unless it complies with the said regulations in every respect including without limiting the generality of such regulations proper condition for transportation, containers of adequate strength, packing, marking, labeling, description, certification, and quantity and loading limitations.

VEHICLES

42. Vehicles not maintained, operated and registered in accordance with Port Authority rules and applicable laws, ordinances or regulations may be denied access to or removed from terminal. The manager of the terminal shall have authority to deny access to the terminal for any bus or other vehicle not maintained, operated and registered in accordance with these regulations, or which is otherwise in violation of the Port Authority Bus Terminal rules and regulations or the laws, ordinances or regulations of the United States government, the State of New York, or City of New York; and shall have authority

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to require removal of any such vehicle from the terminal on five minutes' notice. In the event the vehicle is not so removed, the Port Authority may remove it under the provisions of section 59 herein.

43. Vehicles so loaded, constructed, operated, equipped or maintained as to endanger persons or property or obstruct traffic barred from terminal. No vehicle which is loaded in such a manner, or with such materials, or which is so constructed, operated, equipped or maintained as to endanger or to be likely to endanger persons or property, or to obstruct traffic, shall be permitted in or upon the terminal.

44. Vehicles having weights or dimensions in excess of described maxima or using prohibited fuels barred from terminal. No vehicle will be permitted in or upon the terminal which has a weight or dimensions larger than the maxima described herein for buses or which utilizes any fuel not permitted as a source of motive power for buses under the provisions of section 2 herein.

45. Vehicles lacking valid registration plate barred; exceptions. Except for vehicles owned by the government of the United States, and horse-drawn vehicles, no highway vehicle shall be permitted in the terminal unless a currently effective registration plate duly issued by appropriate governmental authority is attached thereto.

46. Persons driving highway vehicles within terminal required to be duly licensed to operate such vehicles. No person shall drive any highway vehicle (except a horse-drawn vehicle) in the terminal without a motor vehicle operator's or chauffeur's license issued by appropriate governmental authority permitting the driving by such person of the particular type of vehicle driven and valid within the State of New York.

47. Passenger boarding and discharge areas to be used so as to avoid blocking bus traffic. Except when standing a bus in space, the use of which has been licensed specifically to the operator of such bus by written agreement with the Port Authority, drivers shall stand vehicles in the terminal only at space designated for such vehicles by the manager or other Port Authority representative. Where space is used in common by the buses of more than one carrier, such as on the unloading platforms, the drivers will cause their buses to stand in the most forward portion of such space available upon arrival and will continually move their buses forward, toward, and to the most forward vacant portion of the space. No buses shall discharge passengers on any active roadways including the viaducts leading to and from the terminal unless specifically directed by a terminal representative.

48. Procedure to be followed by driver in event of accident involving his vehicle. The driver of any vehicle

involved in an accident resulting in injury or death to any person or damage to any property shall immediately stop such vehicle at the scene of the accident, render such assistance as may be needed, and give his name, address and driver's license, and the registration number of the vehicle to the person injured or to a Port Authority officer or representative. The driver, operator, or owner of such vehicle shall make a report of such accident in accordance with the law of the State of New York.

49. Unauthorized tampering, starting, movement or interference with vehicles prohibited. No unauthorized person shall tamper with any vehicle, start the motor thereof, move the vehicle, or otherwise interfere with the operation thereof at the terminal.

50. Permission required to fuel, defuel, lubricate, clean or repair vehicles within terminal. No person shall fuel, defuel, lubricate, clean or repair a vehicle or any part thereof, at the terminal, without permission.

51. Vehicles entering terminal required to extinguish headlights. Every driver of a vehicle entering the terminal shall extinguish the headlights thereof and shall not relight them until leaving the terminal.

52. Prolonged sounding of vehicle horns prohibited. Prolonged sounding of the horns of vehicles in the terminal is forbidden.

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53. Leaving vehicles unattended without turning off motor, locking vehicle and setting brakes prohibited. No person shall leave a vehicle unattended in the terminal without having first turned off its motor, locked all doors, and set its parking brakes.

54. Vehicles prohibited from remaining in terminal for more than 15 minutes. No vehicle shall remain in the terminal for longer than the time necessary for permitted operations in connection therewith, and, unless a shorter time limitation is elsewhere imposed, no vehicle shall remain in the terminal for longer than 15 minutes unless at a designated gate or parking space and so as not to obstruct the operation of the terminal. The manager shall have authority to require, by five minutes' notice, which may be given orally to the driver, the removal from the terminal of any vehicle which shall have been standing or parked at the terminal for so long as 15 minutes; in the event the vehicle is not so removed, the Port Authority may remove it under the provisions of section 59 herein.

55. Operation of vehicles within terminal regulated. No person shall operate a vehicle in the terminal in a careless and negligent manner or in disregard of the right or safety of others, or without due caution, or at a speed in excess of speed limits posted in the area where the vehicle is being operated, or in any event at a speed in excess of 5 miles per hour, or at any

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speed or in any manner which endangers or is likely to endanger persons or property, or while under the influence of intoxicating liquor or any narcotic or habit-forming drug.

56. Compliance with authorized traffic orders, signals, signs or directions required. Drivers of vehicles in the terminal must at all times comply with any traffic order, signal or direction, given by voice or by hand, of an authorized representative of the Port Authority. When traffic is controlled by traffic lights or signs or by mechanical or electrical signals, such lights, signs and signals shall be obeyed unless an authorized representative of the Port Authority directs otherwise.

57. Drivers required to report arrival and departure and pay fees. Unless other applicable provision for reports is made in an agreement with a carrier, each driver of a bus of any carrier shall report to the Port Authority representative immediately upon arrival at the terminal, shall pay all fees required shall give information of the expected time of departure, and shall, immediately before departure, check out as directed by the Port Authority representative.

58. Disabled vehicles subject to removal. Unless other provisions for the removal of disabled vehicles has been made by agreement, the Port Authority shall have the right to require, by five minutes' notice which may be given orally to the driver, the

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removal from the terminal (or to a different location in the terminal), of any vehicle which has become disabled in the terminal. In the event such vehicle is not so removed, the Port Authority may remove it under the provisions of section 59 herein.

59. Removal of vehicles from terminal to be at owner's or operator's risk and expense. In the event the Port Authority is empowered to remove any bus or other vehicle from the terminal by any provision of the rules and regulations set forth in this Part, such removal shall be at the risk of the owner or operator of such vehicle, and the cost thereof shall be for the account of such owner or operator and payable to the Port Authority on demand.

60. Time limit for engine idling. Every driver who causes a vehicle to park or stand in the terminal for three (3) or more minutes shall turn off its motor.

PARCEL CHECK ROOM

61. The Port Authority parcel check room will be operated as a public check room at which services will be provided to the public subject to regulations and fees established by the Executive Director or his representative.

PORTER SERVICE

62. The Port Authority of New York and New Jersey will furnish porter service to the public free of charge at the Port Authority bus terminal.

CHARTER BUS OPERATIONS

63. Use of terminal by charter buses permitted; restrictions; fees. Operators of charter bus transportation service between the City of New York and points outside the city who have not entered into agreements for space and services at the Port Authority bus terminal will be permitted to use the enclosed vehicular levels of the terminal, such use to be limited to one-way and through operations originating at points outside New York City, and to round-trip operations, the initial portions of which originate at points outside New York City, the charge for each bus arrival or departure with passengers to be \$12.50.

PUBLIC VEHICULAR PARKING

64. The Port Authority public vehicular parking area. The public vehicular parking area is operated and charges fees as established by the Executive Director of the Port Authority of New York and New Jersey or his designated representative.

ELEVATORS, ESCALATORS, AND LOADING DOCKS

65. Elevator Schedule. Elevators for passengers and freight handling service will be operated in accordance with a

schedule established by the manager, unless the arrangements are made with the manager for operation at other times.

66. Prohibition. Passenger elevators and escalators may not be used to carry freight.

67. Controls. The use of any escalator, elevator, private right-of-way or truck loading dock at the terminal will be subject to the direct control of the manager.

68. Causing an elevator or escalator to stop. No unauthorized person shall cause an elevator or escalator to stop by means of any emergency stopping device unless continued operation would appear to result in probable injury to a person or persons. Any such stopping should be reported immediately to a terminal representative.

69. Truck loading docks. Truck loading docks located in the terminal are designed to accomplish the immediate transfer of merchandise between the freight elevators and trucks. All person will confine their use of docks to such purpose as directed by the manager. No storage or holding of merchandise on the truck loading docks awaiting the arrival of trucks or awaiting transfer to premises or space at the terminal will be permitted.

International Market Research - Authorizations with Respect to a Grant from the United States Department of Commerce and Future Grants for International Trade and Related Technical Assistance

The United States Department of Commerce, Economic Development Administration has indicated its intention to award a grant in the amount of \$55,000 to the Port Authority subject to Board approval to produce a training program designed to introduce new companies to exporting. This computer-based program will be a single-user, self-paced learn how-to-export training simulation. The business user, either alone or with a small business counselor, is expected to build exporting skills by implementing strategies and making decisions resulting in a clear understanding of the impact that exports can have on a firm's growth. The Economic Development Administration has selected this program as a model for national dissemination upon its completion.

The Port Authority's scope of services related to this grant are to be to: (1) provide staff to compile and format the written text of the export program; (2) incorporate the course materials of the World Trade Institute seminars and the case histories of XPORT clients; (3) select a qualified designer of computer-based training modules to assemble the materials into a self-paced tutorial on the exporting process; and (4) provide marketing and distribution for the final product.

Upon Board approval, the Port Authority will select pursuant to a Request for Proposals a software contractor with expertise in developing a computer based training module for export development. The contractor will be responsible for developing appropriate software and will be paid from the grant funds; services by the contractor should be completed by July 1, 1988.

In addition to the acceptance of this Department of Commerce grant, it is also deemed appropriate and in the interest of efficiency to delegate to the Executive Director authority on behalf of the Port Authority hereinafter to apply for, as necessary, and to accept from the United States Department of Commerce or other federal, state or local governmental entities grants which in the opinion of the Executive Director would promote or enhance international trade for or through the Port District.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Director of the World Trade and Economic Development Department is hereby authorized on behalf of the Port Authority to accept a grant in the amount of \$55,000 from the United States Department of Commerce for the production of a training program designed to introduce new companies to exporting and to take such additional action, including entering into appropriate agreements for production of software and providing for appropriate services by the Port Authority, as is necessary or desirable to effectuate such grant; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized hereinafter to apply for, as necessary, and to accept from the United States Department of Commerce or other federal, state or other governmental entities grants which in the opinion of the Executive Director would promote or enhance international trade for or through the Port District; and it is further

RESOLVED, that the form of all applications, acceptances or agreements is subject to approval as to form by General Counsel or his authorized representative.

(Board - 1/14/88)

Bathgate Industrial Park - Contract with United States Postal Service - Leases with Alexis Trading Corporation and Nick Zoulis, Inc. - Authorization to Enter into Future Agreements for Space at the Business Assistance Center

It was recommended to the Board that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into the following agreements with respect to the Business Assistance Center at the Bathgate Industrial Park substantially in accordance with the terms and conditions set forth below: (1) a contract with the United States Postal Service for the operation of a Postal Station; (2) a lease agreement with Alexis Trading Corporation; (3) a lease agreement with Nick Zoulis, Inc.; and (4) future agreements for space at the Business Assistance Center.

The United States Postal Service (U.S.P.S.) will be closing its local station and has requested the Port Authority to establish a Contract Postal Station in the Business Assistance Center (BAC) at the Bathgate Industrial Park to serve the community. The Postal Station will be operated by Alexis Trading Corporation (Alexis) as the subcontractor of the Port Authority. The Alexis premises will consist of approximately 1,300 square feet and the lease will be for a term of approximately ten years from the completion of the finishing work by the Port Authority. The cost of such finishing work will be approximately \$173,000. Alexis will have a right to renew for a single ten-year period at market rates, but not less than the rental in year ten. For the initial term Alexis will pay a basic rental at the annual rate of \$18,850 for each of the first three years, \$20,735 for each of the fourth, fifth and sixth years, \$22,808 for each of the seventh, eighth and ninth years and \$25,088 for the tenth year. Alexis will also pay an annual operating and maintenance rental of \$2,600 which will escalate annually based upon increases in the Consumer Price Index (CPI) all Urban Consumers, New York and Northeastern New Jersey.

The agreement between the Port Authority and the U.S.P.S. will provide for payment to the Port Authority of approximately \$82,000 annually, which may increase subject to review, as provided in the agreement. The Port Authority will subcontract the operation of this Postal Station to Alexis for the same amount the Port Authority receives from the U.S.P.S. pursuant to the terms and conditions of the postal agreement. Alexis will be required to post a security deposit.

The lease term for Nick Zoulis, Inc. (Zoulis) will commence upon execution of the lease and expire 25 years from the initial rent payment date. Basic rent will commence on the tenth month of the term and will escalate over the term of the lease from an annual amount of \$23,521 to \$169,247. The Port Authority will provide up to \$300,000 for tenant finishes. In the event the Port Authority provides less than \$300,000, the basic rent will be reduced as specified in the lease. Commencing with the tenth month of the term, Zoulis will pay an operating and maintenance rental of \$10,938 which will escalate annually in accordance with the CPI. The Port Authority will provide up to \$100,000 for equipment and furnishings for the restaurant, and Zoulis will pay an equipment rental as provided in the lease. In the event that annual gross sales from the restaurant exceed \$375,000 in any year, Zoulis will pay an additional rental for that year of \$3,000, but the total amount of such additional rental will be limited to \$30,000 during the term of the lease. Zoulis will be required to post a security deposit.

(Board - 1/14/88)

Authorization is also requested hereunder for the Executive Director to enter into future agreements for space at the BAC provided the rental rate is not less than \$9 a square foot and provided further that all finishes and equipment monies are provided on a self-sustaining basis.

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 the following agreements with respect to the Business Assistance Center at the Bathgate Industrial Park substantially in accordance with the terms and condition set forth above: (1) a contract with the United States Postal Service for the operation of a Postal Station; (2) a lease agreement with Alexis Trading Corporation; (3) a lease agreement with Nick Zoulis, Inc.; and (4) future agreements for space at the Business Assistance Center, the form of the agreements shall be subject to approval of the General Counsel or his designated representative.

(Board - 1/14/88)

**Kennedy International Airport - Improvements/Expansion of
Parking Lots Nos. 8 and 9 - Project Authorization and
Award of Contracts**

Staff has determined that present parking lot operations at Kennedy International Airport are not adequate to satisfy projected demand. Further, operational efficiency of existing lots can be enhanced by, among other things, the consolidation of Lots Nos. 8 and 9 now divided by an access roadway. Also, the relocation of employee parking to Lot No. 8 at the airport boundary would relieve roadway congestion near the central terminal area.

The project for improvements to, and the expansion of Lots Nos. 8 and 9 includes, but is not limited to, the paving of and providing utilities to existing Lot No. 8 and a major portion of an area north of Lot No. 9, which area is currently leased to the New York Racing Association, as well as paving and utilities for an extensive new area south of existing Lot No. 9. Funds for new revenue control equipment for this project will be requested under a separate authorization.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize: (1) a project at Kennedy International Airport to provide paving and utilities for improvements to Parking Lot No. 8 and expansion of Parking Lot No. 9 at a total expenditure not to exceed \$30.5 million including payments to contractors, allowances for extra work and net cost work, engineering, administrative and financing expenses and a project contingency; and (2) the Executive Director to: (a) take such action with respect to purchase or construction contracts for the foregoing project as he deems in the best interest of the Port Authority, including without limitation award to 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, rejection of all bids, solicitation of new bids on revised or the same requirements, or negotiation with one or more bidders or other contractors; and (b) execute contracts and supplemental agreements with such bidders or order extra work and net cost work in connection with each contract, including supplemental agreements thereto.

(Board - 1/14/88)

**Kennedy International Airport - Lease with China Airlines,
Ltd. for an Air Cargo Facility**

It is recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into a lease agreement with China Airlines, Ltd. for the construction and operation of an air cargo facility on a site of approximately eleven acres at Kennedy International Airport. The effective date of the lease would be on or about January 1, 1988 with rentals to commence upon start of construction approximately one year from the effective date; the lease would expire twenty five years after completion of construction, but no more than twenty seven years after the effective date. Rentals would commence at approximately \$275,000 per year and increase periodically over the term of the lease to approximately \$560,000 per year. The Port Authority would provide paving and utilities to the site at an estimated investment of \$700,000.

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 a lease agreement with China Airlines, Ltd. at Kennedy International Airport pursuant to which an air cargo facility would be constructed substantially on the terms set forth above; the form of the lease agreement to be subject to the approval of General Counsel or his designated representative.

(Board - 1/14/88)

**Kennedy International and La Guardia Airports, the New York
City Passenger Ship and Port Authority Bus Terminals -
Taxi Dispatcher Service - Contract Authorization**

It was recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into a three year contract with the New York City Taxi Drivers Union, Local 3036, for taxi dispatching services at Kennedy International and LaGuardia Airports and the New York City Passenger Ship and Port Authority Bus Terminals. It was further recommended that the Director of General Services be authorized, at her discretion, to extend the contract for two additional one-year periods as provided in the contract and to adjust the wage rate for each extension year based on Consumer Price Index changes as provided in the contract. The estimated cost of the contract is \$8.3 million for the initial three year contract period and a total of \$7.1 million for the two one-year extension periods. In addition, as a part of the foregoing contract, a Port Authority claim against this contractor for overcharges under its prior agreement for taxi dispatching services would be settled in the amount of \$150,000 to be repaid over the five year contract period. In the event the contract is terminated or not extended for any reason, the unpaid balance of such amount would become immediately due and payable.

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 a contract with the New York City Taxi Drivers Union, Local 3036, and the Director of General Services is hereby authorized, at her discretion, to extend such contract, all substantially on the terms set forth above; the form of such agreement to be subject to the approval of General Counsel or his designated representative.

Kennedy International, Newark International and La Guardia Airports - Revision to Schedule of Charges for Public Vehicular Parking Fees - Authorization of the Executive Director to Change Parking Rates, Lot Classifications and Means of Fee Collection

It was recommended that the Board authorize a revision to the schedule of charges for public vehicular parking fees and rate classifications of lots at Newark International Airport effective on February 2, 1988 and authorize the Executive Director, for and on behalf of the Port Authority during the period that redevelopment programs at Kennedy International, Newark International or La Guardia Airports are under way, to revise the parking fees, rate classifications of lots and methods of fee collection such as meters, precashiering, credit cards or other suitable means, all as necessary from time to time to manage parking demand and protect revenues.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the schedule of charges for public vehicular parking and rate classifications of lots at Newark International Airport be revised effective February 2, 1988 as follows:

- "Hourly" Rates: \$2 for first hour or part plus
\$2.00 per hour or part after
first hour to \$48 maximum
each 24 hours.
- "Hourly" Lots: Premium A, B and C
- "Daily" Rates: \$2 for first hour or part
\$1 per hour or part after first
hour to \$18 maximum to 24 hrs.
\$1 per hour or part after first
24 hours. to \$18 maximum each 24 hours.
- "Daily" Lots: Intermediate A, B, C & #1
- "Remote" Rates: \$3 for first 12 hours or part
\$1 per hour or part after first
12 hours to \$5 maximum to 24 hours
\$1 per hour or part after first
24 hours to \$5 maximum each 24 hours
- "Remote" Lots: Remote D, E and F

For disabled persons (those having mobility restrictions), a day rate equivalent to the lowest rate available at each airport, will be continued, as established in 1979; and it is further

RESOLVED, that the Executive Director is hereby authorized for, and on behalf of the Port Authority, during the period of airport redevelopment programs, at his discretion, to revise parking rates and rate classifications of lots and means of fee collection at Kennedy International, Newark International and LaGuardia Airports, from time to time, as necessary to manage parking demand and protect Port Authority revenues, all substantially on the terms set forth above.

(Board - 1/14/88)

Edna Goelz Falconer

The Chairman noted the death, on December 12, 1987, of Edna Goelz Falconer, Secretary of The Port of New York Authority, from 1944 to 1946. Mrs. Falconer, then Miss Goelz, began her Port Authority career in 1921 as Secretary to the Chief Engineer. Prior to that she had worked for the New York-New Jersey Port and Harbor Commission, the forerunner of the Port Authority. Mrs. Falconer was 92 years old and one of the last living members of the original staff who joined the Port Authority at its creation.

Whereupon, the meeting was adjourned.

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Thursday, January 28, 1988

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MINUTES of special meeting of The Port Authority of New York and New Jersey held Thursday, January 28, 1988 at the International Arrivals Building, Kennedy International Airport, City of New York, County of Queens, State of New York.

PRESENT:

NEW JERSEY

Philip D. Kaltenbacher, Chairman
Robert V. Van Fossan
William K. Hutchison

NEW YORK

Robert F. Wagner, Vice-Chairman
William J. Ronan
James G. Hellmuth
John G. McGoldrick
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
Anthony J. Barber, Director of Tunnels, Bridges and Terminals
Sally Beneman, Administrative Assistant
Dorothy Dugger, Assistant Director, Information Services, Government, Community & Public Affairs
Sidney J. Frigand, Assistant Executive Director/Government, Community & Public Affairs
Gene C. Gill, Director of General Services
Charles L. Hirsch, Executive Assistant to the Executive Director
James J. Kirk, Port Director
Phil LaRocco, Director of World Trade and Economic Development
Lillian C. Liburdi, Director of Management & Budget
Katharine B. MacKay, Assistant Executive Director/Administration
Charles Meara, Special Assistant/Executive Branch Relations
Hugh O'Neill, Assistant Executive Director/Policy Planning and Business Development
Morris Sloane, Director of Aviation Operations
Joseph L. Vanacore, Assistant Executive Director/Capital Programs
Barry Weintrob, Chief Financial Officer

The meeting was called to order by the Chairman.

The Secretary reported that the meeting was duly called in accordance with the By-Laws.

Erie Basin Marine Terminal - Fishport Auction - Tenant/Broker Buyer Program

It was reported that the Fishport auction commenced operations on December 14, 1987 and sixteen companies, including Fishport tenants, are now qualified as buyers. Due to the uncertainty of product delivery from fishing boat operators, buying activity has been slow and those operators landing at the Fishport have not sold all of their catch. Fishing boat operators, especially sea scallopers fishing eight hours or less from New York, are willing to land their catch at the Fishport if the sale of all of their fish is guaranteed. The lease supplements and broker agreements offer a means to provide such a guarantee as follows:

The lease supplements will provide for participating Port Authority tenants to buy vessel-landed fish remaining at the end of the auction for the minimum auction price set by the Port Authority in consultation with the fishing boat operator. Subject to Port Authority audit, any verifiable net loss incurred by a tenant upon the resale of each species of fish purchased on a single day will be credited against that tenant's rental and other payments due under its lease. If participating tenants cannot purchase all fish remaining after the auction, the fish will be turned over to brokers for sale with the proceeds of all sales less commissions and other fees to be paid to the Port Authority within 30 days after each sale. The Port Authority will advance the agreed upon minimum purchase price to the fishing boat operators in all instances. Tenants will be required to pay for fish purchased under the program within fourteen days of purchase. Any Port Authority fees otherwise applicable to the purchase, sale or storage of fish at the Fishport will be waived by the Port Authority under the program. This Fishport promotional program will commence on February 15, 1988 and will end on August 15, 1988, with the Port Authority having the right to cancel the program on twenty-four hours' notice or extend the program for an additional six-month period. Credits against rental or other payments due under leases with Port Authority tenants, brokerage commissions and other fees and all other costs associated with this program will not exceed \$250,000.

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 lease supplements with Port Authority tenants providing for their purchase of vessel-landed fish remaining unsold after Fishport auctions with further provision for the issuance of credits against rental and other payments due under a tenant's lease in an amount equal to the net loss incurred by that tenant upon its resale of each species of fish purchased on a single day under this program, and to enter into agreements with fish brokers for the sale of remaining unsold fish with the proceeds of all sales by brokers less commissions and other fees to be paid to the Port Authority, with the Port Authority to advance the agreed upon minimum purchase price to the fishing boat operators in all instances and with credits against rental or other payments due under leases with Port Authority tenants, brokerage commissions and other fees and all other costs associated with this program not to exceed \$250,000, all substantially on the terms set forth above; the form of the agreements to be subject to the approval of General Counsel or his designated representative.

(Board - 1/28/88)

Kennedy International Airport - New Unit Terminal Lease with British Airways, PLC

It is recommended that the Board authorize the Executive Director for and on behalf of the Port Authority to enter into agreements with British Airways, PLC ("British") and United Air Lines, Inc. ("United") at Kennedy International Airport which will include a new lease agreement with British for its Unit Terminal effective on January 1, 1995, after expiration of its present Unit Terminal lease, and expiring on November 30, 2015; and a Construction Agreement with British under which it would expand and renovate its present terminal at a minimum expenditure by British of \$60 million, with the Port Authority to be obligated to perform construction work consisting of the relocation of a service road adjacent to the terminal premises, estimated to cost \$1.2 million, with a contribution by British of 1/4 of such cost up to a maximum of \$300,000; and an agreement with British and United consenting to a long term sublease by United in the British Terminal under which, in the event the British lease were to be terminated, United would have the right to a new lease from the Port Authority for the portion of the premises then occupied by it. The new lease with United would be on substantially the same terms as the British lease and at the same rentals paid by British for the affected portion of the premises plus additional and amended provisions and charges as appropriate for obligations now borne by British under its lease such as maintenance, repair and insurance and for services provided by British as required by United for continued operation in the terminal and for any other services or facilities provided to United in connection with its operations in the terminal.

In addition to the foregoing, a short term agreement will be entered into with British making available to British the space freed by the roadway relocation work, which space becomes part of the new Unit Terminal Lease in 1995, and a supplement to the present United Unit Terminal Lease at the Airport will be entered into with United, extending the term for an appropriate period prior to United's occupancy in the expanded British Terminal at monthly rentals of \$390,807 from May 1, 1987 to September 30, 1987 and \$531,241, effective October 1, 1987, the latter rate being subject to increases based upon one-half the percentage increase in the Regional Consumer Price Index (CPI) over an appropriate base period in the event United continued in occupancy after September 30, 1989.

The new lease and the consent to sublease agreement can each be entered into independently of the other but would be contingent upon the completion of the terminal renovation and expansion work including the expenditure of a minimum of \$60 million. The total premises under the new lease will consist of approximately 31 acres of land and 334,000 square feet of interior space (to be expanded to an estimated 409,000 square feet after completion of construction). Rentals will commence on January 1, 1995 at annual rates of \$30,000 per acre of land and \$28 per square foot of interior area now in existence, both rates to be increased effective January 1, 1995 by one quarter of the annual percentage increase in the CPI for the period September to September immediately prior thereto and increased annually thereafter by one-half of the annual percentage increase in the CPI during each immediately preceding similar measuring period. After allowance of a 25-year amortization period rental would be payable for the new interior space created by the construction at the rate then in effect for interior space under the new lease.

(Board - 1/28/88)

British will be completely responsible for the operation and maintenance of the terminal, including insurance, and the new lease will contain the newly developed Passenger Terminal Lease provisions including but not limited to utilization clauses, requesting airlines provisions, and financial triggers and will also provide that should British fail to reach agreement with the Port Authority within a specified period of time regarding participation in and cost recovery for the JFK Redevelopment Project the lease will become a month-to-month lease which, if terminated by the Port Authority, would then obligate the Port Authority upon vacancy of the premises to buy out British's unamortized investment in the expansion and renovation work to a maximum of \$75 million, computed on a 25-year straight line basis commencing upon completion of construction but not later than September 30, 1989. This formula would apply to other Port Authority buy-out obligations under the lease as well.

Whereupon the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is hereby authorized for, and on behalf of the Port Authority, at Kennedy International Airport, to enter into agreements with British Airways, PLC and United Air Lines, Inc. substantially on the terms set forth above; the form of the aforesaid agreements to be subject to the approval of General Counsel or his designated representative.

Whereupon, the meeting was adjourned.

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

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MINUTES of meeting of The Port Authority of New York and New Jersey held Thursday, February 11, 1988 at the Port Authority offices, One World Trade Center, City, County and State of New York.

PRESENT:

NEW JERSEY

Philip D. Kaltenbacher, Chairman
 Jerry Fitzgerald English
 Henry F. Henderson, Jr.
 Robert Van Buren

NEW YORK

William J. Ronan
 James G. Hellmuth
 John G. McGoldrick
 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
 Anthony J. Barber, Director of Tunnels, Bridges and Terminals
 Sally Beneman, Administrative Assistant
 John J. Collura, Deputy Director of Management and Budget
 Henry I. DeGeneste, Deputy Director of Public Safety
 Sidney J. Frigand, Assistant Executive Director/Government, Community & Public Affairs
 Gene C. Gill, Director of General Services
 Francis A. Gorman, Comptroller
 John E. Hauptert, Treasurer
 Charles L. Hirsch, Executive Assistant to the Executive Director
 Leon Katz, Supervising Information Officer, Public Affairs
 James J. Kelly, Deputy Director of Management Information Services
 Richard R. Kelly, Director of Rail Transportation
 James J. Kirk, Port Director
 Phil LaRocco, Director of World Trade and Economic Development
 Richard J. Leahy, Manager, Construction Division, Engineering
 Donald R. Lee, Director of Audit
 Lillian C. Liburdi, Director of Management & Budget
 Katherine B. MacKay, Assistant Executive Director/Administration
 Mark Marchese, Assistant Director, Information Services, Government, Community & Public Affairs
 Edward J. O'Malley, Director of Personnel
 David Z. Plavin, Director of Aviation Redevelopment Programs
 Morris Sloane, Director of Aviation Operations
 Victor T. Strom, Director of Public Safety
 Joseph L. Vanacore, Assistant Executive Director/Capital Programs
 Barry Weintrob, Chief Financial Officer
 Marvin E. Weiss, Director, Office of Minority Business Development

The meeting was called to order by the Chairman.

Action on Minutes

The Secretary submitted for approval Minutes of the meetings of January 7 and January 14, 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.

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 February 11, 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 February 11, 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 February 11, 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 February 11, 1988, in addition to matters separately reported to the Board of Commissioners at this meeting of the Board, and the report was received.

(Board - 2/11/88)

Settlement of Fifteen Consolidated Claims Appearing Under the Name of Nan L. Presslaff and Meyer Presslaff, as Administrators of the Goods, Chattels and Credits of Ronald A. Presslaff, Deceased v. Port Authority, Trans World Airlines, Inc., Delta Air Lines, Eastern Air Lines, Inc. and American Locker Co., Inc.

There is presently pending in the Supreme Court of the State of New York, County of New York, fifteen consolidated cases seeking to recover damages in excess of \$30 million for various personal injuries and wrongful deaths sustained by plaintiffs arising out of the bomb explosion at LaGuardia Airport on December 29, 1975.

At approximately 6:30 p.m. on December 29, 1975, an explosion occurred in the Trans World Airlines ("TWA") baggage claim area ("BCA") at LaGuardia Airport resulting in the aforementioned deaths, injuries and total destruction of the area. Thirteen separate lawsuits based on diversity jurisdiction were commenced on behalf of the various plaintiffs in the United States District Court, Southern District of New York. After a fifteen-day consolidated trial in November 1978 before Judge Milton Pollack, the jury returned a unanimous verdict in favor of the defendants. Port Authority and TWA (the case against American Locker was dismissed before it went to the jury). An appeal taken by plaintiffs to the United States Second Circuit Court of Appeals in August 1979 affirmed the jury's unanimous decision in favor of the defendants.

The remaining fifteen lawsuits (which included four wrongful death actions and three cases of loss of limbs) pending in various state courts were consolidated for trial before Justice Edward Greenfield in Supreme Court, New York County. Judge Greenfield issued a stay of all proceedings until the Federal cases had been concluded. Judge Greenfield had directed all parties to prepare for a trial on January 4, 1988 after he had previously denied defendant's summary judgment motion to dismiss the plaintiffs' cases. Some months before trial, plaintiffs' lead counsel entered into settlement negotiations, taking into account the outcome in the Federal court and the possibility of a defendants' verdict in the state court. There is no doubt that the State court plaintiffs' chance of success is much better than the Federal court plaintiffs' as Judge Pollack had excluded various items of evidence, extremely favorable to the plaintiffs' case, on technical grounds. In conferences with Judge Greenfield, it was clear that he would not be bound by the Federal Court rulings and that he was inclined to allow the plaintiffs' cases to be decided by the jury. Certainly, plaintiffs' counsel having been involved in both the Federal and State cases were now in a better position to present the remaining cases to a state court jury, with a higher likelihood of success.

Plaintiffs' counsel finally agreed to settle all cases in the sum of \$2.7 million. The defendants responded affirmatively (subject to Board approval on behalf of the Port Authority) to the following terms: TWA to contribute \$1.3 million, the Port Authority to contribute \$500,000 (the amount of its then self-insured retention) with the \$800,000 balance to be paid by the Port Authority's excess carrier, Midland Insurance Company. Midland is in bankruptcy with its claims being handled by the New York State Liquidation Bureau. The Liquidation Bureau indicates agreement with the settlement as outlined above, subject to final approval in Albany.

American Locker Company which is nearly bankrupt and practically out of business has already offered its reserve of \$100,000.

(Board - 2/11/88)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that General Counsel be and he hereby is authorized to settle the fifteen pending consolidated lawsuits against the Port Authority entitled **Nan L. Presslaff and Meyer Presslaff, as administrators of the goods, chattels and credits of Ronald A. Presslaff, Deceased v. Port Authority, Trans World Airlines, Inc., Delta Air Lines, Eastern Air Lines, Inc. and American Locker Co., Inc.**, by paying to the plaintiffs and their attorneys the sum of \$500,000 (the amount of the applicable self-insurance retention), with The New York State Liquidation Bureau to pay an \$800,000 balance on behalf of the Port Authority's excess carrier, Midland Insurance, which is in bankruptcy, in full satisfaction of the claims.

(Board - 2/11/88)

Interim Contract for Stockroom Electrical Supplies - Jewel Electric Supply Company, Jersey City, New Jersey

A contract to provide electrical supplies to Port Authority stockrooms for the period August 1985 to August 1987, was awarded to Jewel Electric Supply Company, Jersey City, New Jersey, the low bidder after public advertisement, on August 12, 1985. However, the contract monies of \$900,000 were exhausted prior to August 1987, and the contract was terminated by mutual agreement. An interim contract was negotiated with Jewel Electric Supply Company to meet the Port Authority's needs for electrical supplies until a new contract could be awarded. This interim contract, for the period March 25, 1987 until August 25, 1987, was authorized by the Executive Director on March 26, 1987 for an estimated amount of \$250,000.

The purpose of the interim contract was to allow continued coverage of the Authority's electrical supply needs during the time it took to prepare, bid, and award a new contract. However, the estimate of interim usage was not accurate due to the lack of timely computer generated usage reports. This, combined with an increased inventory of critical items in order to reduce stockouts and meet unusual peak demand, resulted in continuing difficulty in estimating short term stockroom usage levels for these items. Therefore, an extension of the interim contract had to be negotiated to insure that critical electrical supplies were available until the new annual contract took effect, resulting in a \$160,000 expenditure over the previously authorized amount.

Both the interim contract and its extension were negotiated at the same unit prices and on the same terms and conditions as the previously competitively bid contract. These unit prices were based on fixed discounts from prices published in the "National Price Service" which is recognized as a standard for pricing in the electrical supplies industry. The contracts also provided for the purchase of less commonly required electrical supplies not listed in the "National Price Service" and for which the vendor is compensated at his acquisition cost plus a fixed percentage of 10%.

A special manual inventory system has now been implemented to improve the controls on these fast moving items. The implementation during 1988 of the new automated inventory control system for stockrooms is expected to significantly improve forecast accuracy.

On September 15, 1987, the Executive Director awarded the new competitively bid annual contract to Kelly and Hayes, Brooklyn, New York, in the estimated amount of \$975,000 for the period September 15, 1987 through September 14, 1988.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board approve the action by the Director, General Services Department, in expending an additional \$160,000 under the interim stockroom contract for electrical supplies.

(Board - 2/11/88)

The George Washington Bridge Bus Station - Revised Rules and Regulations

The Board was requested to authorize revisions to the existing Rules and Regulations governing the use and occupancy of the George Washington Bridge Bus Station.

The Revised Rules and Regulations will allow staff to operate these facilities in a safe and efficient manner and continue to provide optimum levels of service to the patrons and tenants. Together with the comprehensive program developed and implemented to respond to the homeless and the unique operational and maintenance problems associated with the conduct of some George Washington Bridge Bus Station patrons, the revised Rules and Regulations will allow staff to more effectively supervise and coordinate facility operations and thereby provide the public with a safe, well-ordered George Washington Bridge Bus Station.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board hereby adopts the "George Washington Bridge Bus Station, Revised Rules and Regulations" (attached hereto), for the safe and efficient operation thereof, effective February 11, 1988.

REVISED RULES AND REGULATIONS FOR GEORGE WASHINGTON BRIDGE BUS STATION

PURPOSE

1. Purpose. These rules are established by the Port Authority of New York and New Jersey to facilitate the proper use of the George Washington Bridge Bus Station and to protect the station and its patrons.

DEFINITIONS

2. Definitions. As used herein:

(a) "Bus" shall mean a self-propelled highway vehicle designed and constructed for the carriage of passengers for hire, employing as a source of motive power (either directly or by electrical transmission) a reciprocating internal-combustion or a turbine engine (not including a jet-propulsion engine) utilizing a fuel gasoline, diesel oil, or any other substance utilized by highway vehicles for fuel and permitted both by the laws of New York and by those of New Jersey then in effect and also under the then existing rules and regulations governing the use of the Lincoln Tunnel (and then only in strict compliance with the requirements of such laws, rules and regulations), and having overall dimensions not in excess of the following: length, 40

feet; width, 102 inches; height, 11 feet nine inches; and having a maximum gross loaded weight not in excess of 42,000 (unladen weight) pounds avoirdupois, distributed to provide not more than 20,000 pounds per axle; provided, however, that larger or heavier passenger carrying vehicles may be operated by mutual consent of the Port Authority and the Carrier, and each such shall be deemed, for the period of such consent, a "bus".

(b) "Carrier" shall mean an operator of one or more vehicles for the transportation of passengers for hire.

(c) "Driver" shall mean the person who is in actual physical control of a vehicle.

(d) "Express" shall mean and include property other than baggage, mail, manifest baggage and newspapers, transported or to be transported by a carrier in accordance with its published tariffs, and shall be defined as defined in the published tariffs of any carrier, except that it shall not include acid, animals, articles packed in wet ice or water, dangerous articles, explosives, gases, inflammable materials, intoxicating beverages, jewelry, lottery tickets, materials having or capable of producing strong, offensive odors, meat, meat products, money, securities, watches, or wet batteries; provided, however, that by notice given within 60 days after the effective date of any reissue, revision or supplement of a tariff of any carrier, the Port Authority may exclude therefrom any article, material or thing listed therein for the first time; and provided, further,

that express shall not include any parcel or piece the overall dimensions of which are greater than 24 inches by 24 inches by 45 inches.

(e) "Highway vehicle" shall mean and include an automobile, a bus, a truck, a tractor equipped with rubber tires, a trailer, or a semi-trailer.

(f) "I.C.C. regulations" shall mean regulations of the Interstate Commerce Commission in effect on the effective date hereof issued under the authority of the Interstate Commerce Commission.

(g) "Manifest baggage" shall mean and include property checked through on the line of any carrier (or of a carrier connecting with any carrier) on a ticket or tickets for passenger transportation, in accordance with and as defined by local and joint baggage tariff 500-G, of the Interstate Commerce Commission, issued June 15, 1949 and effective July 20, 1949, as the same may be hereafter supplemented or amended; provided, however, that by notice given to the carrier within 60 days of any supplement, revision or reissue of the tariff of such carrier, the Port Authority may exclude any article, material or thing therein listed for the first time.

(h) "Parking" shall mean the halting of a vehicle on a roadway or other area while not actually engaged in receiving or

discharging passengers, except when halted in obedience to traffic regulations, signs or signals, and without regard to the presence or absence of the driver.

(i) "Permission" shall mean permission granted by the manager except where otherwise specifically provided.

(j) "Person" shall mean any individual, firm, partnership, corporation, or incorporated or unincorporated association, and shall include any assignee, receiver, trustee, executor, administrator or similar representative appointed by a court, and shall mean the United States of America or any department of the government thereof, any state or political subdivision thereof, or any foreign government or political subdivision thereof, or the United Nations.

(k) "Port Authority" shall mean The Port Authority of New York and New Jersey.

(l) "Port Authority rules and regulations" shall mean the rules and regulations set forth in this Part and all amendments and supplements thereto.

(m) "Published tariff"; see tariff.

(n) "Stand" shall mean to halt a bus for the purpose of loading or unloading or for waiting in position for loading or

unloading.

(o) "Manager of the station" or "Manager" shall mean the person or persons from time to time designated by the Port Authority to exercise the powers and functions vested in the said Manager by these rules and regulations, and shall mean the Manager or Acting Manager of the station for the time being or his or her duly designated representative or representatives.

(p) "Tariff" or "published tariff" shall mean the schedule of rates, terms and conditions of transportation under which a carrier conducts its operation and which has been approved by the Interstate Commerce Commission or by other governmental regulatory body having jurisdiction over the operations of the carrier.

(q) "Station" shall mean the George Washington Bridge Bus Station, constructed, owned and operated by the Port Authority as an addition and improvement to the George Washington Bridge, and shall include the property, land and structure, owned by the Port Authority on the blocks bounded by Fort Washington Avenue, West 178th street, Wadsworth Avenue, and West 179th street, in the Borough of Manhattan, in the City, County and State of New York, together with structures, ramps and viaducts in the vicinity which are or may be used for Bus Station purposes, including in particular (without limitation thereto) the upper bus level structure as it exists, extending west of the east building line of Fort Washington Avenue to a vertical plane parallel to such building line and 159.114 feet west thereof.

(r) "Vehicle" shall mean and include automobiles, trucks, buses, tractors, trailers, semi-trailers, horse-drawn carts or wagons and any other devices in or upon or by means of which any person or property is or may be transported, carried or drawn upon land only, except railroad rolling equipment or other devices designed to operate on stationary rails or tracks.

(s) "Vehicular level" shall mean and include any floor or story at the station designed for use by highway vehicles.

GENERAL

3. Permission to use station is conditional. Any permission granted by the Port Authority directly or indirectly, expressly or by implication, to any person or persons to enter upon or use the station or any part thereof, is conditioned upon acceptance of and compliance with the Port Authority rules and regulations, as from time to time may be changed, and entry upon or into the station by any person shall be deemed to constitute an agreement by such person to comply with the said rules and regulations; provided, however, that such rules and regulations will not apply to premises or space occupied or used under the provisions of a written agreement made with the Port Authority unless provision is made therein for the application of the said rules and regulations.

4. Use of the station may be denied persons violating laws or rules. The Manager of the station or designee shall have authority to deny the use of the station to any individual violating Port Authority rules and regulations or laws, ordinances or regulations of the United States government, the State of New York, or the City of New York.

5. Permission to enter certain areas of the building.

(a) Closed Areas - No person except person assigned to duty therein shall enter without permission any area of the station posted as being closed to public.

(b) Restricted Areas - No person shall enter without authorization any area of the station posted as restricted unless such person complies with such restriction.

(c) Persons entering the station when not fully open for business - During such days and hours as the station is partially closed, such as late hours of the night and early hours of the morning, any person shall, when entering, remaining, or leaving the station, if requested by a Port Authority representative, exhibit such authorization as prescribed by the Manager or Manager's designee.

6. Abandonment of property prohibited. No person shall abandon any property at the station.

7. Permission required to carry on commercial activity. No person shall carry on any commercial activity at the station without permission from the Manager or designee.

8. Gambling prohibited. No person shall gamble or conduct or engage in any game of chance at the station unless such game of chance is permitted by local state and federal law and has been approved by the Manager or designee.

9. Permission required to solicit funds or contributions. No person shall solicit funds or contributions for any purpose at the station without permission.

10. Permission required to post or distribute commercial signs, advertisements, etc. No person shall post, distribute or display commercial signs, advertisements, circulars or printed or written material within the station without permission. The Manager or designee reserves the right to set standards for the location, appearance, size and content of all signs, posters, notices, displays and advertisements and may prohibit installation of such or subsequent removal, if necessary.

11. Lost Articles. All persons finding lost articles at the station shall deliver them to the Police personnel who will transport said articles to the Lost and Found area of the George Washington Bridge Bus Station Police Unit. Articles unclaimed by the owner or owners within three months after the finding thereof will be turned over to the finders, except when found by Port Authority employees.

12. Trash, garbage, waste, etc. to be deposited in receptacles provided therefor. No persons shall throw, discharge or deposit trash, garbage, waste, oil or other petroleum products or any other waste material into or upon any portion of the station except by depositing such material in receptacles provided therefor. All such receptacles shall be subject to the approval of the Manager.

13. Defacing, damaging, etc. station or property therein prohibited. No person shall deface, mark, break, or otherwise damage any part of the station, or any property thereat.

14. Non-commercial distribution of leaflets, carrying of placards is restricted.

(a) The non-commercial distribution of leaflets, the setting up of card tables to aid in that distribution, the carrying of placards shall be permitted in the following manner at the

and long haul bus level, and not within 10 feet of an escalator or elevator as designated on a diagram of the station on display in the Manager's Office and on file in the Secretary's Office. Designated areas shall be unavailable during major holiday periods, (i.e., the periods commencing on the day preceding major holidays, such as the Friday before Labor Day) through and including the concluding day of the holiday period. The Manager may grant exception to this rule for holidays which do not give rise to three-day weekends and for which traffic forecasts indicate that traffic in the station shall not substantially exceed that which occurs on a normal day.

- (b) Any person or group who wishes to conduct any of the above activities at the locations specified shall apply to the Manager or designee on permit forms provided by him or her for this purpose. Application may also be made for long term permits in the months of January and July annually, for permits which will be granted for a period of six (6) months. Renewal applications shall be made on the same form as new applications and shall be processed as if they were new applications.
- (c) No signs, placards or other material shall be affixed to the bus station. No leaflets or other

material shall be distributed by leaving them unattended throughout the station.

- (d) The Manager or designee may refuse the grant of any permit or suspend any permit already granted in the event of emergencies, such as snowstorms, traffic accidents, power failures, transportation strikes or other conditions which render the traffic flow in any of the areas covered by the permit such that conduct of the activities would create a dangerous condition or substantially interfere with traffic in the station.

15. Creation of obnoxious odors, noxious gases, smoke or fumes prohibited. No person shall create, or permit any vehicle or machine of which he or she is in charge to create obnoxious odors, noxious gases, smoke or fumes in the station. The creation of internal-combustion engine exhaust-fumes by vehicles in the station, so long as such vehicles are maintained and are being operated in a proper manner, shall not be an infraction of this section. No person shall spit, urinate or defecate on any part of the station other than in a urinal or toilet intended for that purpose.

16. Vehicular use of station is restricted. No person shall travel, or remain on, or shall permit any vehicle of which he has charge to travel, or remain on, any portion of the station except upon the roadways, walks or other places or areas

provided for the particular class of traffic. No person shall occupy or shall permit any vehicle of which he or she has charge to occupy the walks, roadways, entrances, exits, waiting rooms or other areas of the station in such a manner as to hinder or obstruct their use by others. Only parties authorized by the Manager are permitted to operate vehicles on station premises; unauthorized vehicular operation on station premises may be considered trespass.

17. Loitering in or about station prohibited. No person shall loiter in or about the station or any part thereof.

18. Authorization required for sale of merchandise, solicitation of trade, entertainment of persons or solicitation of alms. No person, unless duly authorized by the Port Authority, shall, in or upon any area, platform, stairway, station, waiting room or any other appurtenance of the station:

- a) sell, offer for sale any article of merchandise; or
- b) solicit any business or trade, including the carrying of baggage for hire; the shining of shoes or bootblacking; or
- c) entertain any persons by singing, dancing or playing any musical instrument; or

d) solicit alms.

19. Persons unable to give satisfactory explanation of presence prohibited from loitering in station. No person, who is unable to give satisfactory explanation of his or her presence, shall loiter in or about any toilet, area, station, station platform, waiting room or any other appurtenance of the station. No person shall bathe, shower, shave, launder or change clothes or remain undressed in any public restroom, sink, washroom or any other area within the station. Persons who are infested or carrying bundles or articles which are infested will be prohibited from using the station.

20. Animals barred from station. No person except a police officer or another person authorized by the Manager shall enter in the station with any animal except a "seeing eye" dog or an animal properly restrained for shipment.

21. Passage through loading gates restricted. No person shall pass through the loading gates on any vehicular level except:

- a) persons employed by or doing business with a carrier whose duties require such passage;
- b) authorized representatives of the Port Authority;

- c) persons having permission; and
- d) passengers immediately prior to boarding buses or immediately after leaving buses.

22. Photography and filming in the station. No person may make drawings or take still photographs or motion pictures for commercial use within the station without permission from the Manager or designee.

23. Alcoholic beverages. No person shall drink or carry any open alcoholic beverage in any public part of the station.

SAFETY

24. Permission is required to bring into or carry firearms or other weapons in station; exceptions. No persons, except authorized law-enforcement officers, post-office, customs employees, licensed armed guards, employees of a carrier, and members of the armed services of the United States or of any state thereof on official duty, shall bring into or carry in the station any firearms or other weapons, without permission.

25. Permission required to bring into or carry explosives, acids, inflammables, compressed gases, etc. in

station; exceptions. No person shall bring into or carry in the station any explosives, acids, inflammables, compressed gases or articles or materials having or capable of producing strong offensive odor, or articles or materials likely to endanger persons or property, except with permission. No person shall bring or cause to be brought into or kept in the station any signal flare or any container filled with or which has been emptied or partially emptied of oil, gas, petroleum products, paint or varnish, except with permission. When permission is given to bring into or keep at the station any such articles or it shall be conditioned upon the use of appropriate receptacles in rooms or areas approved therefor by the Manager or designee. Bringing in or keeping at the station without special permission gasoline or other motor fuel contained in tanks permanently attached to vehicles and not under pressure shall not be an infraction of this regulation. Bringing into and keeping in the station without special permission kerosene signal flares in good condition, of the type required or permitted by Interstate Commerce Commission regulations and properly stowed in buses, shall not be an infraction of this regulation.

26. Permission is required to use inflammable liquids for cleaning at station. No person shall use inflammable liquids for cleaning at the station without permission.

27. Smoking or carrying lighted cigars, cigarettes, pipes, etc. in certain areas of station prohibited. No person

shall smoke or carry lighted cigars, cigarettes, pipes, matches or any naked flame in areas of the station where smoking is prohibited by the Port Authority.

28. Unauthorized interference with or use of station systems or equipment prohibited. No person shall do or permit to be done anything which may interfere with the effectiveness, or accessibility of the fire protection system, sprinkler system, drainage system, alarm system, telephone system, public announcement and intercommunication system, plumbing system, air-conditioning system, ventilation system, fire hydrants, hoses, fire extinguishers, Port Authority towing equipment or other mechanical system, facility or equipment installed or located at station; including closed circuit television cameras and monitors, signs and notices; nor shall any person operate, adjust or otherwise handle or manipulate, without permission, any of the aforesaid systems or portions thereof, or any machinery, equipment or other devices installed or located at the station. Tags showing date of last inspection attached to units of fire extinguishing and fire fighting equipment shall not be removed therefrom. Nor shall any person plug a TV, radio or other electrical device into any outlet or connect any device to any utility at or in the station.

29. All persons required to exercise care to avoid or prevent injury to persons or damage to property. All persons at the station shall exercise the utmost care to avoid or prevent injury to persons or damage to property. Neither any inclusion

in nor any omission from these rules and regulations set forth in this Part shall be construed to relieve any person from exercising the utmost care to avoid or prevent injury to persons or damage to property.

30. Permission and accompaniment by Port Authority employee required for entry into all designated Port Authority areas. No person shall enter any Port Authority area at the station except with permission and then only when accompanied by an employee of the Port Authority.

31. No sleeping in station. No person on or in the facility shall sleep, doze, lie, or sit down on the floors, hallways, platforms, stairs, landings or other places where such activity may be hazardous to such person or to others, or may interfere with the operation of the station's transportation system, pedestrian flow or comfort of its users or tenants.

32. No skateboarding, rollerskating, or bicycle riding. No person shall skateboard, roller skate or ride a bicycle, scooter or any other self-propelled vehicle or device on or through any part of the station.

33. Noise. No person shall make, continue, cause or permit to be made or continued any unauthorized noise in the station.

34. Fire. No person shall cook, light a fire or otherwise create a fire in any part of the station.

35. Storage. No person shall store bundles, paper, cloth, cardboard or any other material in solid, liquid or gas form that could in any way pose a fire or life safety hazard or obstruct or hinder passage without the approval of the Manager or designee.

36. No sound reproduction devices. Except with prior permission, no person shall operate or use any personal radio, television, phonograph, tape recorder or other sound reproduction device in the station in such a manner that the sound emanating from such sound reproduction device is audible to another person.

37. Use of lighting or sound reproduction equipment. No person shall without specific authorization from the Manager or designee operate or use or cause to be operated or use any lighting or sound reproduction device for commercial or business advertising purposes or for the purpose of attracting attention to any performance, show, sale or display of merchandise, or any business enterprise, in front or outside of any building, place or premises in the station.

38. Inspection of freight, articles and packages. The Manager reserves the right to inspect all freight and other articles including hand-carried packages brought into or out of the Bus Station and to exclude therefore all articles which

violate any of these rules and regulations, and to require the occupants of space and others regularly doing business at the station to issue package passes (in such form as may be approved by the manager) for packages being carried to or from, or from one location to another within the station.

BAGGAGE AND EXPRESS

39. Leaking, loose, improperly packaged and marked baggage or express not accepted for handling. No piece of baggage or express will be accepted for handling at the station, if in a leaking or loose condition. No piece of express will be accepted for handling if it is not properly package and marked.

40. Express, baggage or manifest baggage producing or capable of producing offensive odor or likely to cause damage or injury to persons or property not accepted for handling and subject to removal from station. No piece of express, baggage or manifest baggage will be accepted for handling at the station if it has or is capable of producing an offensive odor or is likely to damage other express or baggage or to endanger persons or property or to make any portion of the station untenable; and the same shall be subject to immediate removal by the Port Authority from the station or to another location or locations within the station, such removal to be at the risk and expense of the carrier involved.

41. Express, baggage and manifest baggage subject to I.C.C. regulations not handled unless in compliance with applicable provisions of such regulations. Express, baggage, and manifest baggage, subject to I.C.C. regulations, will not be handled at the station, unless it complies with the said regulations in every respect including without limiting the generality of such regulations, proper condition for transportation, containers of adequate strength, packing, marking, labeling, description, certification, and quantity and loading limitation.

VEHICLES

42. Vehicles not maintained, operated and registered in accordance with Port Authority rules and applicable laws, ordinances or regulations may be denied access to or removed from station. The Manager of the station shall have authority to deny access to the station for any bus or other vehicle not maintained, operated and registered in accordance with these regulations, or which is otherwise in violation of the George Washington Bridge Bus Station rules and regulations or the laws, ordinances or regulations of the United States government, the State of New York, or City of New York; and shall have authority to require removal of any such vehicle from the station on five minutes' notice. In the event the vehicle is not so removed, the Port Authority may remove it under the provisions of section 59.

43. Vehicles so loaded, constructed, operated, equipped or maintained as to endanger persons or property or obstruct traffic barred from station. No vehicle which is loaded in such a manner, or with such materials, or which is so constructed, operated, equipped or maintained as to endanger or to be likely to endanger persons or property, or to obstruct traffic, shall be permitted in or upon the station.

44. Vehicles having weights or dimensions in excess of described maxima or using prohibited fuels barred from station. No vehicle will be permitted in or upon the station which has a weight or dimensions larger than the maxima described herein for buses or which utilizes any fuel not permitted as a source of motive power for buses under the provisions of section 2(a).

45. Vehicles lacking valid registration plate barred, exceptions. Except for vehicles owned by the government of the United States, and horse-drawn vehicles, no highway vehicle shall be permitted in the station unless a currently effective registration plate duly issued by appropriate governmental authority is attached thereto.

46. Persons driving highway vehicles within station required to be duly licensed to operate such vehicles. No person shall drive any highway vehicle (except a horse-drawn vehicle) in the station without a motor vehicle operator's or chauffeur's

license issued by appropriate governmental authority permitting the driving by such person of the particular type of vehicle driven and valid within the State of New York.

47. Passenger boarding and discharge areas to be used so as to avoid blocking bus traffic. Except when standing a bus in space, the use of which has been licensed specifically to the operator of such bus by written agreement with the Port Authority, drivers shall stand vehicles in the station only at space designated for such vehicles by the Manager or other Port Authority representative. Where space is used in common by the buses of more than one carrier, such as on the unloading platforms, the drivers will cause their buses to stand in the most forward portion of such space available upon arrival and will, continually move their buses forward, toward, and to the most forward vacant portion of the space. No buses shall discharge passengers on any active roadways including the viaducts leading to and from the station unless specifically directed by a station representative.

48. Procedure to be followed by driver in event of accident involving his or her vehicle. The driver of any vehicle involved in an accident resulting in injury or death to any person or damage to any property shall immediately stop such vehicle at the scene of the accident, render such assistance as may be needed, and give his or her name, address and driver's license, and the registration number of the vehicle to the person injured

or to a Port Authority officer or representative. The driver, operator, or owner of such vehicle shall make a report of such accident in accordance with the law of the State of New York.

49. Unauthorized tampering, starting, movement or interference with vehicles prohibited. No unauthorized person shall tamper with any vehicle, start the motor thereof, move the vehicle, or otherwise interfere with the operation thereof at the station.

50. Permission required to fuel, defuel, lubricate, clean or repair vehicles within station. No person shall fuel, defuel, lubricate, clean or repair a vehicle or any part thereof, at the station without permission.

51. Vehicles entering station required to extinguish headlights. Every driver of a vehicle entering the stations shall extinguish the headlights thereof and shall not relight them until leaving the station.

52. Prolonged sounding of vehicle horns prohibited. Prolonged sounding of the horns of vehicles in the station is forbidden.

53. Leaving vehicles unattended without turning off motor, locking vehicle and setting brakes prohibited. No person shall leave a vehicle unattended in the station without having

first turned off its motor, locked all doors, and set its parking brakes.

54. Vehicles prohibited from remaining in station for more than 15 minutes. No vehicle shall remain in the station for longer than the time necessary for permitted operations in connection therewith, and, unless a shorter time limitation is elsewhere imposed, no vehicle shall remain in the station for longer than 15 minutes unless at a designated gate or parking space and so as not to obstruct the operation of the station. The Manager shall have authority to require, by five minutes' notice, which may be given orally to the driver, the removal from the station of any vehicle which shall have been standing or parked at the station for so long as 15 minutes; in the event the vehicle is not so removed, the Port Authority may remove it under the provisions of section 59.

55. Operation of vehicles within station regulated. No person shall operate a vehicle in the station in a careless and negligent manner or in disregard of the right or safety of others, or without due caution, or at a speed in excess of speed limits posted in the area where the vehicle is being operated, or in any event at a speed in excess 5 miles per hour, or at any speed or in any manner which endangers or is likely to endanger persons or property, or while under the influence of intoxicating liquor or any narcotic or habit-forming drug.

56. Compliance with authorized traffic orders, signals, signs or directions required. Drivers of vehicles in the station must at all times comply with any traffic order, signal or direction, given by voice or by hand, of an authorized representative of the Port Authority. When traffic is controlled by traffic lights or signs or by mechanical or electrical signals, such lights, signs and signals shall be obeyed unless an authorized representative of the Port Authority directs otherwise.

57. Drivers required to report arrival and departure and pay fees. Unless other applicable provision for reports is made in an agreement with a carrier, each driver of a bus of any carrier shall report to the Port Authority representative upon arrival at the station, shall pay all fees required shall give information of the expected time of departure, and shall, immediately before departure, check out as directed by the Port Authority representative.

58. Disabled vehicles subject to removal. Unless other provisions for the removal of disabled vehicles has been made by agreement, the Port Authority shall have the right to require, by five minutes' notice which may be given orally to the driver, the removal from the station (or to a different location in the station), of any vehicle which has become disabled in the station. In the event such vehicle is not so removed, the Port Authority may remove it under the provisions of section 59.

59. Removal of vehicles from station to be at owner's or operator's risk and expense. In the event the Port Authority is empowered to remove any bus or other vehicle from the station by any provision of the rules and regulations set forth, such removal shall be at the risk of the owner or operator of such vehicle, and the cost thereof shall be for the account of such owner or operator and payable to the Port Authority on demand.

60. Time limit for engine idling. Every driver who causes a vehicle to park or stand in the station for three (3) or more minutes shall turn off its motor.

CHARTER BUS OPERATIONS

61. Use of the station by charter buses permitted; restrictions; fees. Operators of charter bus transportation service between the City of New York and points outside the city who have not entered into agreements for space and services at the George Washington Bridge Bus Station will be permitted to use the enclosed vehicular levels of the station, such use to be limited to one-way and through operations originating at points outside New York City, and to round-trip operations, the initial portions of which originate at points outside New York City, the charge for each bus arrival or departure with passengers to be \$12.50.

PUBLIC VEHICULAR PARKING

62. The Port Authority public vehicular parking area..

The public vehicular parking area is operated and charges fees as established by the Executive Director of the Port Authority of New York and New Jersey or his designated representative.

ELEVATORS, ESCALATORS, AND LOADING DOCKS

63. Elevator Schedule. Elevators for passengers and freight handling service will be operated in accordance with a schedule established by the Manager unless the arrangements are made with the Manager for operation at other times.

64. Prohibition. Passenger elevators and escalators may not be used to carry freight.

65. Controls. The use of any escalator, elevator, private right-of-way or truck loading dock at the station will be subject to the direct control of the Manager.

66. Causing an elevator or escalator to stop. No unauthorized person shall cause an elevator or escalator to stop by means of any emergency stopping device unless continued operation would appear to result in probable injury to a person or persons. Any such stoppage should be reported immediately to a station representative.

67. Truck loading docks. Truck loading docks located in the station

designed to accomplish the immediate transfer of merchandise between the freight elevators and trucks. All person will confine their use of docks to such purpose as directed by the Manager. No storage or holding of merchandise on the truck loading docks awaiting the arrival of trucks or awaiting transfer to premises or space at the station will be permitted.

(Board - 2/11/88)

**George Washington Bridge - Washington Ramp West - Installation
of Concrete Barriers**

This project provides for the construction, by Port Authority forces, of a continuous concrete footing and installation of approximately 300 feet of "Jersey" type concrete barriers at an area adjacent to the Washington Ramp West.

The Washington Ramp West carries vehicular traffic from the westbound Washington Bridge to the New York Expressway leading to the George Washington Bridge. For many years, the area adjacent to the ramp has served as a dump site for stolen vehicles, which have been stripped, fire damaged, or otherwise abandoned, and which, by their presence, present a hazard to motorists using the ramp. The necessary periodic removal of these vehicles by the City of New York Department of Transportation or Department of Sanitation results in further inconvenience to bridge patrons. Neither the City of New York, which owns the property, nor the State of New York, have plans or the funds available to install a barricade. In light of the fact that the Washington Ramp West ramp serves as one of the principal gateways to the George Washington Bridge, is adjacent to Port Authority property, and is often assumed to be the responsibility of the Port Authority, construction of a barricade and removal of the abandoned vehicles by the Port Authority should improve the appearance of the area and contribute positively to the safety of bridge users. Used barriers are available at the George Washington Bridge.

Management staff at the George Washington Bridge has discussed this subject with the Borough of Manhattan Community Planning Board 12, and has received its approval to have the Port Authority perform this work. The Planning Board, in turn, has received concurrence from the New York Department of Transportation. To the extent necessary, an appropriate agreement will be entered into with the City of New York to access the property.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director to permit installation of concrete barriers on the Washington Ramp West access to the George Washington Bridge by using Port Authority construction forces to perform the work, at a cost of approximately \$50,000.

(Board - 2/11/88)

Holland Tunnel - Entrance Plaza Redevelopment - Project Authorization

The Holland Tunnel handles close to 40,000 eastbound vehicles daily, and approximately 27.8 million vehicles annually in both directions. The original Holland Tunnel plaza was opened in 1927. Six of the eight toll booths presently in operation were constructed in 1954, and two additional booths were added in 1975 and 1980 on an interim basis to accommodate increased traffic demand. Two lanes were equipped with surplus 23-year-old toll booths and equipment from the Bayonne Bridge. In 1979, the original tolls building was demolished because it was obsolete and the area it occupied was needed to widen the entrance to the south tube. Since that time, the tolls supervisory station and the related employee facilities have been housed in temporary trailers. The existing toll plaza facilities are functionally and physically obsolete. Most of the toll booths and related infrastructure have been in continuous service for approximately 33 years and require extensive maintenance to keep them in operating condition.

The proposed redevelopment will include: improvements at the south tunnel's portal, including widening of the approach roadway; a new tolls operations building to replace "temporary" trailer facilities installed in 1979; and nine new toll lanes (an increase of one over the present facilities) to replace the existing structures. Overall, the redevelopment will modernize the present facilities and infrastructure resulting in increased capacity and improved safety and environmental conditions for both customers and employees. Our customers will benefit most directly from increased plaza capacity afforded by the ninth toll lane; a wider merging area departing the toll booths; and a 50% larger holding area approaching the toll booths. In addition, an improved turnaway ramp will allow safer and more expeditious removal of off-route and prohibited vehicles, minimizing interference with the flow of traffic to the tunnel.

Jersey City has requested participation by the Port Authority in a sewer relocation project which is seen as beneficial for our project and required for the overall operation of the tunnel. Negotiations on this matter will begin immediately.

The property necessary for the project has been acquired from Newport Associates Development Company pursuant to Board authorization adopted in December 1986.

Construction is expected to begin in late 1988 and to be completed in 1992.

An overall goal of at least 10% Port Authority certified Minority Business Enterprise and 1% Women-owned Business Enterprise participants has been established for this project. Appropriate allocations will be assigned and monitored on a contract by contract basis.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize: (1) a project for the redevelopment of the entrance plaza at the Holland Tunnel in Jersey City at a total expenditure estimated at \$54 million including payments to contractors, allowances for extra work and net cost work, engineering, administrative and financing expenses, related agreements, and project contingency; (2) the Executive Director to: (a) take such action with respect to purchase and construction contracts, contracts for professional and advisory services and contracts for construction management services for the foregoing project as he deems in the best interest of the Port Authority, including without limitation award to the lowest bidder who, in his opinion, is qualified by reason of responsibility, experience and capacity to perform the work and

(Board - 2/11/88)

whose bid price the Executive Director deems reasonable; rejection of all bids; solicitation of new bids on revised or the same requirements; or negotiation with one or more bidders or other contractors; and (b) execute contracts and supplemental agreements with such bidders or 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 contract including, supplemental agreements thereto; and (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 project, including agreements relating to the installation and relocation of public and private utilities.

Greenville Property - Sale of Property to United States Packing and Shipping Co., Inc.

It was reported to the Board that at its meeting on September 10, 1981, the Board authorized the acquisition by purchase of waterfront property at Port Jersey and Greenville. This property, which totaled approximately 470 acres, was purchased in 1981 and 1982 to ensure the availability of the site while planning and studies continued on the possible construction and operation of a coal handling and transfer facility. That project was never advanced and these properties were subsequently incorporated into the Pre-development Site Acquisition Program in 1984. The Greenville portion, acquired on December 30, 1981 from the Penn Central Corporation, contains approximately 227 acres and is comprised of four tracts totaling approximately 132 acres of upland and 95 acres of land under water. The purchase price was \$6,010,000, based on per acre values of \$38,500 for upland area, and \$9,900 for land under water. Included in the upland area, although not contiguous with the other 120 acres, is the subject 12.2 acre parcel of vacant land, also known as Tract IV.

United States Packing and Shipping Co., Inc. (USP) is the abutting property owner to the east of Tract IV and desires to purchase an 11.6 acre portion of the parcel for a price of \$957,561 and utilize it to construct an expansion of its freight terminal. City officials have urged the Port Authority to sell Tract IV to USP to replace USP's condemned property so that the 150 jobs involved will remain in the City. USP has been leasing temporary quarters pending consummation of this sale.

The Port Authority will exclude from the sale of Tract IV approximately 0.6 acres to provide an access road to the westerly portion of the remainder of the Greenville property. The entire 12.2 acre Tract IV site was transferred from the Pre-development Site Acquisition Program on December 11, 1986 as part of the Auto Marine Terminal facility certification.

Sale of the parcel will not affect the development of the Auto Marine Terminal or the remainder of the Greenville property.

The Port Authority will apply for an Environmental Cleanup Responsibility Act determination of non-applicability from the New Jersey Department of Environmental Protection prior to closing. USP would accept the property "as is."

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board: (a) finds and determines that approximately 11.6 acres of a 12.2 acre parcel of vacant land at Greenville, Jersey City, New Jersey, known as Tract IV, comprising a portion of Lot 2Q in Block 1507 on the Tax Assessment Map of the City of Jersey City, and hereinafter described, is no longer required for marine terminal purposes:

BEGINNING at a point in the northerly line of Harbor Drive (80 feet wide) distant 656.21 feet measured northwesterly along the said line from a point formed by the intersection of the northerly line of Harbor Drive and the westerly line of Industrial Drive (80 feet wide) as shown on a map entitled "Amended Major Land Sub-Division for Port Jersey Industrial and Marine Center", dated August 15, 1975 and filed January 23, 1976 as Map No. 2807 in the Hudson County Register's Office. Said beginning point being further described as the southeast corner of a tract of land conveyed to The Port Authority of New York and New Jersey by deed from the Penn Central Corporation dated December 30, 1981 and recorded in the Hudson County Register's Office on December 31, 1981 in Deed Book 3339 at page 337, et seq.; extending from said beginning point the following nine courses and distances:

1. N.56°-11'-52"W., 638.93 feet along the northerly line of Harbor Drive to an angle point; thence

2. N.59°-19'-45"W., 303.42 feet still along the northerly line of Harbor Drive to a point of curvature of a non-tangent curve to which point a radial line bears S.55°-34'-04"W., thence

3. Along the arc of a circle concave to the east having a radius of 90.00 feet, a central angle of 101°-43'-52" and an arc length of 159.80 feet to a point of tangency; thence

4. N.67°-17'-56"E., 248.12 feet to a point of curvature; thence

5. Along the arc of a circle concave to the northwest having a radius of 475.00 feet, a central angle of 31°-57'-36" and an arc length of 264.96 feet to a point which a radial line bears S.54°-39'-40"E., thence

6. S.58°-20'-45"E., 294.75 feet to a point; thence

7. S.31°-39'-15"W., 24.04 feet to a point; thence

8. S.58°-20'-47"E., 472.93 feet to a point; thence

9. S.33°-48'-08"W., 577.76 feet to a point in the northerly line of Harbor Drive being the point and place of beginning.

All bearings are in the New Jersey State Plane Coordinate System; (b) authorizes the Executive Director to enter into a contract to sell to United States Packing and Shipping Co., Inc. the above-described parcel at the purchase price of \$957,561 and to execute all documents required in connection therewith; (c) authorizes that a map designated PA-AMT-S1-NJ, dated February 1, 1988, showing and describing the above-described parcel, be filed in the Office of the Secretary of the Port Authority and directs the Chief Engineer of the Port Authority to execute a certificate stating that the real property shown on said map is no longer required for the purposes for which it was originally acquired; and (d) requires that all documents necessary to accomplish the aforesaid transaction be subject to approval as to form by General Counsel or his duly authorized representative.

(Board - 2/11/88)

**Port Authority Auto Marine Terminal - Greenville and Port
Jersey Properties - Payment In-Lieu-of-Taxes - City of
Jersey City**

The Board, at its meetings on February 11, 1982, November 10, 1982, April 14, 1983, May 10, 1984, July 11, 1985 and August 14, 1986, authorized the payment for each of the years 1982-1986 to the Cities of Bayonne and Jersey City, New Jersey, and on December 10, 1987 to the City of Bayonne of the amounts representing the real estate taxes assessed on the Greenville and Port Jersey properties. At its meeting on December 11, 1986 the Board authorized a project for the development of an imported automobile marine terminal, construction of which has begun. While the development of these properties is in progress an in-lieu of tax agreement has been delayed until active negotiations are concluded. In the interim, it is recommended that payment be made to the City of Jersey City of an amount equal to the real estate taxes assessed against the Greenville and Port Jersey properties for the year 1981 and 1982, the year of purchase of these properties, respectively, in the approximate total amount of \$895,000.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board hereby authorize payment for the year 1987, to the City of Jersey City, New Jersey, in connection with the Greenville property purchased from Penn Central Corporation and the Port Jersey properties purchased from Harborland Corporation and Teachers Insurance and Annuity Association of America, in the approximate total amount of \$895,000, which is equal to the real estate taxes assessed on the properties for the year 1981 and 1982, the year of purchase of these properties, respectively.

(Board - 2/11/88)

**Elizabeth-Port Authority Marine Terminal - Development of
Area South of Bay Avenue - Project Authorization and
Award of Contract EP-110.046**

An area consisting of approximately 31 acres south of Bay Avenue on the northerly portion of the 130-acre Industrial Park at Elizabeth has not been scheduled for industrial development because of PCB contamination.

A project for the development of a marine cargo open storage area on this site has been proposed. The New Jersey Department of Environmental Protection has reviewed the construction methods to be employed on the project and has issued the necessary permit.

Contract EP-110.046, the only contract necessary under the project, provides for paving, installation of water mains for a fire hydrant system, peripheral drainage ditches, a passive methane gas venting system, a paved access road and related security provisions. Additionally, the contract provides for site clearing, grubbing and disposal of debris and excess excavated material, excavation and disposal of unsuitable material and replacement with suitable material all on a net cost basis presently estimated at roughly \$100,000.

The contract also provides that the contractor is required 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 contract was publicly advertised and bids were received on December 22, 1987. Dell Contractors, Inc. was the low bidder and was determined to be qualified to perform the contract by the Chief Engineer.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize a project at the Elizabeth-Port Authority Marine Terminal to provide paving and utilities for a marine cargo open storage area at a total expenditure estimated at \$4.0 million, including payments to contractors, provision for extra work and net cost work, engineering, administrative and financing expenses; and it is further

RESOLVED, that the Executive Director is authorized to award Contract EP-110.046 to Dell Contractors, Inc., the low bidder, in the amount of \$2,939,000, to order extra work up to the amount of \$300,000 and to order net cost work.

Kennedy International Airport - Retention of Master Planning Support Services for the JFK Redevelopment Program

Over the past year, an interdepartmental group established by the Director of Aviation has made recommendations concerning the type of organization best suited to successfully undertake the JFK Redevelopment Program. It was assumed that large amounts of the work would be performed by outside services and authorization to retain a Program Architect, a Program Manager, a Design Architect/Engineer, and a Construction Manager was provided by previous Board action. The group recommended that the Authority maintain control and direction of the work through a nucleus of Port Authority staff. Currently this nucleus organizational framework is in place. It consists of a Program Director, an Assistant Program Director for Program Management and Administration and three Assistant Program Directors (Planning, Design and Construction) to provide direction and management oversight to the total JFK Redevelopment Program effort. It is envisioned that the nucleus team, with the assistance of several senior level Port Authority staff members and advice from other departments, will provide the necessary overall direction and broad management coordination required.

In October 1984, PRC Engineering (now known as Frederick R. Harris, Inc. after acquisition by Ashland Oil in January 1987), using I.M. Pei and Partners as a subconsultant, was retained to develop a conceptual plan for the reconstruction of the Central Terminal Area at JFK. The plan was completed in 1986. During the fifteen months spent in developing the conceptual plan, PRC became familiar with the airport and its redevelopment needs. PRC developed a conceptual plan for the redevelopment of Kennedy International Airport. This plan was reviewed by an interdepartmental value planning analysis team and a "constructibility" consultant and was found to meet project objectives and has been favorably received by most members of the airport community. To ensure successful implementation of this concept, staff has recommended that Frederic R. Harris, Inc. be retained to complete planning of the design concept for the program master plan which the firm has already begun and to ensure that the approved program concept is successfully executed.

Under the contract Frederic R. Harris, Inc., as Program Planner, will perform professional services related to the further development of and refinement to the program master plan for all elements of the JFK Redevelopment Program. They will also provide input to other professional engineering firms, as well as Port Authority staff on related studies involving the redevelopment effort. The product of this work will be integrated into the programming and design criteria required for the final design, contract documents and construction. Additionally, the contract will provide for compensation based on actual salaries paid (time card), plus a multiplier, plus out-of-pocket expenses within a cost presently estimated at \$6 million.

An overall goal of at least 15% Port Authority certified Minority Business Enterprise and Women's Business Enterprise participants has been established for the JFK Redevelopment Program, of which at least 10% must be Minority Business Enterprises.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director, to enter into an agreement with Frederic R. Harris, Inc., New York, New York to perform professional services as the Program Planner for the JFK Redevelopment Program and that the form of such agreement be subject to the approval of General Counsel or his authorized representative.

(Board - 2/11/88)

**Newark and Kennedy International Airports - Settlement of
Audit Findings for Fees Owed by Ariston Airline Catering
and Supply, Inc.**

It was recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into a settlement agreement with People Express Airlines, Inc. ("People Express") and Continental Airlines, Inc. ("Continental") as joint and several obligors, fixing at \$1,686,352 the amount owed by Ariston Airline Catering & Supply, Inc. ("Ariston") to the Port Authority based upon a Port Authority audit of Ariston's gross receipts for the period January 1, 1981 through January 31, 1987 arising from in-flight meals and ramp services furnished at Newark International Airport and providing for the release of Ariston from the payment of such audit amount; and to enter into a settlement agreement with Ariston fixing at \$357,000 the amount owed by Ariston based upon a Port Authority audit of Ariston's gross receipts for the period January 1, 1981 through January 31, 1987 arising from in-flight meals furnished to aircraft operators at Kennedy International Airport.

The settlement agreement to be entered into among the Port Authority, People Express and Continental provides that of the \$1,686,352 settlement amount \$1,072,526 would be paid in six equal monthly installments of principal and interest at the rate of 12.25% per year commencing on November 1, 1987 with the remaining amount of \$613,826 to be paid in nine equal monthly installments of principal and interest at the rate of 12.25% per year commencing upon, or on the first day of the calendar month following, the final execution of the settlement agreement. The settlement agreement to be entered into between the Port Authority and Ariston provides that of the \$375,000 settlement amount \$267,750 would be paid by Ariston upon execution of the settlement agreement and the balance of \$89,250 would be paid commencing upon, or on the first day of the calendar month following, the final execution of the settlement agreement in six equal monthly payments of principal and interest at a rate equal to the prime rate as of a date set forth in the agreement not to exceed, however, 8%.

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 People Express Airlines, Inc. and Continental Airlines, Inc. and Ariston Airline Catering & Supply, Inc. substantially on the terms set forth above; the form of the aforesaid agreements to be subject to the approval of General Counsel or his designated representative.

Kennedy International Airport - Relocation of Very High Frequency Omni Range (VORTAC) Facility - Agreements to Reimburse Federal Aviation Administration

On August 13, 1987, the Board authorized a project for taxiway enhancements at Kennedy International Airport including a portion of new Taxiway "ZB" at a total cost of \$13.6 million. Project authorization for additional aeronautical capacity enhancements including the extension of Taxiway ZB will be presented at an upcoming meeting of the Board. The authorized project involves preparing contract documents, site preparation and relocation of the Kennedy International Airport VORTAC facility (a radio navigational aid) to a position 500 feet east, and 100 feet south of the existing site.

The increase in aircraft operations at Kennedy International Airport has made airport capacity a critical element in the airport's ability to serve the public. Relocating the VORTAC will permit the extension of Taxiway 'ZB'. The extension of this taxiway will allow for the storage of aircraft and multiple crossing points of Runway 4L-22R during peak activity. It will also provide the airport with an operational advantage by allowing increased flexibility for departures on Runway 31L. At present, Taxiway 'ZB' cannot be extended between Taxiways 'H' and 'J' due to Federal Aviation Administration (FAA) criteria which states that no activity can take place within 500 feet of the VORTAC facility.

It is therefore recommended that the Board authorize the Executive Director to enter into two agreements with the FAA. Under the initial agreement, the Port Authority will agree to reimburse the FAA for project engineering costs associated with the VORTAC relocation. Upon completion of the engineering plans and specifications, the Port Authority will enter into a second agreement to reimburse the FAA in the estimated amount of \$750,000 for the relocation of the VORTAC Facility.

The cost of the project will be recovered in the flight fee formula.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director to enter into two agreements to reimburse the Federal Aviation Administration for the cost of project engineering design services and for construction involved in the relocation of the Kennedy International Airport VORTAC Facility, the form of the agreements to be subject to the approval of General Counsel or his authorized representative.

(Board - 2/11/88)

The Teleport - Authority to Enter into a Lease with Teleport Associates

It was recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into negotiations with Teleport Associates on an agreement for the leasing of approximately 5,000 square feet of office space, for the use of Port Authority staff, in Teleport I, a building constructed by Teleport Associates pursuant to a lease agreement with the Port Authority and to enter into a lease based on such negotiations.

Teleport's staff is currently located at the World Trade Center and in temporary field trailers at the Teleport. The leasing of this space from Teleport Associates would allow the Port Authority to consolidate staff in one location and to establish a permanent office for the facility's operations and maintenance staff. The proposed lease would allow the Port Authority to periodically surrender space to accommodate the Port Authority's diminishing staffing requirements as the Teleport construction project nears completion. Furthermore, the removal of the temporary field trailers now occupied by Teleport's staff would make an additional 2 1/2 acres of land available for revenue-producing purposes. The lease would provide for the payment of such rental, including operating expense rental, as the Executive Director deems reasonable, and would contain such other terms and conditions as the Executive Director deems reasonable.

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 negotiations with Teleport Associates on a lease agreement covering approximately 5,000 square feet of office space in Teleport I, and to enter into a lease based thereon on such terms and conditions as the Executive Director deems reasonable, the form of the agreement finally agreed upon to be subject to the approval of General Counsel or his designated representative.

(Board - 2/11/88)

**Port Authority Bus Terminal Extension - Excavation and
Substructure - Contract BT-190.004 - Lincoln Tunnel
Approaches - 41st Street Underpass - East Section -
Contract LT-240.005 - Settlement of Claim**

On January 15, 1976, the Board authorized the award of Contract BT-190.004, Port Authority Bus Terminal Extension, Excavation and Substructure, and Contract LT-240.005, Lincoln Tunnel Approaches, 41st Street Underpass, East Section, to Leon D. DeMatteis & Sons, Inc., DeSimone Excavation & Foundation Corp., Coppola Construction Corporation, a joint venture (D.C.D.), the low bidder, at its bid price in the estimated amount of \$9,854,000, exclusive of an allowance for extra work and net cost work.

Subsequently, on March 10, 1977, the Board authorized an increase of \$550,000 in the authorized payments under Contract BT-190.004 and Contract LT-240.005 to \$10,404,000 for increased Classified Work quantities; and on September 8, 1977, the Board authorized the settlement of a claim by D.C.D. up to and including May 11, 1977. The contractor's claim amount of \$1,326,919 was settled for \$310,521.

On July 1, 1980, D.C.D. submitted a further claim in the amount of \$6,081,682 for additional costs stated to be generally because of lack of coordination by the Port Authority with various utilities, water conditions at the site, lack of access to the site, and various interferences.

Thorough staff review of the contractor's claim followed. Staff did not concur with many of the allegations and claimed damage amounts submitted by the contractor and various presentations, discussions and reviews by the parties ensued. Finally, after protracted negotiations, in December 1987 a tentative settlement was reached under which the Port Authority would pay the Contractor a total amount of \$1,938,411 as follows:

- | | |
|----------------|--------------------------------------------------------------------------------------------------------------------------|
| 1. \$ 737,003 | representing monies earned by the contractor under the terms of the contract but not yet paid by the Port Authority; and |
| 2. \$1,201,408 | representing payment for all claims by the contractor against the Port Authority. |

This settlement is considered fair and reasonable.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director to make a total payment of \$1,938,411 to Leon D. DeMatteis & Sons, Inc., DeSimone Excavation & Foundation Corp., Coppola Construction Corporation, a joint venture in settlement of all claims under Contracts BT-190.004 and LT-240.005, to be payable upon execution of General Releases by the Port Authority and the contractor, the form of the Releases to be subject to the approval of General Counsel or his authorized representative.

(Board - 2/11/88)

Meritorious Service Award of Police Commendation Medal to Police Officer Warren A. Hodges

It was recommended that the Police Commendation Medal be awarded to Police Officer Warren A. Hodges.

The Police Commendation Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed outstanding service or has shown exceptionally meritorious performance in the duty assigned to him.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Police Commendation Medal is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Police Officer Warren A. Hodges it is recommended that the Police Commendation Medal award be given on the following grounds:

On November 25, 1986, Police Officer Warren Hodges, assigned to the George Washington Bridge command, was working the 11:00 p.m. to 7:00 a.m., tour. At approximately 1:00 a.m, Officer Hodges received a radio message which stated that local police departments were pursuing a stolen vehicle traveling southbound in the northbound lanes of the Palisades Interstate Parkway. Realizing the extreme danger that was inherent in the situation, Officer Hodges immediately headed for the Palisades Interstate Parkway toll plaza.

Unknown to Officer Hodges at the time was that the suspect had been pursued in a different vehicle earlier by the Bergen County Police. The suspect and an accomplice had managed to elude several police departments by abandoning their vehicle and fleeing into the woods in Alpine, New Jersey. One of the suspects stole a vehicle from a private residence in Alpine and headed south on the Palisades Interstate Parkway. The Parkway police observed the stolen vehicle heading southbound at a high rate of speed against traffic and gave chase. A Fort Lee police unit notified Police Officer George DePanics, of the George Washington Bridge, who then relayed the information to the George Washington Bridge police units.

The suspect had just driven around and evaded a roadblock on the toll plaza when Officer Hodges approached the ramp to the Palisades Interstate Parkway. The suspect was now headed directly for Officer Hodges. Recognizing the threat to oncoming motorists, Officer Hodges immediately positioned his patrol vehicle to block the suspect's escape route. Upon seeing the patrol vehicle, the suspect drove over the curb, blowing a tire, and proceeded against traffic on the upper level of the bridge. Officer Hodges and an Alpine police unit followed the suspect onto the bridge in close pursuit.

(Board - 2/11/88)

Officer Hodges managed to maneuver his patrol vehicle in front of the suspect's vehicle. During those tense moments Officer Hodges was able to bring the fleeing vehicle to a halt halfway across the bridge. At this point the suspect exited the vehicle holding a large screwdriver and fled to the outer railing of the North walkway.

Waving the screwdriver at Officer Hodges and other police personnel at the scene, the suspect threatened to jump, stating that he wanted to kill himself. Officer Hodges continued to talk to the suspect and managed to maneuver him from the railing. Then, without warning, the suspect turned and moved towards the railing in an attempt to climb over it. Officer Hodges lunged at him, grabbing the suspect from behind. Other officers present then assisted Officer Hodges in disarming and subduing the suspect. During the violent struggle, an Englewood Cliffs sergeant was struck in the face with the screwdriver and required hospitalization.

With the suspect in the custody of Officer Hodges, the high threat to the safety and well being of the motoring public was removed.

Police Officer Warren Hodges displayed fine judgment and initiative in his actions to apprehend a fleeing suspect. Fully aware of the personal risk he was taking, Officer Hodges was instrumental in preventing this despondent individual from taking his own life.

For saving the life of another and placing his own life in danger, it is recommended that the Police Commendation Medal be awarded to Police Officer Warren A. Hodges.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Police Commendation Medal to Police Officer Warren A. Hodges.

(Board - 2/11/88)

Meritorious Service Award of Police Commendation Medal to Police Officer John C. Karkut

It was recommended that the Police Commendation Medal be awarded to Police Officer John C. Karkut.

The Police Commendation Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed outstanding service or has shown exceptionally meritorious performance in the duty assigned to him.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Police Commendation Medal is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Police Officer John C. Karkut it is recommended that the Police Commendation Medal award be given on the following grounds:

On Wednesday, August 19, 1987, Police Officer John Karkut of the George Washington Bridge command was assigned to patrol the Bus Station on 178th Street in New York City. With Police Officer Karkut was Police Officer Patrick Early, who was recently transferred to the George Washington Bridge and was receiving facility familiarization training.

At approximately 4:00 p.m., the two officers were walking along the bus platforms when they observed a barefoot, disheveled man sitting on the upper steps of the stairway to the platform. Upon approaching the individual they observed him holding a prescription bottle while counting several white pills. When the officers questioned him about the pills, he didn't look at the officers, refusing to acknowledge their presence.

The officers became increasingly suspicious. Realizing that the commuters on the platform might be in danger, the officers asked the man to return to the police room for further investigation.

While being escorted down an escalator closest to the police room, the man suddenly turned and grabbed Officer Early's shirt, pulling him off balance. This action caused all three to tumble down the moving escalator. Officer Early fell onto his back with the suspect pulling on his service revolver. "He's grabbing for my gun" yelled Early as the three neared the bottom of the escalator.

(Board - 2/11/88)

Suddenly, Officer Karkut saw the suspect holding the revolver only inches away from Officer Early's chest. Without hesitation, Officer Karkut grabbed for the gun and with his left hand was able to force one of his fingers to the back of the trigger guard, and with his thumb he was able to hold the hammer from releasing. This swift and decisive action prevented the revolver from firing. "I'm going to kill him, I'm going to kill him" shouted the suspect as he continued to squeeze the trigger of the revolver.

Maintaining his composure, Officer Karkut kept his grip on the revolver and finally gained leverage to use his right hand to pull the revolver away from Officer Early's chest. Relying on his professional training, Karkut then disarmed the suspect. The struggle continued as the suspect violently resisted the officers.

After securing the revolver in his gun belt, Officer Karkut radioed for assistance, realizing they needed help to subdue the suspect. The struggle continued until Officer Karkut managed to get the suspect under control and then, together with responding units, placed handcuffs on him.

Throughout the incident, Police Officer Karkut demonstrated extraordinary bravery in the face of a life-threatening situation which could have resulted in grave consequences. Through his efforts, he remained in control of the situation, and was able to bring about a safe conclusion to a serious incident.

For his quick and decisive actions which saved the life of a fellow Police Officer, it is recommended that the Police Commendation Medal be awarded to Police Officer John C. Karkut.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Police Commendation Medal to Police Officer John C. Karkut.

**Meritorious Service Award of Police Commendation Medal to
Police Officer Bernard Grossman and Police Officer
Michael A. Scirrotto**

It was recommended that the Police Commendation Medal be awarded to Police Officer Bernard Grossman and Police Officer Michael A. Scirrotto.

The Police Commendation Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed outstanding service or has shown exceptionally meritorious performance in the duty assigned to him.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Police Commendation Medal is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Police Officer Bernard Grossman and Police Officer Michael A. Scirrotto it is recommended that the Police Commendation Medal be given on the following grounds:

At 2:10 a.m. on July 1, 1987, Police Officer Bernard Grossman received a radio transmission from the Staten Island Bridges Communications Desk reporting that a female was walking in the roadway of the Bayonne Bridge.

Upon receiving the notification, Officer Grossman, who was assigned to the Bayonne Bridge, immediately drove onto the Bridge looking for the woman. Approaching the Bayonne end of the Bridge, the officer did not see anyone in the roadway. He decided to check the entrance road which led onto the Bridge from Avenue A in Bayonne. After reentering the Bridge driving towards Staten Island, Officer Grossman observed a female on the walkway. The woman was nearing the center span when the officer approached her.

Concerned for the woman's safety since she was alone, and considering the time of day, he activated his emergency lights and stopped the patrol vehicle. He stepped out of the vehicle and asked the woman what she was doing. Her reply led the officer to believe she was upset. The woman was legally permitted to use the walkway but Officer Grossman felt he should follow her across the Bridge. He then radioed the Communications Desk informing them of the situation.

Acting on Officer Grossman's radio message that the woman was walking towards Staten Island, Police Officer Michael Scirrotto arrived at the New York toll plaza. He then positioned his patrol vehicle to observe the walkway leading to the plaza.

Officer Grossman followed the woman to the middle of the Bridge where the walkway moves out and around the arches at mid-span. Without warning, the woman stopped, looked over the railing, and began to climb over it. "She went over the rail" was radioed by Officer Grossman as he backed his patrol vehicle along the roadway to a point where he could access the walkway. Upon receiving this message, Officer Scirrotto drove onto the bridge to lend assistance.

Once Officer Grossman reached the walkway he ran a distance of 300 feet to the woman who had lowered herself to the bottom of the railing. Seeing a pair of hands protruding through the railing, the officer unhesitatingly dropped to his knees and grabbed the woman's right arm. He tried to pull up the woman, who now was dangling in mid-air, onto the walkway. Realizing this was impossible, he decided to maintain his grip to prevent the woman from falling into the water below.

Arriving at the scene Officer Scirrotto parked in front of Grossman's vehicle. Officer Scirrotto was directed to the location by Officer Grossman's shouts since the darkness made it difficult to see on the walkway. Hearing Officer Grossman say he was losing his grip, Officer Scirrotto radioed for more assistance as he ran to help.

Reaching through the narrow railing, Scirrotto grabbed the woman's left arm. Both officers then attempted to lift the woman. Due to the woman's body weight and her position low and outside the railing, they could only hold onto her. Both officers strained to keep a secure hold.

During what seemed to be an eternity, the woman complained her arms hurt. The two officers calmed her and hoped additional help would soon arrive. Minutes seemed like hours before a Lieutenant, Police Officer and Maintenance Foreman arrived. Together they struggled to lift the woman from her precarious position. When the woman's shoulders reached the top of the railing, she began to vomit violently. Rather than lose their grip, the rescuers waited until the woman stopped vomiting and then lifted her over the railing to safety. An ambulance at the scene transported the despondent woman to Bayonne Hospital where she was held for observation.

For their heroic and selfless actions in saving the life of a despondent woman, it is recommended that the Police Commendation Medal be awarded to Police Officer Bernard Grossman and Police Officer Michael A. Scirrotto.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Police Commendation Medal to Police Officer Bernard Grossman and Police Officer Michael A. Scirrotto.

(Board - 2/11/88)

Meritorious Service Award of Police Commendation Medal to Police Officer Clive Madden

It was recommended that the Police Commendation Medal be awarded to Police Officer Clive Madden.

The Police Commendation Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed outstanding service or has shown exceptionally meritorious performance in the duty assigned to him.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Police Commendation Medal is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Police Officer Clive Madden it is recommended that the Police Commendation Medal award be given on the following grounds:

On Saturday, May 23, 1987, at approximately 3:00 p.m., Police Officer Clive Madden was off duty in civilian attire at the corner of Farmers Boulevard and Everette Place, in St. Albans, Queens. He was about to meet with his accountant when the following intensely dangerous circumstances prevented that meeting.

The street was bustling with activity with numerous people patronizing the many stores and restaurants in the area. As Officer Madden walked along he observed a man holding a twelve gauge pump shotgun. Officer Madden quickly evaluated the situation and realized the danger to everyone on the street.

The Officer responded immediately, telling bystanders to take cover in a nearby restaurant. He then identified himself to the owner of the restaurant, instructing him to call the New York City Police and inform them of the danger. At that moment, the man with the shotgun fired into the air causing everyone on the street to run for cover. After hearing the shot, Officer Madden immediately ran to confront the subject, exposing himself to grave personal danger. The officer observed the subject raise the shotgun again, pointing it at an unknown person, and pulling the trigger. The shotgun failed to fire. The subject was then distracted for an instant as he began to reload his shotgun. Officer Madden took advantage of the moment to position himself close to the dangerous man. Now only a few feet away from the crazed man, Officer Madden ordered him to drop his weapon. The man refused.

Instead of using his own weapon, Officer Madden grabbed the shotgun and was able to disarm the man. A struggle ensued, and the officer managed to subdue the man and restrain him. Seconds later, units from the New York City Police arrived and assisted the officer with the arrest.

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Police Officer Madden clearly demonstrated exceptionally good judgment and heroism in the face of imminent danger. Although he was within police guidelines to draw his weapon, Officer Madden, cognizant of the risk to innocent bystanders, elected to disarm the suspect. In so doing, a tragedy was avoided and the only injury sustained was by Officer Madden. His actions were in the highest traditions of police service and reflect favorably upon the Port Authority Police.

For using exceptionally good judgment, and for placing his own life in danger while off duty to protect innocent pedestrians, it is recommended that the Police Commendation Medal be awarded to Police Officer Clive Madden.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Police Commendation Medal to Police Officer Clive Madden.

Meritorious Service Award of Police Commendation Medal to Police Detective John G. Trotter

It was recommended that the Police Commendation Medal be awarded to Police Detective John G. Trotter.

The Police Commendation Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed outstanding service or has shown exceptionally meritorious performance in the duty assigned to him.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Police Commendation Medal is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Police Detective John G. Trotter it is recommended that the Police Commendation Medal award be given on the following grounds:

During the month of August 1986, Port Authority Police Detective John G. Trotter was assigned to the ongoing Clipper Club Drug Investigation that culminated in the arrest of 56 drug traffickers, the confiscation of over \$1.1 million in seized assets, the destruction of a cocaine factory that produces 100 kilograms of cocaine per week, and the total destruction of a \$1.5 billion cocaine ring. This investigation was a joint effort between the Port Authority Police and the Drug Enforcement Administration (DEA).

Detective Trotter, was assigned to DEA Group 42 in August of 1986. During his assignment with the DEA, a formal investigation resulted in the identification of more than 40 drug traffickers, many of whom worked as Pan American Airways Passenger Services Representatives. Detective Trotter and his DEA partner, working in conjunction with Port Authority Detective Michael Molina, planned, organized and supervised effective drug investigations identifying procedures used to circumvent Customs' checkpoints at the airport. Detective Trotter not only played a major role in the tapping of phone conversations that led the police to contacts and informants, but he was also in constant danger as he bought and sold drugs in an undercover capacity. He coordinated with the United States Attorney's Office, Eastern District of New York, and managed to identify a principal in the drug ring known as "The Godfather."

Working in an undercover capacity with the DEA, in furtherance of the Clipper Club cocaine investigation, Detective Trotter voluntarily exposed himself to grave danger. While backup detectives and agents attempted to maintain visual contact with Detective Trotter as he infiltrated the ring in dangerous neighborhoods and areas, it was not always possible. On one occasion, Detective Trotter was involved in narcotics transactions on a boat docked in Howard Beach, New York, with absolutely no police backup. As a direct result of his observations, the conspirators were arrested and the boat was seized on March 10, 1987.

(Board - 2/11/88)

While working on the Clipper Club investigation, Detective Trotter also managed to develop an additional investigation into an organization of airline employees trafficking cocaine at both Kennedy International and LaGuardia Airports. Through the efforts of Detective Trotter, this group of drug traffickers was also effectively dismantled.

For working in an undercover capacity, for using exceptional judgment and undercover skills, for voluntarily facing grave danger and contributing to the successful termination of the \$1.5 billion Clipper Club drug ring, it is recommended that the Police Commendation Medal be awarded to Police Detective John G. Trotter.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Police Commendation Medal to Police Detective John G. Trotter.

(Board - 2/11/88)

Meritorious Service Award of Commendation Medal to Donald Amblo

It was recommended that the Commendation Medal be awarded to Donald Amblo.

The Commendation Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed outstanding service or has shown exceptionally meritorious performance in the duty assigned to him.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Commendation Medal is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Donald Amblo it is recommended that the Commendation Medal award be given on the following grounds:

On August 3, 1987, Exercise Physiologist Donald Amblo responded to a call for assistance involving a contract employee who was found on the floor a short distance from the medical offices at the Port Authority Technical Center. This man had apparently suffered a heart attack and was in need of medical assistance. Mr. Amblo, a certified American Red Cross CPR Instructor, immediately began cardio-pulmonary resuscitation (CPR) and resuscitated the man three times before the Emergency Medical Team arrived at the Tech Center. From there, the stricken man was taken to the Jersey City Medical Center Emergency Room and subsequently transferred to the Intensive Care Unit where he was treated for coronary artery disease. On August 17, he was moved to St. Luke's-Roosevelt Hospital where he underwent coronary bypass surgery. Today, he is off all life support systems and is well on the way to recovery, thanks to Mr. Amblo's swift thinking and personal knowledge of CPR -- training which is not a requirement of his job as an exercise physiologist.

It is the professional opinion of the Director of the Office of Medical Services, Dr. Pilar Carbajal, that Mr. Amblo was responsible for saving this man's life. Mr. Amblo's ability to make a correct assessment of a difficult situation averted what could have been a catastrophe. By initiating cardio-pulmonary resuscitation he managed to keep the man alive until other Port Authority medical staff arrived to assist him.

For his quick thinking and decisive action to save the life of someone he did not know, and for his willingness to apply his personal knowledge and training in a situation beyond the scope of his work-related duties, it is recommended that the Commendation Medal be awarded to Donald Amblo.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Commendation Medal to Donald Amblo.

Meritorious Service Award of Commendation Medal to Fabian Munoz, Robert Murphy and Eduino Silva

It was recommended that the Commendation Medal be awarded to Fabian Munoz, Robert Murphy and Eduino Silva.

The Commendation Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed outstanding service or has shown exceptionally meritorious performance in the duty assigned to him.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Commendation Medal is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Fabian Munoz, Robert Murphy and Eduino Silva it is recommended that the Commendation Medal award be given on the following grounds:

On Tuesday, August 4, 1987 at approximately 11:30 a.m., SEMAC vehicle 1303 was proceeding south in the far west lane of the Bayonne Bridge. The driver, Bridge painter Eduino Silva noticed a young woman standing on the riverside of the Bayonne Bridge handrail, looking as if she were going to jump from the bridge. Silva immediately stopped the vehicle and Bridge Painter Fabian Munoz raced from the vehicle, jumped over the roadway crashwall and handrail, landing on the floorbeam connecting both crashwall and sidewalk handrail.

Endangering his own life, Munoz grasped the woman. In doing so he was pulled over the handrail along with her as she struggled. Fortunately, Bridge painters Eduino Silva and Robert Murphy had also proceeded over the roadway handrail in time to grab Munoz, who continued his hold of the woman. Murphy and Silva managed to pull both Munoz and the eighteen-year old woman to safety. The three men put their own lives in danger by leaping over the handrail and holding onto the struggling woman in order to save her life.

Munoz, Murphy and Silva remained with the woman until she was taken into Port Authority Police custody and transported to Bayonne Hospital. Thanks to the three men, she is alive today.

For their sharp observations, quick action and exceptional judgment, while going far beyond the call of duty to save the life of a young woman, it is recommended that the Port Authority Commendation Medal be awarded to Fabian Munoz, Robert Murphy and Eduino Silva.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Commendation Medal to Fabian Munoz, Robert Murphy and Eduino Silva.

(Board - 2/11/88)

Award of Distinguished Service Medal to Thomas J. Charles

It was recommended that the Distinguished Service Medal be awarded to Thomas J. Charles.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed unusually efficient or distinguished service involving exceptionally good conduct, judgment and initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Thomas J. Charles it is recommended that the Distinguished Service Medal award be given on the following grounds:

Thomas J. Charles joined the Port Authority in 1953 as a Traffic Officer. In 1955, he began his Aviation career with a two-year assignment as a Heliport Dispatcher. In 1958, he was promoted to Provisional Operations Supervisor I at Kennedy International Airport. In his 32 years at the airport, Mr. Charles has risen progressively from an entry-level supervisory position to Chief Operations Supervisor, the highest field supervisory position at the airport. As Chief Operations Supervisor, he oversees the scheduling and assignment of some 70 agents and supervisory personnel, who carry out the day-to-day responsibilities for aeronautical operations in compliance with FAA regulations, aeronautical construction coordination, noise abatement and bird control. During his career, he has actively participated in virtually every major aeronautical program and aircraft incident which has occurred at Kennedy, ranging from the 1964 Pan Am and 1975 ONA aircraft disasters, to the blizzards of 1979 and 1983 and the Van Wyck flood which closed the airport in 1984. By virtue of the leadership positions he has held during this period, he has played a significant role in planning, implementing and operating the many major new facilities and aeronautical services which have been introduced at Kennedy during his tenure.

Recognized early in his career as having outstanding potential, Mr. Charles was chosen by his managers to participate in the first inter-agency airport supervisory mobility program and he spent 30 days assessing London-Heathrow Airport's facilities and operating procedures and their relevance to Port Authority airport operations. During this assignment, he gained valuable information about Heathrow's pioneering chemical deicing programs which proved invaluable in the introduction and development of similar programs at Kennedy.

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His Heathrow experience, together with numerous other inspection visits to airports around the country, his participation in a host of specialized training courses, ranging from bird hazard control to airport safety and certification requirements, and his many years of Kennedy International Airport experience, have enabled him to accrue exceptional knowledge of virtually every aspect of airport aeronautical operations. In recognition of Mr. Charles' expertise, managers, engineers, planners, and police hasten to review with him any proposed construction activity, new facility or procedure which may have impact on airport operations. More often than not, they come away with a significantly changed but substantially improved plan.

Throughout his career, Tom has established a consistent record for exceptional performance and for significantly contributing to the development and implementation of new airport programs. During the late 1960's, Tom was assigned to oversee the ramp busing program to increase IAB aircraft capacity. He developed procedures, schedules and cost controls for the program. These same techniques serve as the foundation for the current Plane-Mate operation. During the expansion of the International Arrivals Building (IAB) in the early 1970's despite massive construction throughout the IAB apron area, he and his staff skillfully and creatively scheduled available gates and apron areas to meet aircraft and passenger needs while enabling construction to proceed at the maximum possible rate. Following this assignment, Mr. Charles was assigned responsibility for developing procedures and techniques to ensure the effectiveness of the airport's Bird Hazard Reduction Program. His efforts on this assignment formed the basis for the airport's internationally acclaimed program.

Tom also has made important contributions to the development and training of aeronautical operations staff. He willingly and generously shares his extensive operating experience to ensure that new, or recently promoted, employees are thoroughly trained and properly acclimated to the airport. On numerous occasions, he has worked additional hours at odd times to personally ensure that a new staff member receives the special coaching or additional training he senses is needed to bring the individual's performance to the required standards. His efforts have produced highly trained and proficient staff who are motivated to provide exceptional performance levels.

For his 34 years of consistently exceptional work in which he always anticipated and exceeded the demands of his job, it is recommended that the Distinguished Service Medal be awarded to Thomas J. Charles.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to Thomas J. Charles for the performance of outstanding service.

(Board - 2/11/88)

Award of Distinguished Service Medal to Frank DiCostanzo

It was recommended that the Distinguished Service Medal be awarded to Frank DiCostanzo.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed unusually efficient or distinguished service involving exceptionally good conduct, judgment and initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Frank DiCostanzo it is recommended that the Distinguished Service Medal award be given on the following grounds:

Frank DiCostanzo began his 30-year Port Authority career as a police officer and then filled a series of automotive mechanic and foreman positions at John F. Kennedy International and LaGuardia Airports, where he spent almost a decade. In October 1970, in quest of more varied field experience, he took a mobility assignment as Maintenance Group Foreman at the Holland Tunnel and found his personal niche. A year later he moved to a permanent position at the Port Authority Bus Terminal.

Throughout his career, Mr. DiCostanzo has built a record of sustained outstanding performance and garnered a well-deserved reputation for dedication, exceptional technical skills, meticulous planning, innovative solutions and unruffled calm in the face of crises both potential and actual.

During his fifteen years at the Bus Terminal, he has proved himself an invaluable asset to the facility. He is personally credited with coordinating and implementing strategies that eased rush-hour commutation and long-haul transportation problems that erupted in the Bus Terminal during the six-month New York City elevator and escalator services strike in 1971. Similar situations cropped up during the 1980 PATH strike and the 1983 Greyhound strike, both of which were taken in stride by the facility thanks to Mr. DiCostanzo's meticulous attention to detail. In addition, he helped the facility mitigate the impact of two trash hauling strikes with ingenious methods and the use of out-of-the way routes.

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Frank DiCostanzo is responsible for the administration of a \$14 million Maintenance budget, and coordinating the computerized functions of the facility's extensive mechanical equipment controlling the building's environmental functions. In addition, he has provided valuable assistance in reviewing the many plans for construction, thus ensuring that building systems, operations, and maintenance were not interrupted during almost a ten-year period. His affable nature is also invaluable in his role as liaison with more than twenty contractors, dozens of tenants and a myriad of construction personnel. Moreover, he has given expert testimony for the Law Department in civil and liability cases brought against the Port Authority. This broad range of work experiences and personal skills has made him a key member of the Bus Terminal staff.

For his sterling professional qualities and his distinguished service, it is recommended that the Distinguished Service Medal be awarded to Frank DiCostanzo.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to Frank DiConstanzo for the performance of outstanding service.

(Board - 2/11/88)

Award of Distinguished Service Medal to William Ferrante

It was recommended that the Distinguished Service Medal be awarded to William Ferrante.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed unusually efficient or distinguished service involving exceptionally good conduct, judgment and initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of William Ferrante it is recommended that the Distinguished Service Medal award be given on the following grounds:

Deputy Inspector William Ferrante entered Port Authority Police service in 1952. He was promoted to Sergeant in 1971, to Lieutenant in 1973, to Captain in 1982 and to Deputy Inspector in 1985. He is currently Police Commanding Officer at John F. Kennedy International Airport, a facility which has been his home for almost 30 years.

Inspector Ferrante has been responsible for many innovations at the airport, including the formulation of the police ambulance service and the training of police officers as certified emergency medical technicians. Kennedy International Airport now maintains two fully-equipped ambulances, staffed by Police Officers, who have responded to over 13,000 ambulance calls in the last twenty years.

He has also been instrumental in implementing many of the technological advances in crash/fire/rescue services in conjunction with the Port Authority's aircraft emergency procedures. His leadership in the area of airport disaster preparedness has had significant impact on the preeminent position enjoyed by the Port Authority in this vitally important field. His involvement in Kennedy's "Operation S.A.F.E." (Simulated Aircraft Fire Emergency), an annual disaster preparedness drill, has brought wide recognition to the Port Authority from public service agencies and the media as he annually brings together the resources of all the major fire, police, civil defense, ambulance, and hospital services in coordinated training exercises which have been the model adopted by many airports here and abroad.

Throughout the years, Bill has been on the scene participating directly in many real airport emergencies. He was the Tour Commander and on-scene commander at what is still ranked as one of our nation's worst air tragedies -- the crash of Eastern Airlines Flight 66 on Rockaway Boulevard just short of the runway at Kennedy International Airport in 1975. The Kennedy International Airport Police received commendations from all segments of the airline industry for their professional response and able performance in extinguishing the fire and effecting rescue operations.

Inspector Ferrante personally oversees the planning and implementation of all VIP movements at Kennedy International Airport. The United Nations 40th General Assembly session in the Fall of 1985 brought to New York City the largest gathering of world leaders in United Nations history. The sheer volume and unprecedented security requirements of the many dignitaries, given increased world tensions and heightened terrorist activity, posed great challenges to the Kennedy International Airport Police Unit. Inspector Ferrante assured that the world leaders and delegations from countries of every political persuasion were greeted and treated with appropriate dignity and protocol while attending to every detail of protective security. His task required skillful leadership, intricate planning, new and detailed security measures, and diligent manpower applications. In a six-week period, some 300 separate and distinct VIP movements through Kennedy International Airport were effected in a safe, incident free and efficient manner.

On a daily basis, the Deputy Inspector administers the security systems necessary to comply with Federal Air Regulations and to protect against hijackings, terrorist assaults, sabotage and crime. A sweeping change in the employee identification system -- the new Port Authority air operations area I.D. badge program -- is a tribute to the Deputy Inspector's innovativeness.

Inspector Ferrante works closely with the many government agencies present at the airport as well as the service agencies of New York City. He maintains a constant liaison with airline security representatives and fosters a spirit of cooperation in striving for maximum public safety and airport security. His cheerful demeanor and adherence to strict professional standards have earned him the respect of the officers under his command, airport and airline management, as well as the unions representing tens of thousands of airport workers.

For his many years of dedicated and outstanding service, and his many accomplishments, which have enhanced the reputation of the Port Authority, it is recommended that the Distinguished Service Medal be awarded to Deputy Inspector William Ferrante.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to William Ferrante for the performance of outstanding service.

(Board - 2/11/88)

Award of Distinguished Service Medal to Louis J. Gambaccini

It was recommended that the Distinguished Service Medal be awarded to Louis J. Gambaccini.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed unusually efficient or distinguished service involving exceptionally good conduct, judgment or initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Louis J. Gambaccini it is recommended that the Distinguished Service Medal award be given on the following grounds:

Louis J. Gambaccini is a devoted public servant whose work in serving the region is of the highest order. For 31 years, from his start as a Management Analyst, to his current role as Assistant Executive Director/Trans-Hudson Transportation, he has contributed significantly to the Port Authority's transportation planning and operations.

In June 1956, Mr. Gambaccini arrived at the Port Authority Building with a Master's degree from the Maxwell School of Public Administration. So eager was he to learn about his new job that he worked late into the night before his first day studying information about the Port Authority. Lou's eagerness to learn has never waned. As he took on increasingly responsible positions in the Organization and Procedures Department, he approached each new role as an opportunity. He served for a year as Administrative Assistant to the Executive Director and, in 1961, took on the role of Executive Assistant in the Railroad Equipment Office. This was a critical time -- the Port Authority was acquiring the Hudson and Manhattan Railroad and he played a key role in setting up the management and operating structure. Mr. Gambaccini soon became known as a leader in the fields of public transit and public administration. In 1962, he was named Deputy Director of the newly-formed Rail Transportation Department. Four years later, he became Director, a position he held for the next twelve years.

During his years in Rail, Mr. Gambaccini was a guiding force behind the rehabilitation of the Hudson and Manhattan Railroad, changing it into the modern rail rapid transit system that is PATH today. He also played an active role, through the American Public Transit Association, in advocating transit capital funding and the first Federal transit operating subsidy program. His success as Director of Rail Transportation, his thorough knowledge of the industry and tireless efforts as an industry spokesman were only a few of the reasons that, in 1978, the Governor of New Jersey asked Mr. Gambaccini to serve as the State's Commissioner of Transportation.

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As Commissioner, he substantially reorganized and redirected the Transportation Department and its priorities, broadening its focus to include the public transportation needs of a rapidly growing state. He played a major leadership role in policy and legislative matters affecting transportation in several national organizations. Perhaps most notably, he led the effort that resulted in legislation to create New Jersey Transit -- the state's first agency coordinating bus and rail operations -- and served as the agency's first chairman. The Port Authority and the Region are richer for his success as State Transportation Commissioner.

In 1981, Mr. Gambaccini returned to the Port Authority as Assistant Executive Director/Director of Administration. In this key role, he focused his talents on the day-to-day policy-making and strategic planning decisions, providing direction for many of the organization's new priorities. He was Chairman of the interdepartmental Trans-Hudson Task Force, directing staff work that analyzed employment, housing and other economic factors relating to interstate travel. As the work of the Trans-Hudson Task Force evolved from study and analysis to the project implementation stage, his role as chief of Trans-Hudson planning and operations was formalized. In October 1985, he was named Assistant Executive Director/Trans-Hudson Transportation. In this capacity he continued to set the agenda for all Trans-Hudson businesses and served as the focal point for the long-term planning and daily operations of interstate travel. His purview included the Hudson River crossings, the bus terminal, bus station, Staten Island Bridges, PATH, and the emerging Ferry operation.

Mr. Gambaccini also brought vision to the tasks and nurtured innovative concepts to fruition. Through his dedication and the efforts of many staff members who shared his vision, the Port Authority served as the catalyst for increased cooperation among the region's many transit planning and operating agencies. Two of the most visible results of his efforts are Transcom, the coordinating body which serves as a clearinghouse for information about daily operating conditions, and TransitCenter, the consortium linking public and private transit operators with the private sector for the benefit of the public. The strength of his convictions and his ability to persuade others to share his goals led to the success of these and other initiatives.

While Mr. Gambaccini's work in this organization has focused primarily on transportation issues, he is equally well known as a champion of the public service career. He has served in many national and international leadership roles, developing policy for public transportation and improved government management. He is a past president of the American Society for Public Administration. He is a founding member of the Center for Excellence in Government; is on the board of the American Public Transit Association; and is a member of the National Academy of Public Administration.

In January, two more honors were added to this impressive list: Mr. Gambaccini became Vice-Chairman of the Executive Committee of the Transportation Research Board, and he was chosen by a specially appointed academy to receive one of New Jersey's prestigious Governor's Pride Awards, the Charles Lindbergh Transportation Award.

For his 31 years of serving the Port Authority and the people of this region in the finest tradition of public service, working tirelessly to develop policies and programs for improved transportation systems, and providing a model for excellence in public management, it is recommended that the Distinguished Service Medal be awarded to Louis J. Gambaccini.

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NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to Louis J. Gambaccini for the performance of outstanding service.

(Board - 2/11/88)

Award of Distinguished Service Medal to Derwood Hall

It was recommended that the Distinguished Service Medal be awarded to Derwood Hall.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed unusually efficient or distinguished service involving exceptionally good conduct, judgment and initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Derwood Hall it is recommended that the Distinguished Service Medal award be given on the following grounds:

Derwood "Rud" Hall has participated in virtually every aspect of the Port Authority's marine terminals functions during his 30-year career in the Port Authority.

When Mr. Hall joined the Port Authority in 1956, he was immediately put to work in the planning division and was challenged by the outlandish notion of putting trucks on ships for the first time. From a 1987 vantage point, it is difficult to understand how implausible the containership concept sounded to terminal operators of the 1950's. With his experience in the United States Navy and the Merchant Marine, he participated directly in the initial planning and design work for the world's first container terminal. Following this, he served as Assistant Manager of Port Newark/Elizabeth during the period when that first container terminal was built and commenced operations. He thus played a pioneering role in this field.

At the same time that the Elizabeth container terminal was being developed, the Port Authority was also proceeding with the redevelopment of the former New York Dock Company Piers extending for more than a mile south of the Brooklyn Bridge. During this period, Mr. Hall played a principal role in the marine design of the Brooklyn facility. While not revolutionary in design, the Brooklyn Terminal itself was precedent setting as one of the first marine terminals designed to be served primarily by trucks rather than by rail.

Mr. Hall then returned to the main office and served in marine staff planning functions before returning to Port Newark/Elizabeth as its Manager for the next ten years. While Mr. Hall was Manager at Port Newark, he dealt with vessel fires, storms, strikes, blackouts, building collapses and other events of conceivably catastrophic proportions, always with efficiency and dispatch. In 1960, he was appointed General Manager, New York and New Jersey Marine Terminals.

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Most recently, he has overseen key developments such as the construction and operation of the new Red Hook Container Terminal in Brooklyn, construction of two new juice facilities at Port Newark, as well as development of tremendously expanded facilities for handling imported automobiles, a business which grew to 534,000 in 1986. His excellent work continues with the Port Authority's recent opening of its first commercial fishing port at Brooklyn's Erie Basin. Once again, there were no models for operating systems particularly appropriate for Brooklyn, nor was there a history of relationship with labor to be called upon for guidance. Mr. Hall has skillfully developed both the operating systems and labor relationships so that Fishport has proceeded with the full cooperation and support of all involved.

Through his Port Authority career, Rud has gained a vast knowledge of marine cargo handling and marine industry practices and is regularly sought out for his expertise. He is known by his colleagues as a completely unflappable trouble shooter in crisis situations, absolutely reliable for managing problems skillfully, intelligently and with maximum sensitivity among all affected by the crises at hand.

For his dedicated service and his consistently high level of performance and achievement over a long and distinguished career, it is recommended that the Distinguished Service Medal be awarded to Derwood Hall.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to Derwood Hall for the performance of outstanding service.

(Board - 2/11/88)

Award of Distinguished Service Medal to Robert J. Johnson

It was recommended that the Distinguished Service Medal be awarded to Robert J. Johnson.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed unusually efficient or distinguished service involving exceptionally good conduct, judgment and initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Robert J. Johnson it is recommended that the Distinguished Service Medal award be given on the following grounds:

Robert Johnson began his career with the Port Authority in July 1955, as a Building Attendant at the Port Authority Building and that October became a Police Officer. Since November 1957, Mr. Johnson has been working at John F. Kennedy International Airport in the Aeronautical, Terminal, and Transportation Services Units where he has progressed through the ranks to his current position as General Operations Supervisor, the highest field supervisory position in the Transportation Services Unit.

Throughout his career, at Kennedy International Airport, Mr. Johnson has distinguished himself as an exceptionally capable and loyal employee. During a major snowstorm in 1969, Bob travelled nine hours from home to get to work, abandoning his car outside the airport and walking the rest of the way. He remained on duty almost four straight days, covering for others who couldn't make it in. He has received numerous commendations from within and outside the Port Authority that illustrate the dedication he has demonstrated throughout his 30 years at Kennedy International Airport. In addition to his dedicated day-to-day work, he has always excelled under pressure during emergencies. Among those most notable were a terminal lounge fire in 1968, a blizzard in 1983, the aircraft crash into Thurston Basin in 1984 and Hurricane Gloria in 1985. In each of these, he demonstrated a high level of expertise coupled with an unflinching willingness and ability to perform.

In his present position, Bob is an invaluable resource person who routinely gives his time and knowledge to assist in the planning and operation of the airport Transportation Services Unit. During a recent succession of changes in the management of the Transportation Services Unit, he has ensured that the continuity of the operation was maintained while orienting and briefing the new staff members to assure they were fully informed on the matters under his supervision.

(Board - 2/11/88)

Mr. Johnson has the unique ability to take a problem and turn it into an opportunity for improved service to our airport customers. His personal efforts have been particularly noted in improvements in the unit's public parking lot operation, which provides \$1.7 million in revenue. In one recent example, a Port Authority supervisor on overtime was replaced by a contractor's supervisor, which resulted in improved service.

He also made major contributions to the taxi dispatcher union negotiation process which led to an innovative three-year, two-tier, labor contract. Through constant monitoring and adjustment of bus and staffing schedules, ground transportation signing and construction activity, he has ensured that airport patrons have been provided with the highest level of service that has emphasized safety and efficiency.

Throughout his career, Mr. Johnson has earned the respect and loyalty of the people who work with him and for him. "Bunky", as he is called by his associates, has developed lasting relationships not only with Port Authority staff, but also with the airline and contract personnel with whom he has worked. No matter how stressful the situation, he always exhibits a cheerful, warm and controlled outlook which gives his co-workers a well deserved confidence in his exceptional capabilities.

For his more than 30 years of dedicated and professional service, it is recommended that the Distinguished Service Medal be awarded to Robert J. Johnson.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to Robert J. Johnson for the performance of outstanding service.

Award of Distinguished Service Medal to Doris E. Landre

It was recommended that the Distinguished Service Medal be awarded to Doris E. Landre.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed unusually efficient or distinguished service involving exceptionally good conduct, judgment or initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Doris E. Landre it is recommended that the Distinguished Service Medal award be given on the following grounds:

As Secretary of The Port Authority of New York and New Jersey, Doris Landre has been the keeper of the tradition, protocol and decorum of the public agency to whose image of excellence she has made a major contribution for more than 30 years.

Miss Landre joined the Port Authority in March 1955. Her first long-term assignment in Operations Standards gave her an opportunity to demonstrate her excellent analytical skills. Miss Landre soon became known for her sharp mind and organizational ability. She subsequently served as Administrative and then Executive Assistant to the Executive Director. In each of these roles, Miss Landre's complete loyalty and dedication to the Port Authority were clear. She selflessly dedicated herself to ensuring the accurate official functioning of the Port Authority. In 1968, she was asked to assume the corporate office of Secretary, a position she well earned.

As Secretary for nineteen years, Miss Landre has seen to the development of records retention systems, the growth of the Port Authority Library as a valuable repository of business information, the development of a new Freedom of Information policy to provide access to business records of the agency, and the preparation of Port Authority Board and Committee Minutes and review by the Governors in a manner which permits them to exercise their statutory role. She has vigorously mandated the consistency of administrative documents. She personally ensured the incisive review of agenda items and memoranda of justification for the exercise of the Executive Director's administrative powers. She has been directly responsible for the exemplary administration of the Port Authority's corporate front office, spanning the tenure of four executive directors and five chairmen. Miss Landre is an invaluable transitional resource about Port Authority history, and the functioning of its Board and Committees. She directly oversees the arrangements for the Board and Committee meetings consistent with the By-Laws, earning the respect and admiration of the Commissioners as well as her associates among Port Authority staff. Well known for her exacting standards, Doris Landre has taught, helped, and cajoled hundreds of her fellow employees to be more effective and to consistently produce work of the highest caliber.

(Board - 2/11/88)

Words written to Miss Landre on her 30th anniversary capture the essence of this remarkable person:

"It is a rare and wonderful thing in our society when an individual generates, displays, and sustains extraordinary dedication to public service and to a public organization. The Port Authority is special, and you have worked to make it so. The quality of your work, your values, and your devotion have been special, and they have left a special mark on the organization."

For her far-reaching contributions over a long and distinguished career, and her dedicated efforts to uphold the standard of excellence for which the Port Authority is reknowned, it is recommended that the Distinguished Service Medal be awarded to Doris E. Landre.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to Doris E. Landre for the performance of outstanding service.

(Board - 2/11/88)

Award of Distinguished Service Medal to Joseph Lesser

It was recommended that the Distinguished Service Medal be awarded to Joseph Lesser.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed unusually efficient or distinguished service involving exceptionally good conduct, judgment and initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Joseph Lesser it is recommended that the Distinguished Service Medal award be given on the following grounds:

For nearly four decades, Joseph Lesser, Esq. has served as resident scholar, sage, and intellectual epicenter of the Port Authority Law Department. Mr. Lesser joined the Law Department in March of 1948 upon his graduation from Columbia University School of Law. Since then, he has had but one client -- The Port Authority of New York and New Jersey, and that one client has kept him extremely busy.

Mr. Lesser's career began as a research assistant, and soon thereafter an attorney, in what was then Division "B", representing the Finance, Taxation, and Research sections of the Law Department. Since 1964 when he became head of the research section of Division "B" under the late Daniel Goldberg, and throughout the 1970's as Chief of the Opinions and Appeals Division, then as Deputy General Counsel and now as General Attorney, Mr. Lesser has been intimately involved in, and a major creative force behind, every major litigation which has arisen out of the development and operation of Port Authority facilities -- its airports, marine terminals, bridges, tunnels, bus and truck terminals, PATH system and The World Trade Center. Many, if not most, of those cases have involved intricate questions of public law including federal and state relations; sovereign immunity; public use and just compensation; rights of free speech under the first amendment; separation of church and state; utility relocation and real estate and tax matters. Those cases established the legal principles we now take for granted and by which the Port Authority operates today.

(Board - 2/11/88)

To note but three of the more recent cases from this long list of Joe's accomplishments:

- Agesen v. Catherwood, prepared by Mr. Lesser and his Opinions and Appeals Division and argued by Mr. Lesser in New York State's highest court, the Court of Appeals, established the principle of the Port Authority's immunity as a bi-state agency from control by legislation of either State acting alone.
- Automobile Club of New York v. Cox, argued by Mr. Lesser in the United States Court of Appeals for the Second Circuit, upheld the first Port Authority toll increase in 50 years as well as the power of the Port Authority's Board of Commissioners to set a bridge and tunnel toll structure which could consider the needs of the Trans-Hudson transportation network as a whole.
- Global International Airways v. Port Authority, again brilliantly argued by Mr. Lesser in the Second Circuit Court of Appeals, established the extent to which an airport proprietor, such as the Port Authority, could enact reasonable and nondiscriminatory regulations to deal with the problem of aircraft noise.

Beyond his work for the Port Authority, Mr. Lesser's scholarship on constitutional and public law issues has been recognized as a paradigm for the public sector of the profession. His Port Authority career has been paralleled by a more than 30-year involvement with the Urban, State and Local Government Law Section of the American Bar Association. A past chairman of the Section, editor of the Section newsletter, and once its representative to the Bar Association's House of Delegates, Mr. Lesser is considered one of the Section's premier constitutional scholars. He recently authored a major paper for the Section's Urban Lawyer, a nationally distributed quarterly on local government law, and for the Section's recent symposium on "Federalism in the Bi-Centennial Year of our Constitution".

Throughout his nonpareil career, Mr. Lesser has performed his tasks in unflinching good humor with consideration and respect for both his co-workers and his adversaries. He is ever the consummate gentleman in the finest sense of that term.

For his unparalleled accomplishments and professionalism, and for his being both teacher and source of inspiration for two generations of Port Authority attorneys, it is recommended that the Distinguished Service Medal to be awarded to Joseph Lesser.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to Joseph Lesser for the performance of outstanding service.

(Board - 2/11/88)

Award of Distinguished Service Medal to Norman I. Lesser

It was recommended that the Distinguished Service Medal be awarded to Norman I. Lesser.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed unusually efficient or distinguished service involving exceptionally good conduct, judgment and initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Norman I. Lesser it is recommended that the Distinguished Service Medal award be given on the following grounds:

Since the beginning of his career as a trainee in the Engineering Department in 1954, Norman I. Lesser has proven his engineering expertise, his initiative, and his willingness to assume responsibility. His professional judgment, logical approach to design problems, and communication skills have culminated in his present position as Senior Consulting Engineer. Never resting on his laurels, he has become an expert in specialized engineering fields such as central heating and refrigeration systems, tunnel and subway ventilation, smoke control, people movers, and baggage handling systems.

Norman Lesser has consistently demonstrated the courage of his convictions in trying new and unusual solutions to difficult engineering problems. His work is known by experts in the field who frequently seek his advice. For example, the Central Heating and Refrigeration plant at John F. Kennedy International Airport was one of the largest of its kind in the world when it was built. This installation, prominently displaying the mechanical equipment in the glass enclosed building, became not only a showcase installation, but a public tourist attraction as well.

The automated people mover and the mechanized baggage handling system are two basic elements in the proposed JFK 2000 project and Mr. Lesser actively participated in the evaluation of the master functional plan. By analyzing existing material conveyors and people mover systems, he provided valuable insights into the continuing development of both systems for the JFK Redevelopment. He is presently guiding new consultants who are working on these systems to assure appropriate application of these technologies.

(Board - 2/11/88)

Mr. Lesser's work on tunnel ventilation for fire emergencies has attracted international attention. The Engineering Department was given the assignment of designing emergency ventilation for the PATH system. Technology for subway ventilation is relatively new and further development in this field was needed to meet PATH's ventilation requirements. Mr. Lesser guided the development of the design, which was based upon complex air flow impedance computations. In addition, through close monitoring of fan technology applicable to such emergency systems, Mr. Lesser concluded that the current approach was inadequate. He procured fans that were made of a different material and constructed using a different method. In his typical way, Norm persevered through the development problems. Recent testing of the first installation has demonstrated proper fan operation and an exceptional correlation of actual airflow performance within the PATH tunnels with the computations.

Mr. Lesser's achievements are not limited to the Port Authority. He has been active in the American Society of Heating, Refrigerating and Air-Conditioning Engineers, the National Research Council, and has participated in research projects and the publication of the ASHRAE Guide -- considered a bible by heating, ventilation and air-conditioning engineers.

Beyond his professional achievements, Norman is respected and admired for his personal qualities. His professional enthusiasm is contagious and he has consistently helped his staff develop their professionalism, encouraging them to strive for and maintain the highest level of technical excellence in their engineering careers, to take special courses, join professional societies, and publish technical papers. His project review meetings have always been stimulating, filled with new approaches to staff assignments. He is always concerned about the welfare of his staff and ready to help those with problems. His high professional standards will have an impact on the Engineering Department for years to come.

For his dedicated service and his consistently high level of performance and achievement over a long and distinguished Port Authority career, it is recommended that the Distinguished Service Medal be awarded to Norman I. Lesser.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to Norman I. Lesser for the performance of outstanding service.

Award of Distinguished Service Medal to Nicholas Paraggio

It was recommended that the Distinguished Service Medal be awarded to Nicholas Paraggio.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed unusually efficient or distinguished service involving exceptionally good conduct, judgment or initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Nicholas Paraggio it is recommended that the Distinguished Service Medal award be given on the following grounds:

Nicholas Paraggio began his Port Authority career in 1956 as an Auditor I, applying experience he had gained in his previous positions with a public accounting firm and a major international airline. Through the years Mr. Paraggio assumed increased responsibilities in various divisions of the Comptroller's Department, consistently demonstrating his dedication, zeal and enthusiasm.

In April 1972, he joined the Accounting Division as Supervisor of the Revenue Accounting Section. During his tenure, many new facilities were constructed and put into operation, such as The World Trade Center, Journal Square Transportation Center, the Passenger Ship Terminal and the expansion of Newark International Airport. These new operations caused the straightforward agreements of the past to give way to complex leases which required a multitude of intricate calculations to determine escalations and net revenue amounts to be shared between the Port Authority and various partners. In addition, the last decade had seen annual revenues increase from \$500 million to over \$1 billion, the number of agreements grow from 1,500 to 3,700 and the number of bills issued per year increased from 40,000 to 76,000. Mr. Paraggio's keen knowledge of accounting, his leadership skills and his willingness to devote endless hours to the task at hand, have been instrumental in providing for the efficiencies to absorb this phenomenal growth, ensuring that the necessary internal controls were in place and providing the necessary training to enable staff to handle the increased complexities of the leases themselves. For example, he developed an automated billing system to handle World Trade Center tenants; automated the billing of itinerant aircraft operations; and established in-house training so that all jobs are backed up by existing staff. It was primarily through these efforts that the above mentioned challenges were met while holding the level of staffing constant.

It was due to this demonstrated leadership that in April 1983 Mr. Paraggio was promoted to general Accounting Supervisor in the Accounting Division, and served an integral role in assisting a new management team achieve a smooth transition after the retirement of the Manager and other key executive staff. Once again, his vast experience and knowledge of the accounting functions, as well as his ability to work well with staff, proved to be vital components.

In June 1985, the Revenue Accounting Unit was created with the purpose of providing better control and more focus on its various revenue streams. Mr. Paraggio once again met the challenge by quickly upgrading the Revenue systems, building strong working relationships with all line departments and incorporating the services of Revenue Accounting to assist departments in the early stages of the lease negotiation process.

For his dedicated service and consistently high level of performance and achievement over a long and productive Port Authority career, it is recommended that the Distinguished Service Medal be awarded to Nicholas Paraggio.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to Nicholas Paraggio for the performance of outstanding service.

(Board - 2/11/88)

Award of Distinguished Service Medal to Edward S. Rehm

It was recommended that the Distinguished Service Medal be awarded to Edward S. Rehm.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed unusually efficient or distinguished service involving exceptionally good conduct, judgment or initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Edward S. Rehm it is recommended that the Distinguished Service Medal award be given on the following grounds:

Edward S. Rehm began his combined Hudson & Manhattan and Port Authority Trans-Hudson Corporation career in 1962 as a gateman. His talents were recognized very early as he progressed rapidly to positions of increasing responsibility at PATH, rising through the ranks to Train Clerk, Towerman, Train Dispatcher, Assistant Trainmaster, Assistant to the Superintendent and to his present position as Trainmaster.

For the past eleven years, Mr. Rehm has served as Trainmaster on the morning tour, generally acknowledged to be the most critical. The morning Trainmaster must transition the railroad from, effectively, a series of "construction sites", with up to fourteen work trains and gangs scattered throughout the system on the midnight tour, to a rapid transit system with 38 trains running on headways as close as 90 seconds. To do this, he pulls trains from various yards and storage locations in precise order and schedules to "gear up" for the heavy commuter surges each morning.

Operating from the John F. Hoban Control center at Journal Square, Mr. Rehm monitors radio transmissions from train crews, intercoms from terminal dispatchers, televised pictures of station fare zones and platforms and direct line telephones to other connecting railroads. Utilizing the data gathered through these channels, he then makes the decisions necessary to ameliorate problem situations and maintain or restore effective railroad service.

(Board - 2/11/88)

Mr. Rehm's many accomplishments include the special PATH operation during the 1981 New York City Transit Authority strike, where he helped develop and then implement a service to accommodate extra riders. During that exhaustive ten-day period, he worked through both the morning and evening rush periods to ensure an effective and safe operation. He was a key contributor to the PATH Emergency Procedures Manual, and he also planned and implemented several emergency drills where a major rail accident was simulated with both in-house and outside emergency responses, including helicopter evacuations.

Due to Mr. Rehm's exceptional knowledge of train operations, he's frequently called upon to plan long-range operational improvements as well develop special operating plans to accommodate specific situations. He is also an invaluable resource for training and developing new Assistant Trainmasters and Trainmasters.

For his dedicated service and consistently high level of performance and achievement over a long and productive Port Authority career, it is recommended that the Distinguished Service Medal be awarded to Edward S. Rehm.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to Edward S. Rehm for the performance of outstanding service.

(Board - 2/11/88)

Award of Distinguished Service Medal to Charlotte Remsbecker

It was recommended that the Distinguished Service Medal be awarded to Charlotte Remsbecker.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed unusually efficient or distinguished service involving exceptionally good conduct, judgment or initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Charlotte Remsbecker it is recommended that the Distinguished Service Medal award be given on the following grounds:

Charlotte Remsbecker retired from the Port Authority in May 1987, leaving a legacy of substantial accomplishments spanning her exceptional career of 42 years of service.

Miss Remsbecker spent her early years in the Port Development Department developing statistics in support of the Port Authority's bid to operate LaGuardia and Newark Airports, then owned and operated by the cities of New York and Newark. She became an Aviation Department pioneer when both airports came under Port Authority operation in 1947.

Miss Remsbecker always contributed her considerable talents to Aviation Department needs with pride and a strong sense of responsibility. In particular, her contributions to the Aviation Department's periodic Inflight Survey Program, involving as many as 60 scheduled airlines, greatly enhanced the reliability and credibility of these vital resources through the accuracy and discipline that characterized her work. Her communication skills were an important factor in achieving a very high level of cooperation from the many airline headquarters and field personnel involved and the resultant critical high response rates from air passengers.

Among her most substantial contributions to the Aviation Department's success were those in the area of airport parking. Her extensive analyses of the Port Authority's airport parking system -- as it existed and was to develop -- significantly contributed to making parking one of the Aviation Department's greatest revenue generators.

(Board - 2/11/88)

Vincent Bonaventura, General Manager of Newark International Airport, recently cited Miss Remsbecker for her substantial assistance in working with Newark International Airport staff on the challenging move of Continental's People Express operations to Terminal B. In this, she applied her statistical resources in the most effective ways possible to develop alternates to assist the facility with the myriad problems associated with the move. Miss Remsbecker met yet another critical need by undertaking the role of Acting Supervisor of the Statistical Services Unit in the Aviation Department's Marketing and Economics Division.

During her years with the Port Authority, Miss Remsbecker conscientiously and dependably responded to every need that arose. Her warm, compassionate nature and her rigorous professional understanding of statistics earned her the respect and admiration of everyone. She leaves a career of distinguished service of which she and the Port Authority can be justifiably proud.

For her dedicated service and her consistently high level of performance and achievements, it is recommended that the Distinguished Service Medal be awarded to Charlotte Remsbecker.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to Charlotte Remsbecker for the performance of outstanding service.

(Board - 2/11/88)

Award of Distinguished Service Medal to Victor T. Strom

It was recommended that the Distinguished Service Medal be awarded to Victor T. Strom.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed unusually efficient or distinguished service involving exceptionally good conduct, judgment and initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Victor T. Strom it is recommended that the Distinguished Service Medal award be given on the following grounds:

Victor T. Strom is one of the most versatile Port Authority professionals, having served in line, staff and field positions in his 35-year career. His unique blend of technical prowess combined with compassion and a sincere concern for those with whom he worked have made him not only respected, but deeply admired throughout the organization. He was worn many hats here, and is one of the few individuals who has had such a diverse and successful career. When the Port Authority needed to fill a critical position, long or short term, Vic Strom always responded with enthusiasm and loyalty.

Mr. Strom joined the Port Authority as a Mechanical Engineer directly from active duty in the United States Navy in 1953. Within a year he became Assistant Superintendent of Central Maintenance Services where he oversaw such field maintenance forces as bridge painters, paving crews and electricians. From there he advanced to Assistant Manager and ultimately Manager of the Port Authority Building, the former Port Authority headquarters on 15th Street. This experience prepared him for his next assignment as General Manager of Operations in the then Terminals Department. There he was responsible for the operations, maintenance and security of not just the Port Authority Building, but the Bus Terminal and the Truck Terminals, while also overseeing the needs of the soon-to-be-opened George Washington Bridge Bus Station. When the sister department of Tunnels & Bridges needed a General Manager of Operations a few years later, he was the man for the job, this time overseeing two tunnels, four bridges and 1,200 employees.

In 1967, he returned to a staff assignment in a completely different field -- personnel administration. During the year he was Manager of the Administrative Division in Personnel, he was instrumental in initiating the COMPERS system, which converted all personnel transactions to computer. He then became Manager of the Operating Personnel Division where he was responsible for all personnel matters for non-management employees, about half the staff. His line experience proved to be extremely valuable in addressing the new challenges, which included labor relations in a climate unaccustomed to unions.

(Board - 2/11/88)

When someone was needed to plan and execute the relocation of the Port Authority's headquarters to The World Trade Center, no one was more qualified than Mr. Strom to handle this \$22 million project. When this mammoth task was completed, he was promoted to Assistant Chief Engineer. His deep humanity coupled with his technical skill did much to help the department function after the untimely death of the Chief Engineer.

One more line assignment awaited Mr. Strom, this time as Deputy Director of Rail Transportation, where he coordinated the activities for the PATH system. One year later, he switched hats again to serve as Deputy in the Management Services Department before becoming its Director in 1978. As the Director of the Port Authority's internal management consultant group, he kept the agency current in modern management methods, trends and developments.

In 1984 he became the first Director of the Public Safety Department where he supervises more than 10% of our employees including our Police force and other professionals responsible for insuring the safety of all Port Authority facilities.

For his 35 years of exemplary service, characterized by his inquiring mind, technical versatility, personal adaptability, extraordinary humanity, unrivalled loyalty, and uncommon integrity, it is recommended that the Distinguished Service Medal be awarded to Victor T. Strom.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to Victor T. Strom for the performance of outstanding service.

Award of Distinguished Service Medal to Wilbert Taville

It was recommended that the Distinguished Service Medal be awarded to Wilbert Taville.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed unusually efficient or distinguished service involving exceptionally good conduct, judgment or initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Wilbert Taville it is recommended that the Distinguished Service Medal award be given on the following grounds:

Throughout nineteen years of Port Authority service, Wilbert Taville's contributions to the Port Authority have been unique. As the Port Authority's Equal Employment Opportunity Coordinator for sixteen years, he has excelled as the champion of equality, opportunity and, above all, fairness for every member of this organization.

Mr. Taville joined the Port Authority in 1968, following a 25-year career with the United States Army, from which he retired as a Lieutenant Colonel. His Army experience in intelligence, logistics, transportation, personnel and training gave him a unique set of skills which he drew on initially as a management analyst in the former Organization and Procedures Department, evaluating a broad range of organizational systems, procedures and staffing issues.

Mr. Taville's next Port Authority roles were in the Personnel Department where he utilized his talents for managing and motivating people as a supervisor of recruitment and placement for operating staff and next as a personnel representative. In two short years he handled work in classification, compensation, personnel planning and administration. During this time he gained a reputation as an expert counselor for employees. He is well known for listening with a special understanding of an employee's point of view and for helping each individual arrive at his or her own best course of action. Because of his caring, fairmindedness and proven ability to balance the needs of the individual and the organization, Mr. Taville was selected to be the Equal Employment Opportunity (EEO) Coordinator, only three years after joining the Port Authority.

(Board - 2/11/88)

In an organization as large and complex as the Port Authority, the Equal Employment Opportunity Coordinator must be both advocate and defender. The list of responsibilities which Mr. Taville carries out is lengthy and varied. He is charged with representing the Port Authority on cases of alleged discrimination before the Equal Employment Opportunity Council and the United States Department of Labor. He coordinates with the Law Department on EEO Cases which are brought before the Federal Court. He serves as the Personnel Director's source for information on federal, state and local laws affecting equal opportunity. He works closely with the divisions responsible for recruitment and training to ensure increased opportunities for, and representation of, women and minorities in a variety of occupational areas throughout the Port Authority. He participates in the training of supervisors to ensure that the Port Authority has a diverse work force.

A major part of his role is to investigate problems brought to his attention by employees. His record in resolving these problems before they escalate is outstanding. In the case of more formal complaints, his evaluation of the situation and recommended action are always scrupulously objective and fair. Most of all, he is responsible for ensuring that full equal opportunity is provided to every member of the Port Authority. In all of the responsibilities described above, Mr. Taville has performed with unmatched intelligence, sensitivity and discretion every day of the past sixteen years.

Mr. Taville has literally heard and seen it all. He has elicited responsiveness from departments, provided EEO training to managers and supervisors; synchronized organizational and individual expectations for success; addressed misunderstandings with the skill of a highly-trained legal mediator; and, in even the most intractable situations, steered an unwavering course of fairness between opposing sides. Mr. Taville's expertise has been requested by staff at every level, including Department Directors, Assistant Executive Directors and the Executive Director. His opinion is valued and respected by all. In 1982, in recognition of his many accomplishments, he received the highly-respected "YMCA Black Achievers in Industry" Award.

For his years of guiding individual staff and an entire organization in the path of equality, for pioneering his role in an emerging field requiring an appreciation of law, government, organizational management and human need, and for his consistent caring and commitment to fairness, it is recommended that the Distinguished Service Medal be awarded to Wilbert Taville.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to Wilbert Taville for the performance of outstanding service.

(Board - 2/11/88)

Award of Distinguished Service Medal to John J. Trapp

It was recommended that the Distinguished Service Medal be awarded to John J. Trapp.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed unusually efficient or distinguished service involving exceptionally good conduct, judgment and initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of John J. Trapp it is recommended that the Distinguished Service Medal award be given on the following grounds:

During the past 37 years, John J. Trapp has loyally served the Port Authority with distinction. From his first job as a Messenger in 1951 up to his present position as Assistant Director of the Management and Budget Department, John has dedicated his professional career to a single objective -- ensuring that the Port Authority's interests are served best. To this end, he has been absolutely selfless in expressing his opinions and judgment. Clearly, his integrity, loyalty and dedication are exceptional.

In 1968, Mr. Trapp assumed one of the many key managerial responsibilities when he became Assistant General Auditor. In this capacity, he directly supervised all construction audit functions, and had responsibility for overseeing audits of all Port Authority financial systems. During this time, a continuous audit of the approximately \$1.6 million World Trade Center project was conducted. This effort included the careful scrutiny of hundreds of contracts involving every minute detail. Under Mr. Trapp's supervision, and with his uncanny knack for identifying audit issues, he led an effort which uncovered contract discrepancies, saving the Port Authority millions of dollars. As a result of his leadership and attention, many payments and duplicate claims were avoided.

(Board - 2/11/88)

Mr. Trapp's most significant contributions to the Port Authority were made as Assistant Manager of the then-Financial Planning and Analysis Division from 1972 to 1975, and especially from 1975 to 1985 when he served as Manager of this division. During that decade, he was a key player in every important Port Authority action. Relying upon his staff for detailed analyses, Mr. Trapp representing the Comptroller, Director of Finance and the Executive Director, managed the Port Authority's entire capital and operating resource allocation process. This was a most challenging period because it was an era of contraction and restraint. Mr. Trapp was the lead person responsible for annually negotiating budget submittals with each department, finalizing overall Port Authority programs and resources and ultimately receiving Commissioner and gubernatorial budget approvals. As Financial Planning and Analysis Division Manager, Mr. Trapp had a direct role in promulgating and authorizing budgets totaling \$9.56 billion. Even after each budget was "put to bed", he constantly monitored expenditure patterns to ensure that departmental expenditures were compatible with their plans. Then, as now, demands often exceeded supply. From 1985 to the present, John has served as Assistant Director of the Management and Budget Department. He has been, and continues to be, a significant player in the management and direction of the Department.

Mr. Trapp has been active in professional associations and has served a number of times in leadership roles. In particular, he has been active in the American Association of Port Authorities (AAPA) for many years and has served on the AAPA Finance Committee. During the period when changes in the tax laws raised serious financial concerns, he and other Port Authority staff active in the AAPA worked closely to formulate the Port Authority's position, as well as that of the AAPA. Mr. Trapp personally met with officials from various port authorities to resolve how changes in the tax laws affected them and how best to deal with their impact.

Mr. Trapp's insightfulness, his legendary memory and courageous attitude in expressing his opinion and judgment despite opposition at the highest levels have earned him the respect of everyone, including those who have disagreed with him, inside and outside the Port Authority. He has the intuitive ability to look at a situation, appraise it quickly and then raise key issues which are not readily apparent. This attribute has led him to challenge important issues, often saving the Port Authority millions of dollars. A most formidable opponent when arguing the merits of a particular position, he is also sensitive and compassionate, and consistently concerned with the well being of his fellow colleagues.

For his dedicated service and his consistently high level of performance and achievement over a long and productive Port Authority career, it is recommended that the Distinguished Service Medal be awarded to John J. Trapp.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to John J. Trapp for the performance of outstanding service.

(Board - 2/11/88)

Award of Distinguished Service Medal to Richard L. Twiss

It was recommended that the Distinguished Service Medal be awarded to Richard L. Twiss.

The Distinguished Service Medal under Board Resolution of March 2, 1944, as amended, is to be awarded to an employee only in those cases where the employee has performed unusually efficient or distinguished service involving exceptionally good conduct, judgment and initiative.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Distinguished Service Medal was established, which award is to be given to an employee for the performance of outstanding service; and

WHEREAS, in the case of Richard L. Twiss it is recommended that the Distinguished Service Medal award be given on the following grounds:

As Supervisor of the Fire Protection Engineering Section, Richard L. Twiss has always carefully ensured that the required fire safety programs are properly administered.

Since first coming to work in the Inspection and Safety Division in August 1968, Mr. Twiss has demonstrated his ability to consistently exert the optimum effort in each of the several positions he has held. The unusual intensity which he brings to his job and his dedication to creating and maintaining a standard of excellence in all Port Authority Fire Safety programs has resulted in his deservedly rapid career advancement in the Port Authority.

Mr. Twiss was cited on several occasions for his outstanding contributions during the heavy construction period at The World Trade Center when he had the exclusive responsibility of maintaining fire safety (1969-1974). The constant threat of fire was decisively addressed by Mr. Twiss as he worked to develop a comprehensive safety program which included assuring that necessary fire-fighting equipment was always available. Mr. Twiss routinely worked long, arduous hours, and on several occasions took part in actual fire-fighting activities.

The lessons learned from Mr. Twiss' findings while investigating serious fires, including the Hoboken Marine Terminal Fire (1980), the PATH car fire (1985), and the Hackensack River Drawbridge fire (1985), have been invaluable. He evaluated the details of each of these fires and provided his analyses of probable causes, which were later found to be accurate although in several instances contrary to the findings of hired consultants. He has been called upon continually to utilize his expertise in conducting investigations at other facilities.

(Board - 2/11/88)

Mr. Twiss has proven his ability to establish and maintain an unusually good rapport with tenants and contractors on various projects for the Port Authority. His ability to address code requirements while maintaining full awareness of the benefits of meeting operational schedules has allowed hotels such as the Vista at The World Trade Center and the Marriott at Newark International Airport to open on time with all the necessary fire protection systems in place.

The Port Authority Specifications Governing the Flammability of Carpets were updated and revised by Mr. Twiss and, in 1984, were added to the New York City Building Code by amendments contained in Local Law No. 16. Mr. Twiss has diligently applied the Flammability Specifications covering carpeting and furnishings Port Authority wide and in so doing has assisted in dramatically lowering the fire loading at all structures. In great measure, Mr. Twiss' updating and modifying these Port Authority specifications have made them a recognized standard and benefited agencies and municipalities nationwide. As a result of his competence, Mr. Twiss was named President of the Society of Fire and Protection Engineers, New York and New Jersey Chapter.

In recognition of his outstanding work in the development, implementation and ongoing evaluation of the Port Authority Fire Protection Program, it is recommended that the Distinguished Service Medal be awarded to Richard L. Twiss.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Distinguished Service Medal to Richard L. Twiss for the performance of outstanding service.

(Board - 2/11/88)

Award of Medal of Honor to Police Detective Michael Molina

It was recommended that the Medal of Honor be awarded to Police Detective Michael Molina.

The Port Authority medal of Honor, under Board Resolution of March 2, 1944, as amended, is to be awarded to an individual who, in performing a specific act, demonstrated extraordinary bravery in the face of circumstances which would surely have led to grave personal injury or his own death should the slightest miscalculation have occurred.

Whereupon, the following resolution was unanimously adopted:

WHEREAS, by resolution adopted by the Board on March 2, 1944, as amended, a Port Authority Medal of Honor award was established, which is to be given to a Port Authority employee for the performance of outstanding service; and

WHEREAS, in the case of Police Detective Michael Molina it is recommended that the Port Authority Medal of Honor award be given on the following grounds:

During the month of July 1986, Port Authority Police Detective Michael Molina was assigned to the ongoing Clipper Club Drug Investigation. This investigation was a joint effort between the Port Authority Police and the Drug Enforcement Administration (DEA) which led to the arrest of 56 drug traffickers, the confiscation of over \$1.1 million in seized assets and the destruction of a \$1.5 billion cocaine ring.

Detective Molina volunteered for this assignment, knowing it would impact on his personal life, require great dedication, and expose him to constant danger. During the investigation, Detective Molina was able to intercept court approved wire transmissions, contribute to dangerous drug purchases and provide observations. His efforts greatly enhanced the United States Attorney's case against more than 40 Clipper Club conspirators. These facts alone merit recommendation for a Port Authority medal.

Although the investigation was a joint endeavor, a single accomplishment distinguishes Detective Michael Molina from his peers and colleagues. In December of 1986, he volunteered to act as an undercover agent on an extremely dangerous assignment, knowing he would be unarmed and sent to a South American Country. Detective Molina displayed outstanding courage -- the slightest mistake would have resulted in his serious injury or death at any moment without hope for protection from extremely dangerous criminals.

(Board - 2/11/88)

Detective Molina flew to Brazil and in less than 48 hours, he identified the number one criminal assistant in the Clipper Club Investigation. He and a DEA counterpart began surveillance of the subject during which a series of events occurred, placing them both in grave danger. On one or more occasions the subject appeared to "make" the investigators. In one such incident while observing the suspect in a restaurant, direct eye contact was sustained for a protracted period of time. When they realized they had been noticed by the suspect, in a hurried conference, the two investigators decided to "bluff it". They went to the subject's table and engaged him in a conversation which began with the fact that they overheard him speaking English with the waiter. Caught completely off guard, the suspect invited them for a drink. At that point the suspect befriended the two detectives. They convinced him that they were customs brokers also involved in drug traffic, and a three-week odyssey took place whereby the criminals almost never left the detectives' presence.

Through a series of skillful maneuverings, and using every bit of investigative skill at their disposal, Detective Molina and the DEA Agent held numerous meetings and prolonged discussions with the subject about the worldwide cocaine operations. The two investigators ate, drank, and partied with the subject, gaining his confidence. Invaluable information was elicited, which contributed greatly to the United States case. In the most dangerous incident, the two investigators even travelled into the jungles of Brazil, alone and unarmed, with drug traffickers discovering the whereabouts of the cocaine manufacturing plant. At any moment, both detectives could have been killed without a trace of the crime.

The information they obtained was relayed to the Brazilian Police, and one day after the wide-ranging Kennedy drug arrests, the plant was raided and smashed. This single cocaine factory produced 1,100 pounds of cocaine per week, with a value set conservatively at \$80,000 per pound.

On Tuesday, March 10, 1987, the eighteen-month long investigation ended with the arrest of 30 people on or near John F. Kennedy International Airport. Twenty-six more suspects have been arrested since that date. The successful conclusion to this investigation is in part attributed to Detective Michael Molina.

The sensitivity and hazardous nature of this assignment was such that for days at a time Detective Molina and his DEA counterpart were unable to make contact with their backup units. Operating alone, unarmed, and out of contact with those who could render assistance, was only a part of the danger that was inherent in the investigation. The slightest miscalculation or slip of the tongue could have resulted in death at any moment.

For extraordinary courage and selfless devotion to duty by volunteering as an undercover agent at the risk of his life amidst constant danger, and managing to show exceptional judgment, initiative and investigative skills, it is recommended that the Medal of Honor be awarded to Police Detective Michael Molina.

NOW, THEREFORE, after due deliberation had, it is

RESOLVED, that the Executive Director be and he hereby is authorized to award the Commendation Medal to Police Detective Michael Molina.

(Board - 2/11/88)

1988 Howard S. Cullman Fellowship

It was reported that the Howard S. Cullman Fellowship was established by the the Board in April 1962 as a tribute to the Honorary Chairman for his contributions to the Port Authority. The purpose of this Fellowship is to afford a staff member or members the opportunity to undertake a unique project which benefits the Port Authority and contributes to the organization's public service responsibilities to the people of the Port District.

This year the Cullman Fellowship Review Committee was comprised of the nineteen members of The Advisory Group, representing a cross-section of Port Authority staff members at the junior and middle management levels. After careful consideration of all submitted proposals. The Advisory Group recommends that the 1988 Fellowship be awarded to Rita I. Schwartz.

The objective of this year's fellowship is to study the experience of transportation agencies in addressing the problem of the homeless and to identify effective model programs and strategies which have potential application to the Port Authority.

Ms. Schwartz's project will be for a duration of approximately six months. In addition to her salary during this period, it is anticipated that \$50,000 will be incurred for incidental expenses including travel, phone, clerical support, report preparation and duplicating expenses.

Recommendation was made that the Board authorize the award of the Howard S. Cullman Fellowship to Rita I. Schwartz.

Approved.

Whereupon, the meeting was adjourned.

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Thursday, March 10, 1988

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MINUTES of meeting of The Port Authority of New York and New Jersey held Thursday, March 10, 1988 at the Port Authority offices, One World Trade Center, City, County and State of New York.

PRESENT:

NEW JERSEY

Philip D. Kaltenbacher, Chairman
 Jerry Fitzgerald English
 William K. Hutchison
 Henry F. Henderson, Jr.
 Robert Van Buren

NEW YORK

James G. Hellmuth
 John G. McGoldrick
 H. Carl McCall

Stephen Berger, Executive Director
 Patrick J. Falvey, General Counsel/Deputy Executive Director
 Doris E. Landre, Secretary
 Anthony J. Barber, Director of Tunnels, Bridges and Terminals
 Regina L. Bryde, Administrative Assistant
 John J. Collura, Deputy Director of Management and Budget
 Henry I. DeGeneste, Deputy Director of Public Safety
 Eugene J. Fasullo, Deputy Director of Engineering/Deputy Chief Engineer
 Sidney J. Frigand, Assistant Executive Director/Government, Community & Public Affairs
 Gene C. Gill, Director of General Services
 Francis A. Gorman, Comptroller
 John E. Hauptert, Treasurer
 Leon Katz, Supervising Information Officer. Public Affairs
 Richard R. Kelly, Director of Rail Transportation
 James J. Kirk, Port Director
 Phil LaRocco, Director of World Trade and Economic Development
 Donald R. Lee, Director of Audit
 Lillian C. Liburdi, Director of Management & Budget
 Emily C. Lloyd, Director of Office Business Development
 Katherine B. MacKay, Assistant Executive Director/Administration
 Mark Marchese, Assistant Director, Information Services, Government, Community & Public Affairs
 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, Director of Aviation Redevelopment Programs
 Richard T. Roberts, Acting Director, Office of Transportation Planning
 Morris Sloane, Director of Aviation Operations
 Victor T. Strom, Director of Public Safety
 Joseph L. Vanacore, Assistant Executive Director/Capital Programs
 Barry Weintrob, Chief Financial Officer
 Marvin E. Weiss, Director, Office of Minority Business Development

The meeting was called to order by the Chairman.

Action on Minutes

The Secretary submitted for approval Minutes of the meetings of January 28 and February 11, 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.

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 March 10, 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 March 10, 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 March 10, 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 March 10, 1988, in addition to matters separately reported to the Board of Commissioners at this meeting of the Board, and the report was received.

(Board - 3/10/88)

Port Authority Employment Relations Panel Appointment of New York and New Jersey Members

The revised Port Authority Labor Relations Instruction, adopted by the Board on September 29, 1976, and amended on December 9, 1983, among other things, provides for the establishment of an Employment Relations Panel with responsibility for resolving disputes arising from the designation of managerial and confidential and supervisory employees, assisting in resolving negotiating impasses, processing improper labor practice charges and processing petitions for certification or decertification of employee organizations as negotiating representatives of Port Authority employees.

The Labor Relations Instruction further provides for the members of the Panel to be appointed for overlapping three-year terms. The term of the current New York Member, Philip Ruffo, Esq., expired on December 31, 1987. The term of the current New Jersey Member, John J. Pearce, Jr., expired on December 31, 1986. In accordance with the Labor Relations Instruction, both continue to serve until their successors are appointed, but each has expressed his desire not to seek reappointment. The successor New York Member is to be appointed for a term to expire December 31, 1990, subject to the written recommendation of the Chairman of the New York Public Employment Relations Board (PERB). The successor New Jersey Member is to be appointed for a term to expire December 31, 1989, subject to the written recommendation of the New Jersey Public Employment Relations Commission (PERC).

On December 16, 1987, James W. Mastriani, Chairman of PERC, after consultation with the representatives of employee organizations, recommended that Joel M. Weisblatt, Esq., be appointed as New Jersey Member of the Panel for the three-year term expiring on December 31, 1989. On January 26, 1988, Harold R. Newman, Chairman of PERB, after consultation with the representatives of employee organizations, recommended that David C. Randles be appointed as New York Member of the Panel for the three-year term expiring on December 31, 1990. Mr. Weisblatt is an attorney and full-time labor arbitrator, mediator and factfinder. Mr. Randles, a former member of PERB, is also a labor arbitrator, mediator and factfinder, as well as an adjunct professor at the New York State School of Industrial and Labor Relations at Cornell University.

Members of the Panel, who are subject to removal or dismissal only upon charges and after a hearing before a hearing officer appointed jointly by the Chairmen of PERC and PERB, may also appoint hearing officers, mediators, factfinders, attorneys, or others, to assist them in their functions, and to provide for their reimbursement and compensation at rates set pursuant to the Labor Relations Instruction. The panel members themselves are also compensated for each day spent in attendance at meetings or consultation or in the preparation of reports or determinations and are reimbursed for expenses actually incurred by them in the performance of their duties.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board appoint David C. Randles as New York Member of the Port Authority Employment Relations Panel for a term expiring December 31, 1990, and Joel M. Weisblatt, Esq., as New Jersey Member of the Panel for a term expiring December 31, 1989, in accordance with the Port Authority Labor Relations Instruction.

(Board - 3/10/88)

Port Authority Policy for Minority and Women's Business Enterprise Programs

The Port Authority hereby reaffirms its longstanding commitment to maximize opportunities for businesses owned and controlled by minorities or women through contracting and procurement practices. This commitment flows directly from one of the central elements of the Port Authority mission, as presented in the agency's business plan: "to carry out our responsibilities in a manner that maximizes the creation of new economic opportunities for businesses in and residents of the region."

The Port Authority's efforts to assist minority and women-owned businesses (MBEs and WBEs) are an integral part of a broad and consistent program aimed at using Port Authority capital projects and purchasing power to help achieve the goal of affording everyone the opportunity to participate in the economic activity which results from Port Authority investments and activities. Past societal discriminatory practices have placed minorities and women in a disadvantaged position which has resulted in reduced opportunity for them to compete effectively for jobs and to form and control businesses, and for those engaged in businesses to win a meaningful share of the market. As a result, government programs have been used to encourage MBE and WBE firms to be brought into the mainstream of participation. The policies described herein reaffirm existing Port Authority policies dating back to 1978.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board hereby adopts a "Port Authority Policy for Minority and Women's Business Enterprise Programs" (attached hereto), to maximize opportunities for businesses owned and controlled by minorities and women.

(Board - 3/10/88)

PORT AUTHORITY POLICY FOR MINORITY AND WOMEN'S BUSINESS ENTERPRISE PROGRAMS

Purpose

It is the policy of the Port Authority to expand the range of entrepreneurial and employment opportunities available to minorities and women in the New York/New Jersey region and, in particular, to create such opportunities in conjunction with Port Authority investments and operations to the fullest extent consistent with the Authority's existing policy to secure an acceptable level of quality, generally at the lowest cost. The programs that implement this policy are organized around two objectives: (1) maximizing opportunities for Minority Business Enterprises (MBEs) and Women's Owned Business Enterprises (WBEs) to participate in the performance of all Port Authority contracts and continuing to increase such participation in its programs of construction, procurement and services in connection with all facilities; and (2) working with other appropriate public agencies and authorities in both states to seek to expand the number of MBEs and WBEs qualified to bid on contracts for the Port Authority and other organizations and to help them increase the scope and complexity of the services they are qualified to provide.

Definitions

"Minority-owned business" or "MBE" means a business entity which is at least 51 percent owned by one or more members of one or more minority groups, or, in the case of a publicly held corporation, at least 51 percent of the stock of which is owned by one or more members of one or more minority groups; and whose management and daily business operations are controlled by one or more such individuals who are citizens or permanent resident aliens.

"Women-owned business" or "WBE" means a business which is at least 51 percent owned by one or more women, or, in the case of a publicly held corporation, 51 percent of the stock of which is owned by one or more women; and whose management and daily business operations are controlled by one or more women who are citizens or permanent resident aliens.

To be certified by the Port Authority, and thus be eligible for contracting opportunities, such ownership interest must be shown to be real, substantial and continuing.

"Minority group" means any of the following racial or ethnic groups:

(1) Black persons having origins in any of the black African racial groups not of Hispanic origin;

(2) Hispanic persons of Puerto Rican, Mexican, Dominican, Cuban, Central, or South American culture or origin, regardless of race;

(3) Asian and Pacific Islander persons having origins in any of the original peoples of the Far East, Southeast Asia, the Indian subcontinent or the Pacific Islands;

(4) American Indian or Alaskan Native persons having origins in any of the original peoples of North America and maintaining identifiable tribal affiliations through membership and participation or community identification.

Participation In Port Authority Contracts

The Port Authority's approach to increasing the participation of minority and women's business enterprises in its contracting and procurement programs centers on the establishment of specific percentage goals for the dollar value of work to be awarded to MBEs and WBEs, and the use of a variety of techniques to help Port Authority managers, tenants, major contractors, and MBEs and WBEs attain these goals.

The agency's overall goal will be to attain participation levels of 10% of Port Authority construction and service contracts for MBEs and 1% for WBEs. Higher or lower goals may be more appropriate in specific situations. The Board of Commissioners will annually review these overall goals during the budget review process. Quarterly reports will be provided to the Board concerning our progress in attaining overall goals.

Departmental goals will be determined through the business planning process, taking into account each department's projected contracting and procurement activities. With respect to individual projects, contracts and procurements, the Port Authority will continue to identify goals for participation that reflect overall agency and department goals, the nature of the work to be performed, and reasonable expectations about the availability of MBEs and WBEs qualified to perform such work.

Where it is feasible and appropriate to do so, the Port Authority will set aside selected contracts for competitive or negotiated bids by MBEs and WBEs. This is an especially effective means of expanding minority participation and the Port Authority is committed to increasing its use.

Other techniques to be employed in attaining MBE and WBE participation goals include:

- Inclusion in Port Authority contracts of provisions requiring contractors to make good faith efforts to achieve specified MBE and WBE participation goals.
- Whenever feasible, inclusion in selected Port Authority contracts of provisions mandating specified levels of MBE and WBE participation.
- An aggressive program of outreach to qualified and potentially qualified MBEs and WBEs.
- Providing training and technical assistance, including -- where appropriate -- contracting with outside entities to provide service to MBEs and WBEs participating in Port Authority contracting and procurement programs.
- Increased flexibility in the use of bonding requirements.
- Provision of public liability and workers' compensation insurance coverage.
- Monitoring of contractors' performance with respect to MBE and WBE participation, and undertaking enforcement measures when necessary.

In addition, the Port Authority will continue to use these programs to ensure participation by MBEs and WBEs in contracts funded with Federal financial assistance, as required by applicable Federal laws and regulations.

The Port Authority also will continue to require that its lessees and tenants carrying out major construction projects at its facilities seek meaningful minority and women's participation in those projects. As with its own projects, this requirement applies both to MBE and WBE participation as contractors and subcontractors, and to the composition of the labor force on such contracts. We will closely monitor compliance with this policy and enforce it with appropriate measures.

The Port Authority's Office of Minority Business Development provides overall supervision to the Port Authority's efforts to aggressively seek out and certify MBEs and WBEs, works with other departments to set goals for each contract and monitors which MBEs and WBEs are bidding on Port Authority contracts and their success rates. To be certified by the Port Authority Office of Minority Business Development, and thus be eligible for these contracting opportunities, minority or women's ownership interest must be shown to be real, substantial and continuing.

Any bidder who is found to have failed to meet MBE and WBE goals and to have failed to demonstrate that sufficient reasonable efforts to meet such goals were taken can be debarred from bidding on future contracts.

Development

An effective program for MBE and WBE involvement also depends upon increasing the number of firms that can compete and are capable of carrying out Port Authority contracts. The Port Authority, working with other interested agencies and authorities, will also seek to encourage the formation and growth of minority business enterprises capable of meeting the vast construction, procurement and service needs of the region. Means of achieving this end include support of training and education programs for minority and female entrepreneurs; fostering the development of joint ventures with majority firms; set-aside of selected contracts for the purpose of assisting the growth and development of MBEs and WBEs; assisting minority and women-owned businesses in obtaining needed financing from various public and private sources; and the development of other innovative techniques aimed at overcoming barriers to the formation and growth of such businesses.

(Board - 3/10/88)

**Brooklyn - Port Authority Marine Terminal - Red Hook Marine
Project Stage II - Contract BP-290.018 Pier 9A Area -
Reconstruction and Crane Rails - Settlement of Claims**

Contract BP-290.018 was awarded to Raymond International Builders, Inc. on September 7, 1984 at an estimated total amount of \$2,938,777 plus an authorization for extra work of \$293,800. It provides for the construction of a new wharf and crane rails on Pier 9A at the Brooklyn-Port Authority Marine Terminal incorporating portions of the existing wharf substructure and including alterations to existing structures.

On March 25, 1986, the contractor submitted a claim in the amount of \$1,534,085 against the Port Authority for additional costs alleged to have been incurred, stating that it had not been able to perform the work in the manner originally anticipated because of Port Authority imposed work area restrictions, insufficient design information and Port Authority delays in providing revised design information reflecting conditions encountered at the work site.

After a thorough review and evaluation, some of the contractor's claims were dismissed, but a portion of these claims were determined to be meritorious. After negotiations, a tentative settlement, subject to Board approval, has been reached with Raymond International Builders in the amount of \$510,000, of which \$65,142 constitutes payment for extra work. The contractor will execute a General Release running to the Port Authority before payment is made.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director to enter into an agreement for the settlement of a claim by Raymond International Builders, Inc., against the Port Authority arising out of Contract BP-290.018, Red Hook Marine Project Stage II, Pier 9A Area, Reconstruction and Crane Rails, and for payment by the Port Authority of the amount of \$444,858 in settlement of the claim, the form of the agreement to be subject to the approval of General Counsel or his authorized representative.

**Brooklyn - Port Authority Marine Terminal - Red Hook Marine
Project Stage II - Contract BP-290.016 - Paving and
Utilities - Settlement of Claim**

Contract BP-290.016 was awarded to L&T Contracting Co., Inc. (L&T) on August 30, 1984, at an estimated total amount of \$5,364,034 plus an authorization for extra work of \$536,000. It provides for the construction of paving and utilities in the area generally bounded by Hamilton Avenue, and Van Brunt and Sackett Streets and of three additional entry booths, all at the Brooklyn-Port Authority Marine Terminal.

On July 7, 1987, L&T commenced a lawsuit against the Port Authority, contending that the Port Authority's failure to give it adequate access to the site caused delays which were responsible for its expending an additional \$1,107,876 to perform its work.

Port Authority staff analyzed L&T's claim and concluded that the Port Authority was responsible for a portion of the delays. Staff then negotiated a settlement, subject to Board approval, in the amount of \$212,778. The Port Authority will receive a release of all claims L&T has against the Port Authority in connection with Contract BP-290.016 and a stipulation of discontinuance with prejudice terminating L&T's lawsuit. Staff considers the proposed settlement to be fair and equitable.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director to enter into an agreement for the settlement of a claim by L&T Contracting Co., Inc., against the Port Authority arising out of Contract BP-290.016, Red Hook Marine Project Stage II, Paving And Utilities, and for payment by the Port Authority of the amount of \$212,778 in settlement of said claim, the form of the agreement to be subject to the approval of General Counsel or his authorized representative.

(Board - 3/10/88)

**Elizabeth - Port Authority Marine Terminal - Public Service
Electric and Gas Company - Conveyance of Easement**

Public Service Electric and Gas Company (PSE&G) requested that the Port Authority convey a fifteen foot-wide subsurface easement to allow for the routing of a natural gas main through Port Authority property at the Elizabeth-Port Authority Marine Terminal (EPAMT). The main will deliver gas from PSE&G's existing system in Elizabeth and Newark to a proposed cogeneration facility in Bayonne. The main will also serve as an alternate source of gas supply to all of Bayonne and allow for future expansion of the system.

PSE&G will pay the Port Authority the sum of \$44,479 upon the conveyance of the easement which represents appropriate compensation for the rights granted PSE&G. The agreement will also provide that PSE&G shall relocate the pipeline, at its own expense, should it conflict with future Port Authority plans for the development of the property in which case PSE&G will have the option of relocating the pipeline to a non-Port Authority location or to another location approved by the Port Authority within the EPAMT.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director be and hereby is authorized to convey to the Public Service Electric and Gas Company a fifteen foot-wide subsurface easement for the installation, operation and maintenance of an underground natural gas main at an agreed upon location within the Elizabeth-Port Authority Marine Terminal for a total consideration of \$44,479 to be paid by the Public Service Electric and Gas Company to the Port Authority; and it is further

RESOLVED, that all documents and agreements to effectuate the aforesaid including the metes and bounds description of the easement area be subject to approval as to form by General Counsel or his duly authorized representative.

(Board - 3/10/88)

**Port Authority Auto Marine Terminal - Port Jersey Railroad -
Acquisition of Real Property**

The Port Jersey Railroad, a railroad located solely in the Port Jersey peninsula has tracks situated on property which separates the Port Jersey peninsula from the Greenville Yards. Acquisition of the property on which the railroad tracks are located is required to provide access for the movement of vehicles between the Port Jersey and Greenville portions of the Port Authority Auto Marine Terminal (PAAMT). A substantial portion of the railroad's tracks are no longer used or needed for railroad purposes and have been allowed to fall into a state of disrepair.

To complete construction and ensure access to the PAAMT the following are required for a public purpose:

1. several sub-surface easements for utilities;
2. the extension of Colony Road across the railroad for public access into the Greenville Yards; and
3. acquisition of property between Port Jersey Boulevard and Port Authority property for the development of an access road from the Port Jersey peninsula to the Greenville Yards.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that it is necessary for marine terminal purposes for the Port Authority Auto Marine Terminal (PAAMT), to acquire fee title and required lesser interests in four acres of real property described on Map No. PA-AMT-P1-N.J. which property is more particularly described as follows:

(Board - 3/10/88)

PARCEL 1

BEGINNING at a point in the easterly terminus of Port Jersey Boulevard (88 feet wide) said point being formed by the intersection of the northerly line of Port Jersey Boulevard with the easterly line of Port Jersey Boulevard and being further described as the southeast corner of a certain parcel of land designated as Parcel G in a deed from the Construction Investment Corporation to the Dos De Febrero, S.A., dated January 1, 1987 and recorded in the Hudson County Register's Office on November 18, 1987 in Deed Book 3836 at page 178 and running the following five courses and distances along the easterly and northerly lines of said Parcel G:

1. N29° -10'-05"E 32.00 feet to a point; thence
2. N60° -49'-55"W 2217.50 feet to a point; thence
3. S29° -10'-05"W 12.00 feet to a point; thence
4. N60° -49'-55"W 435.44 feet to a point; thence
5. N58° -09'-16"W 1598.29 feet to a point; thence
6. S31° -50'-44"W 20.00 feet across said Parcel G to a point in the northerly line of Port Jersey Boulevard; thence
7. S58° -09'-16"E 1598.76 feet along the northerly line of Port Jersey Boulevard to an angle point therein; thence
8. S60° -49'-55"E 2653.40 feet still along the northerly line of Port Jersey Boulevard to the point and place of beginning.

PARCEL 2

BEGINNING at a point formed by the intersection of the ninth and tenth courses in the description of a certain parcel of land designated as Parcel F in a deed from the Construction Investment Corporation to the Dos De Febrero, S.A., dated January 1, 1987 and recorded in the Hudson County Register's Office on November 18, 1987 in Deed Book 3836 at page 178 and running:

1. N37° -30'-35"W 1042.88 feet along the tenth course of said Parcel F to a point; thence
2. S31° -50'-44"W 111.56 feet to a point in the sixteenth course of said Parcel F and a point of curvature of a nontangent curve to which point a radial line bears N87° -09'-12"E; thence
3. Along the arc of a circle curving to the right having a radius of 450.00 feet, a central angle 34° -41'-32" and an arc length of 272.47 feet and partially along the sixteenth course and along the seventeenth course of said Parcel F to a point of tangency in the easterly line of Colony Road; thence
4. S58° -09'-16"E 20.00 feet to a point in the fifth course of said Parcel F; thence

5. N31° -50'-44"E 245.59 feet partially along the fifth course to the beginning point of the sixth course of said Parcel F; thence the following four courses and distances along the southerly and easterly lines of said Parcel F:

6. S58° -09'-16"E 120.00 feet to a point; thence

7. S37° -30'-35"E 787.33 feet to a point; thence

8. S58° -09'-16"E 19.14 feet to a point; thence

9. N31° -50'-44"E 32.00 feet to the point and place of beginning.

TOGETHER with all right, title and interest, if any, in and to the beds of any streets abutting the above described parcels.

SUBJECT to and excepting from the above-described parcels:

(a) All outstanding public and private rights to maintain surface and subsurface utilities, whether or not of record.

(b) All outstanding right, title and interest of the United States of America, the State of New Jersey, the County of Hudson and the City of Jersey City. The Executive Director be and is hereby authorized to acquire said real property by purchase, subject to the approval of the Committee on Construction as to the negotiated consideration, or by condemnation pursuant to Chapter 44 of the Laws of New Jersey, 1947, as amended, and to incur all expenses necessary or incidental to such purchase or condemnation; and it is further

RESOLVED, that the Executive Director and General Counsel be and hereby are authorized to arrange for the filing and maintenance of an action before the Interstate Commerce Commission (ICC) to have a portion of the Port Jersey Railroad (PJRR) declared abandoned and to participate in any other administrative or judicial proceeding with regard thereto.

**Agreements with The City of Jersey City Regarding Port
Jersey and Greenville Properties**

The Board at its meeting on December 11, 1986 authorized a project for the development of an imported automobile marine terminal to be located in the Cities of Bayonne and Jersey City, New Jersey. An agreement with the City of Jersey City regarding the construction of the Marine Terminal and the facilitation of the development of the remaining Greenville Yards property is now proposed.

Regarding the Auto Marine Terminal, the comprehensive agreement with the City would include an in-lieu-of-tax agreement for the Marine Terminal. Further, the Port Authority would participate in upgrading portions of the infrastructure located in the City which are necessary for the operations of the Marine Terminal and would be directly impacted by its activities at the facility. Jersey City would agree to a closing of a portion of Port Jersey Boulevard to provide an access roadway for the terminal, will provide all permits necessary to connect City utility systems with the terminal and will support and endorse the facility.

It was reported to the Board, in 1986, that because of the prohibitively high infrastructure costs associated with the development of the Greenville site an arrangement would be made for the sale of the property. Jersey City has expressed interest in acquiring the surplus property not needed for the Marine Terminal for industrial development. The agreement regarding the Greenville property would provide for among other things the conveyance to the City of the approximately 50-acre parcel of land and participation in the infrastructure development of that site. In consideration for the above the Port Authority would receive 50% of the net revenues from the subsequent development of the Greenville property conveyed to the City. In addition, the City has agreed to extend Colony Road, a public street, to the Port Authority property line to provide access to the Marine Terminal and to size the infrastructure on the 50-acre parcel to a sufficient capacity to meet any potential future infrastructure needs of the Marine Terminal. Further, the Port Authority will no longer pay approximately \$125,000 per year for in-lieu-of-tax payments on the property conveyed.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that, subject to the filing of an appropriate map in the office of the Port Authority with a certificate annexed thereto executed by the Chief Engineer, a parcel of approximately 50 acres of vacant land at Greenville, Jersey City, New Jersey should be and is hereby declared as surplus and no longer required for marine terminal purposes; and it is further

RESOLVED, that the Executive Director, consistent with the report to the Board in 1986 is authorized to arrange for the conveyance of a portion of the Greenville property given the infrastructure costs associated with development of the site, and the fact that concluding arrangements with the City of Jersey City would advance construction of the Auto Marine Terminal and facilitate development of the remaining Greenville Yard properties, and he is hereby authorized to enter into agreements with the City of Jersey City providing for:

(a) the payment in 1988 of in-lieu-of-taxes for 1988 and 1989 in the amount of \$1,665,000, for Greenville and Port Jersey, and approximately \$770,000 each year after 1989 for those properties included in the Auto Marine Terminal;

(b) the closing by Jersey City of a portion of Port Jersey Boulevard and arrangements for its temporary use for Auto Marine Terminal purposes;

(c) the provision of up to \$750,000 toward the upgrading of those portions of the City's infrastructure which are affected by activities at the Marine Terminal; and

(d) the conveyance of the 50 acre tract to the City or the Jersey City Economic Development Corporation with the condition that the property will revert to the Port Authority if development does not commence within two years, and to execute all deeds and other documents associated with the contemplated transactions, for a consideration of \$3.0 million which would be paid to the Port Authority out of the equal sharing of any net revenues that would be derived from the subsequent development of the property; in the event of such development the Port Authority would participate, *pari passu*, up to \$3 million toward the infrastructure costs which would also be subject to recovery from the sharing of net revenues derived from the property.

(Board - 3/10/88)

**La Guardia Airport - Additional Overnight Aircraft Parking -
Phases I and II - Project Authorization and Award of
Contract LGA-220.035**

Port Authority staff in discussion with the air carriers and the Federal Aviation Administration (FAA) has developed a program to improve and maximize the amount of overnight aircraft parking at LaGuardia Airport to meet the needs of airline operators. Originally conceived as a single phase project, it was decided to proceed in two phases so that work could begin while approvals from the FAA and National Weather Service in connection with the relocation of certain National Weather Service Equipment were being sought.

Authorization to award Contract LGA-220.034 entitled "Additional Overnight Aircraft Parking, Phase I", the only Phase I contract, was obtained from the Executive Director in October 1986. Phase I was operationally completed and beneficial occupancy occurred in June 1987.

Contract LGA-220.035, the only contract required under Phase II, provides for grading, drainage, electrical work and paving for overnight aircraft parking west of Runway 4-22, including the relocation of the National Weather Service's hydrothermometer and remote wind equipment and miscellaneous improvements to associated taxiways.

The contract provides additionally, that the bidder will use every good faith effort to meet a goal of 12% participation for firms owned and controlled by Minority Business Enterprises and 2% for firms owned and controlled by Women's Owned Business Enterprises.

The contract will be publicly advertised and will be awarded to the lowest bidder qualified by reason of responsibility, experience and capacity to perform the work and whose bid price is deemed reasonable.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize a two-phased project for the construction of additional overnight parking west of Runway 4-22 at LaGuardia Airport including the relocation of certain National Weather Service Equipment, at a total project cost presently estimated at \$6.4 million including payments to contractors, an allowance for extra work, administrative, engineering and financing expenses; and it is further

RESOLVED, that the Executive Director is authorized to award Contract LGA-220.035 entitled "Additional Overnight Aircraft Parking, Phase II" to the lowest bidder who is qualified by reason of responsibility, experience and capacity to perform the contract and whose bid price the Executive Director deems reasonable and to order extra work up to 10% of the amount of the accepted bid or to reject all bids.

(Board - 3/10/88)

**La Guardia Airport - Taxiway "BB" Extension - Project
Authorization and Award of Contract LGA-220.036**

Increased aircraft congestion and resultant delays in the vicinity of the Marine Air Terminal at LaGuardia Airport have necessitated the development of a project to remedy the situation. The project is comprised of the extension of Taxiway "BB" and the modification of Taxiways "C" and "G" at a total project cost presently estimated at \$3.3 million.

The project will be accomplished through the award of Contract LGA-220.036 entitled "Taxiway 'BB' Extension" which provides for grading, drainage, paving and electrical work for Taxiway "BB"; the modification of Taxiways "C" and "G" and the relocation of Federal Aviation Administration (FAA) - owned equipment (a transmissometer) by the FAA. The FAA will be reimbursed for performing the relocation.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that a project is authorized at LaGuardia Airport for the extension of Taxiway "BB" between Taxiways "B" and "D", including the modification of Taxiways "C" and "G", at a total project cost presently estimated at \$3.3 million, including payments to contractors, allowance for extra work, administrative, engineering, financing expenses and a project contingency; and it is further

RESOLVED, that the Executive Director is authorized to award Contract LGA-220.036 entitled "Taxiway 'BB' Extension" to the lowest bidder who is qualified by reason of responsibility, experience and capacity and whose bid price the Executive Director deems reasonable and to order extra work up to 10% of the amount of the accepted bid, or to reject all bids; and it is further

RESOLVED, that the Executive Director is authorized to enter into an agreement to reimburse the Federal Aviation Administration for the relocation of their transmissometer equipment; the form of the agreement being subject to the approval of General Counsel or his authorized representative.

(Board - 3/10/88)

**The World Trade Center - Shuttle and Freight Elevator
Improvement Program - Planning Authorization**

The elevator system serving One and Two World Trade Center has been operational for nearly twenty years. The aging of the system has contributed to a less than satisfactory level of ride performance and reliability.

To alleviate these problems, staff recommends a project, the planning phase of which will include the construction and installation of various prototypes, their testing, and evaluation of the results achieved. Based on the planning phase results, a project authorization and an authorization to award all required contracts will be recommended for all work necessary to accomplish the elevator improvements, including vibration reduction, improvements to controls and operating systems, and reduction in cable sway caused by building sway.

Staff anticipates that approximately \$.9 million will be spent on program planning and design, and approximately \$1.6 million will be spent on the modification of existing equipment and/or the installation of new equipment on two elevators in Two World Trade Center.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize: (1) planning estimated at \$.9 million for a project to develop and implement improvements for the 52 shuttle and freight elevators in One and Two World Trade Center; and (2) the Executive Director to take such action with respect to entering into negotiated agreements for professional services and construction contracts in an estimated amount of \$1.6 million necessary to accomplish modification of existing equipment and/or the installation of new equipment on two elevators in Two World Trade Center to serve as prototypes; the form of such agreements and contracts to be subject to the approval of General Counsel or his authorized representative.

(Board - 3/10/88)

The World Trade Center - Kuo Hotel Corporation - Amendment to Lease

It was recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into an agreement amending the Port Authority's lease with Kuo Hotel Corporation covering the operation of the Vista International Hotel at the Port Authority World Trade Center. The amendment would extend the term of the letting by Kuo of approximately 7,250 rentable square feet of space located in the lobby of One World Trade Center adjacent to the Hotel for a period of one year commencing April 1, 1988 at a rental at the rate of approximately \$270,000 per year, plus escalation for increases in operating and maintenance costs and payments in-lieu-of-taxes. In addition, revenues generated by the use of this space will be includable in the Hotel's gross revenues for the purpose of determining net cash flow. Pursuant to the Port Authority's lease with Kuo 50% of the Hotel's net cash flow is payable to the Port Authority.

On March 14, 1985, the Board authorized the letting of this space to Kuo for a period of approximately two and one-half years, at an annual rental of \$250,000, plus escalation for increases in operating and maintenance costs and payments in-lieu-of-taxes. It was contemplated that at the end of that term both Kuo and the Port Authority would evaluate the effect of the use of this additional space on revenues and that if both Kuo and the Port Authority agreed that this area should continue to be leased for hotel purposes the leasing arrangement would be extended, subject to the Board's approval. It is considered desirable to continue this interim leasing arrangement for a further one-year period, until a decision is reached on the long term use of this area. Further extension of this leasing arrangement would continue to be subject to the Board's approval.

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 with Kuo Hotel Corporation amending the Port Authority's lease with Kuo Hotel Corporation substantially in accordance with the terms and conditions set forth above; the form of the agreement to be subject to the approval of General Counsel or his designated representative.

(Board - 3/10/88)

The World Trade Center/Port Authority Bus Terminal Drop-In Centers for the Homeless

Over the past few years the number of homeless individuals at Port Authority facilities has increased significantly. Today there are in any one day as many as 1,000 homeless persons at seven Port Authority facilities, with the largest concentrations at The Port Authority Bus Terminal and The World Trade Center. Despite increased Port Authority response to the situation, over the past few years (e.g., police training, social services outreach programs and more limited facility access during late night hours), this situation has been exacerbated by the lack of adequate available alternatives in proximity to both facilities.

The Port Authority recognizes that the tenants and patrons, as well as the homeless, would benefit from the establishment of drop-in centers and the outreach programs associated therewith near The World Trade Center and The Port Authority Bus Terminal. Homeless drop-in centers are temporary sites which provide medical treatment, psychological counseling, showers, food, processing and voluntary transfer to a dormitory facility.

The City of New York has committed to establishing a drop-in center for the homeless at 38-44 Beaver Street in Lower Manhattan (with an estimated capacity of 100-150 persons) to be operated by Trinity Church through Federal funding. The Port Authority would arrange and provide design and construction work for the center on condition that the center accept homeless persons from The World Trade Center and, as negotiated, from other Port Authority facilities. It is estimated that the cost to the Port Authority, in connection with the Beaver Street project, would be approximately \$600,000.

In view of the large numbers of homeless persons at The Port Authority Bus Terminal, the Port Authority would establish a drop-in center near this facility at a site previously occupied by Lamston's. The Executive Director has separately authorized Contract BT-180.058 with Koren DeResta Construction Company, Inc., in the amount of \$250,000, for work to be performed on this project. It is anticipated that the cost of completing construction of the drop-in center and relocating Project FIND, a senior citizens center currently in operation, would be approximately \$350,000.

Although there are no external funding commitments for operating assistance for the Bus Terminal drop-in center project, a variety of sources are being aggressively pursued. In the interim, a one year pilot program would be undertaken by the Port Authority. The operating budget for this year's operation of the 24-hour-a-day Lamston's site is anticipated to be between \$1.2 and \$1.5 million. The pilot program is expected to have a staff of between 35-40 serving approximately 250 persons daily. Two non-profit voluntary organizations have submitted proposals for operation of the program for the first year.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director be and he hereby is authorized to:

- (1) enter into necessary agreements with the City of New York and others to rehabilitate 38-44 Beaver Street to serve as a drop-in center for the homeless, which will accept homeless persons from The World Trade Center and, as negotiated, from other Port Authority facilities, at an estimated amount of \$600,000;
- (2) enter into necessary agreements in the total estimated amount of \$350,000 to complete the construction of a drop-in center for the homeless and the relocation of Project FIND, a senior citizens center, at The Port Authority Bus Terminal; and
- (3) enter into agreements with other parties, if necessary, for the operation, during a one-year pilot program, of the drop-in center for the homeless at The Port Authority Bus Terminal-Lamston's site.

(Board - 3/10/88)

The Minute on Page 138 and Page 139 has been withdrawn.

(Board - 3/10/88)

Harlem International Trade Center - Port Authority Participation

The New York Governor's Office has requested that the Port Authority enter into a lease agreement, subject to the approval of the Committee on Operations, with the Harlem International Trade Center Corporation, a yet to be formed subsidiary of the Harlem Urban Development Corporation (HUDC), for the leasing of space for international trade and related activities at the Harlem International Trade Center (HITC). The rental payable by the Port Authority under the lease will not exceed in any event the lesser of one-third of the overall cost of the HITC, including a share of common costs, or \$48.5 million, on a present value basis as of the date of the lease commitment. It is presently expected that this arrangement will be effectuated by the Port Authority making an initial lump sum payment of the \$48.5 million either directly to the lessor or through an escrow or similar arrangement. Financing commitments covering the remaining two-thirds of the project cost of the HITC would have to be obtained prior to the Port Authority's agreement to lease space at the HITC. The rental payable by the Port Authority under the lease would be allocated against funds made available for regional development projects in the State of New York as a result of the Governors' Agreement of June 1983.

At the request of the New York Governor's Office, in connection with the Authority's proposed leasing of space at HITC, the Port Authority would provide the New York Urban Development Corporation (UDC) with \$1.5 million to allow UDC to fund the necessary planning (including required funding for the project planning team) by HITC Corporation. The \$1.5 million would also be allocated against funds made available for regional development projects in the State of New York as a result of the Governors' Agreement of June 1983.

The HITC is a proposed office/exhibition, hotel and retail complex to be located at 125th Street, west of Lenox Avenue in Harlem, the purpose of which is to promote international trade and trade relations for and with U.S. minority and small businesses and developing nations. The HITC is a core project for the economic revitalization of the 125th Street corridor and is being developed with support from the UDC, the HUDC, the City of New York and others, including Congressman Charles Rangel.

The lease agreement with the Harlem International Trade Center Corporation and any related agreements would specify that the space to be leased to the Port Authority would be for particular international trade activities including trade promotion, exhibit and educational purposes. The Port Authority would have no operational or maintenance responsibilities with respect to the HITC and would not pay any amounts for the leasing of space other than the agreed upon rental.

To date, exclusive of this authorization, \$47,771,000 has been allocated to projects in the State of New York from the \$112.5 million of funds made available for regional development projects in the State of New York as a result of the Governors' Agreement of June 1983. Following this authorization, there will be \$14,729,000 remaining for projects in the State of New York. This amount may increase if the lease agreement ultimately entered into provides for a maximum rental payable by the Port Authority of less than \$48.5 million. The amounts allocated for regional development projects in the State of New Jersey have been exhausted.

(Board - 3/10/88)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director be and he hereby is authorized to enter into a lease agreement with the Harlem International Trade Center Corporation, and any other agreements necessary or desirable in connection therewith, the lease and any such other agreement to be subject to the approval of the Committee on Operations, for the leasing of space for international trade and related activities at the Harlem International Trade Center (HITC), the rental payable by the Port Authority under the lease for leasing such space and for the use of related support facilities not to exceed in any event the lesser of one-third of the overall cost of the HITC, including a share of common costs, or \$48.5 million, on a present value basis as of the date of the lease commitment and provided that financing commitments covering the remaining two-thirds of the project cost of the HITC have been obtained; such rental payable by the Port Authority under the lease to be allocated against funds made available for regional development projects in the State of New York as a result of the Governors' Agreement of June 1983; the space leased to the Port Authority to be for specified international trade activities including trade promotion, exhibit and educational purposes; the Port Authority to have no operational or maintenance responsibilities with respect to the HITC and not to pay any amounts for the leasing of space other than the agreed upon rental; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized to enter into an agreement, in connection with the Authority's proposed leasing of space at HITC, with the New York Urban Development Corporation (UDC) to provide \$1.5 million to allow UDC to fund the necessary planning (including required funding for the project planning team) by HITC Corporation, such amount to be allocated against funds made available for regional development projects in the State of New York as a result of the Governors' Agreement of June 1983; and it is further

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

Whereupon, the meeting was adjourned.

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

Philip D. Kaltenbacher, Chairman
Henry F. Henderson, Jr.
Robert Van Buren
Hazel Frank Gluck
Richard C. Leone

NEW YORK

Robert F. Wagner, Vice-Chairman
James G. Hellmuth
Howard Schulman
John G. McGoldrick
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. Hauptert, 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. Hauptert 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, 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. Hauptert 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. Hauptert 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 collateralization 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.

(Board - 4/14/88)

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.

(Board - 4/14/88)

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.

(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.

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.

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Thursday, May 12, 1988

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MINUTES of meeting of The Port Authority of New York and New Jersey held Thursday, May 12, 1988 at the Port Authority offices, One World Trade Center, City, County and State of New York.

PRESENT:

NEW JERSEY

Philip D. Kaltenbacher, Chairman
 William K. Hutchison
 Henry F. Henderson, Jr.
 Robert Van Buren
 Hazel Frank Gluck
 Richard C. Leone

NEW YORK

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

Stephen Berger, Executive Director
 Patrick J. Falvey, General Counsel/Deputy Executive Director
 Doris E. Landre, Secretary
 Anthony J. Barber, Director of Tunnels, Bridges and Terminals
 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
 John E. Hauptert, 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
 Phil LaRocco, Director of World Trade and Economic 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
 John R. Moran, Assistant Director of Audit
 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, Director of Aviation Redevelopment Programs
 Richard T. Roberts, Acting Director, Office of Transportation Planning
 Alfred T. Robertson, Manager, Purchase and Supply Services Division, General Services
 Sally Sakin, Administrative Assistant
 Morris Sloane, Director of Aviation Operations
 Corrado Vasquez, Assistant Comptroller
 Barry Weintrob, Chief Financial Officer

The meeting was called to order by the Chairman.

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of April 14, 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.

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 May 12, 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 May 12, 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 May 12, 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 May 12, 1988, in addition to matters separately reported to the Board of Commissioners at this meeting of the Board, and the report was received.

**Port Jersey/Greenville - Port Authority Auto Marine Terminal
Lease with Carco, Inc. and Amendment of Project
Authorization - Elizabeth-Port Authority Marine Terminal
Surrender of Lease with Carco, Inc.**

The Board at its meeting on December 11, 1986 authorized the development of the Port Authority Auto Marine Terminal with a 600 linear foot berth, adequate to handle a single ship, at a total project cost of \$42 million. In October 1987 an agreement was reached with BMW of North America, Inc., covering the leasing of a portion of the Port Authority Auto Marine Terminal. At the time it entered into the BMW lease, the Port Authority contemplated that it would operate the berth on a public basis, and the BMW lease provides for payment to the Port Authority of dockage and wharfage charges on at least 30,000 cars at the rate of \$7.25 per car.

It is now recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into a lease with Carco, Inc. to cover the leasing to Carco of the berthing facilities and the balance of the available land area at the Port Authority Auto Marine Terminal for a term ending fifteen years from the date rental first commences, but no later than May 31, 2004. Rental will commence no later than June 1, 1989. Carco will have the right to negotiate an extension of the term of the letting for an additional fifteen-year period on terms mutually acceptable to it and the Port Authority. In view of the proposed lease with Carco, staff has now determined that a need exists to expand the Port Authority Auto Marine Terminal's berthing facilities to 900 linear feet to accommodate more ships. The estimated cost of the berth expansion is \$5 million. It is anticipated that this increase in the scope of the project will not cause the project to exceed its original authorized project cost.

The proposed agreement with Carco will cover the berth, approximately 105 acres of upland area, and an additional area of approximately ten acres adjacent to the berthing facilities to be used for the temporary storage of vehicles off loaded from vessels. The land will be leased in stages and the entire premises will be included under the lease no later than nineteen months following the date rental first commences. The agreement will provide for the operation of the berth by Carco for the Port Authority which will result in operational efficiencies and cost savings to the Port Authority. Revenues in the form of dockage and wharfage charges for handling BMW's, as well as other cars, brought to the facility will now be payable to Carco, and the BMW lease will be amended accordingly. Carco will construct a vehicle-preparation center, including a decosmolining station and carwash, on a portion of its premises, and the Port Authority will pay an amount not to exceed \$4.5 million for the cost of realty improvements and an amount not to exceed \$750,000 for the cost of the specialized equipment needed to operate the facility. Carco will pay a land rental at an initial annual rate of \$1,797,721 which will increase to a maximum annual rental at the rate of \$4,020,152 over the term of the lease. The land rental is payable in stages as the various areas of the premises are included under the lease. Carco will pay a berth rental, initially at the rate of \$4.50 per car, which will vary in accordance with the number of cars handled and the amount of berth space available. The berth rental will be subject to escalation in proportion to increases in the Port Authority's wharfage tariff. Carco will also pay an additional rental based on the cost of the realty improvements in amounts sufficient to cover the amounts paid by the Port Authority towards the construction, including the Port Authority's costs during construction for engineering and administration overheads, over a 25-year period. Carco will also pay additional rental based on the cost of specialized equipment purchased by the Port Authority in an amount sufficient to cover the amounts spent by the Port Authority to purchase such equipment over a fifteen-year period.

At the request of the New Jersey Department of Environmental Protection, the Port Authority will retain a limited right to recapture a portion of the premises, consisting of upland area in the Greenville section, and both the Port Authority and Carco would have the right to terminate the letting of the berth should Carco not meet minimum utilization requirements.

As part of the arrangement, it is also recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into an agreement providing for the surrender of Carco's lease covering 22 acres of land at the Elizabeth-Port Authority Marine Terminal effective six months after the completion of the expansion of the berth at the Port Authority Auto Marine Terminal, with Carco to have the right to advance the agreed upon surrender date. The Port Authority will pay Carco an amount not to exceed \$275,000 to cover the relocation of equipment used by Carco in its car-processing operation at Elizabeth, as well as the cost of moving automobiles and automobile parts stored at its Elizabeth premises.

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 a lease with Carco, Inc. at the Port Authority Auto Marine Terminal substantially in accordance with the terms and conditions set forth above, and to accept a surrender of the Port Authority's lease with Carco, Inc. covering approximately 22 acres at the Elizabeth-Port Authority Marine Terminal, substantially in accordance with the terms and conditions set forth above, the form of the agreements in each instance to be subject to the approval of General Counsel or his designated representative; and it is further

RESOLVED, that the Board authorize an amendment to the Auto Marine Terminal project approved by the Board on December 11, 1986 to provide for the expansion of the berthing facilities from 600 linear feet to 900 linear feet at an estimated cost of \$5 million.

**Lincoln Tunnel - New Jersey Plaza - Repair of Retaining
Walls - Contract LT-316 - Authority to Enter into
Agreements and Contract Award**

The upper portions of the peripheral retaining walls at the New Jersey Entrance and Exit Plaza of the Lincoln Tunnel adjacent to John F. Kennedy Boulevard East on the east and Park Avenue on the west, have deteriorated progressively over the years and require major rehabilitation.

The total length of the walls is roughly 1,800 feet, of which approximately 500 feet of the east wall along Kennedy Boulevard East belongs to the Township of Weehawken.

Contract LT-316 provides for the rehabilitation of the upper portions of the total length of the east and west retaining walls at the New Jersey Entrance and Exit Plaza of the Lincoln Tunnel including the approximately 500 feet of wall owned by Weehawken. The work under the contract will include the removal and replacement of deteriorated concrete, welded wire fabric and waterproofing membrane; the repointing of joints and steam cleaning of the surface of the granite block walls and the replacement of the sidewalks adjacent to the west wall, which must be removed in order to perform the work. The contract also provides for maintenance of traffic and work area protection and replacement and repair of existing deteriorated steel reinforcing bars to be performed on a net cost basis, at an amount roughly estimated at \$50,000.

The repair of Weehawken's portion of the wall is included in the contract because staff has determined that such repair is required to ensure the structural integrity of the entire wall and because the Mayor of Weehawken requested that the Port Authority repair Weehawken's portion of the wall since the township does not have funds to accomplish this work. The cost of this portion of the work under Contract LT-316 is estimated at \$95,000.

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

The contract was publicly advertised and bids were received on March 22, 1988. Simpson & Brown, Inc. was the low bidder and was determined to be qualified to perform the contract by the Chief Engineer.

The repairs may also affect properties owned by entities other than to Weehawken, such as the County of Hudson. Therefore, agreements between the Port Authority and the Township of Weehawken and any other jurisdiction affected by the performance of the contract are required.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director to: (1) award Contract LT-316 to Simpson & Brown, Inc., the low bidder, in the estimated amount of \$288,750, to order extra work up to the amount of \$30,000 and to order net cost work; and (2) enter into agreements with the Township of Weehawken and any other jurisdiction which may be affected by the performance of Contract LT-316, the form of said agreements to be subject to the approval of General Counsel or his authorized representative.

John F. Kennedy International Airport - Purchase of New Mobile Lounges

Mobile lounges are used to transport passengers to and from aircraft located at remote gates. Demand for mobile lounge services is exceeding supply. Presently, at Kennedy International Airport there are eight new and two older mobile lounges which have been rehabilitated for continued service.

During the summer months, it is not uncommon for over 12-15 aircraft to arrive in a two-hour period at remote gates on the International Arrivals Building (IAB) ramp. Each wide-bodied aircraft movement requires a minimum of two mobile lounges. Accordingly, to quantify present and future requirements, staff reviewed demand for such services vis-a-vis capacity and based on this analysis of delays in 1987 and projections of passenger flows for the summer of 1988, staff recommends that the fleet be increased by three devices with an option for a fourth at Kennedy International Airport based on experience to be gained during the summer of 1988. (Further, future replacement of passenger loading bridges will temporarily reduce gate capacity at the IAB, placing additional demand on mobile lounge service.) In addition, Newark International Airport may require two mobile lounges to service flights at the International Arrival Facility.

Authorization is therefore requested to purchase three new mobile lounges, with options for three additional lounges which could be exercised several months after placement of order.

The Port Authority previously purchased eight mobile lounges from Airside Systems, Inc. based on its bid submitted on June 28, 1984. Of the two European firms which previously bid on mobile lounges in 1985, Trepel Airport Equipment of West Germany specifically cited unfavorable exchange rates which would not make them competitive. However, Sovam S.A. of France has indicated possible interest. Staff is not aware of any other mobile lounge manufacturer. Therefore, staff will negotiate this procurement with Airside Systems, Inc. and Sovam S.A. Delivery is presently expected between February and June of 1989, in time for the summer of 1989 travel peak.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director to enter into a negotiated agreement with either Airside Systems, Inc. or Sovam S.A. to purchase three new mobile lounges, with the Port Authority to have options to order up to three additional lounges.

**Kennedy International Airport - International Arrivals
Building Interim Improvement Program - Increase in
Project under Contract JFK-110.060A and Supplemental Agreements
Nos. 1, 2 and 3**

The Board at its meeting on January 9, 1986 authorized a proposal for an interline baggage conveyor system at the International Arrivals Building (IAB) at John F. Kennedy International Airport, and on April 10, 1986 authorized amendment of the project to include other elements of a program of interim improvement to the IAB at a total expenditure not to exceed \$24 million and authorized award of Contract JFK-110.060A for installation of the conveyor system and Supplemental Agreement No. 1 for the rehabilitation and reconfiguration of the West Immigration and Naturalization areas to W. J. Barney Corporation in amounts not to exceed \$3 million and \$3.4 million respectively.

Subsequently, on August 14, 1986 the Board authorized Supplemental Agreement No. 2 at a cost not to exceed \$275,000 for the construction of retail space to accommodate Bloomingdale's, Inc. at the IAB, and on March 12, 1987 the Board authorized Supplemental Agreement No. 3 at a cost not to exceed \$8 million for the rehabilitation and reconfiguration of the East Immigration and Naturalization area, the rehabilitation of the IAB lobby area, third floor corridor improvements and other associated alterations to facilities at the IAB.

Contract JFK-110.060A and Supplemental Agreements Nos. 1, 2 and 3 were prepared as part of a program to implement a series of improvements to the IAB to facilitate operations and provide a higher level of service to patrons. This program was planned as an interim step prior to the major improvements which will result from the Redevelopment Program. The primary focus of the work was to completely upgrade, expand and reconfigure the East and West Immigration and Naturalization areas, install a baggage conveyor system for transporting interline baggage from the Customs Hall to a transfer area and construct interline counters at the center of the Customs area. Additionally, numerous other improvements were identified in the project including installing a replacement lobby escalator enabling greater freedom of flow for exiting passengers from the Customs Area.

Additional monies are now required because of an increase in the general scope of work under Contract JFK-110.060A and Supplemental Agreements Nos. 1, 2 and 3. The increase in scope is due to the inclusion of additional work beyond what was originally envisioned and unforeseen field conditions relating to demolition, asbestos conditions and the need to perform major upgrades. The major upgrades included construction of a second deck in the West Immigration and Naturalization Hall to house expanded mechanical equipment and to create new retail space. In addition, operational improvements have been realized including modifications required by the installation and operation of the Smarte Carte Program at the facility. Work was also performed to create retail space in the East Wing Building Common Lounge Area for a Bloomingdale's boutique and for the relocation of certain utilities to service the Host International Cart Service relocation and expansion. Also of significance, new facilities were constructed for the U.S. Department of Agriculture (USDA) relieving cramped office and locker space restrictions, thus providing for increased operational capacity by the USDA serving the IAB. A new meeting room will be constructed in the IAB which will be made available for use by the airport congregations during the Redevelopment Program, necessitating relocation of the Press Room.

Under Contract JFK-110.060A and Supplemental Agreements Nos. 1, 2 and 3, compensation is currently computed at the net cost of the work, plus 3.75%, plus an additional 20% if the work is performed by a subcontractor. The contract provides that the contractor use every good faith effort to meet a goal of Minority Business Enterprise participation of 20% for firms owned and controlled by minorities and 2% for firms owned and controlled by women.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize: (1) an increase in the estimated total Project Authorization for the Kennedy International Airport IAB Interim Improvement Program from \$24 million to an estimated total amount of \$28.7 million and (2) an increase in compensation under Contract JFK-110.060A, Interline Baggage Conveyor System, Building Alterations and Supplemental Agreement Nos. 1, 2 and 3 in the aggregate from \$14.7 million to \$17.6 million, an increase of \$2.9 million.

**All Airports - Aircraft Noise Abatement Project at Five
Selected Schools - 1988 Program**

The Board at its meeting on September 10, 1987 authorized the 1987 soundproofing program estimated at \$3.9 million in part utilizing funds from the anticipated underruns in grants for school soundproofing projects authorized in previous years. That brought the total authorized program to 21 schools; twelve in New York State and nine in the State of New Jersey. The total project cost, including the amount requested in this authorization is \$23.1 million of which \$17.2 million is the Federal share and \$5.9 million is the Port Authority share. The soundproofing work is completed at nine schools and the results indicate a significant reduction in aircraft noise intrusion levels creating a better teaching environment in classrooms. The program continues to be received very favorably by local elected and school officials.

The reauthorized airport Federal aid program entitled the "Airport and Airways Safety and Capacity Expansion Act of 1987" enables the Port Authority to continue to apply for Federal funds for school soundproofing. In order to continue the benefit of the project the preparation of a 1988 School Soundproofing Program was initiated. In a collaborative effort with school and elected officials the following schools were selected for the 1988 Program:

St. Adalbert, Elizabeth, New Jersey
Our Lady of Sorrows, Kearny, New Jersey
Lawrence Middle School- Phase I, Lawrence, New York
P.S. 161, Bronx, New York
St. Rose of Lima, Rockaway, Queens, New York

The 1988 project cost of \$5 million is based on very preliminary estimates. Definitive estimates will be provided by consultants to be retained by the respective Boards of Education (and by the Port Authority in the case of the New York City public school) after the preliminary design is completed. If it is determined that the work at any school entails extensive asbestos removal work, the Port Authority will substitute for such school another noise impacted school, and the Board will be informed. In prior years the work performed included replacement of existing windows with acoustically designed window units and panels, providing mechanical ventilation, as required, and other related work.

Federal funds are available at an 80% funding rate for soundproofing of schools. The Port Authority will pay the 20% sponsor share with no cost to be paid by the schools. Accordingly, applications will be made for funding the above work, and grants must be received before the end of the current Federal fiscal year, which expires September 30, 1988. The soundproofing project work will be sponsored by the Port Authority subject to the availability of Federal funds. The Port Authority's investment will be recovered under the flight fee formula.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the Executive Director to enter into agreements with the governing bodies of five selected schools in proximity to Port Authority - operated airports to permit joint Port Authority and Federal Aviation Administration funding in the total estimated amount of \$5 million comprised of \$4 million Federal aid and \$1 million Port Authority funds for projects to reduce the impact of aircraft noise levels within these schools. the form of the agreements to be subject to the approval of General Counsel or his authorized representative.

**All Airports - Consolidated Ground Transportation Counter
Program - Extension of Existing Contract**

It is recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into an agreement with the Council for Airport Opportunity extending the current contract for the staffing of the Consolidated Ground Transportation Counter Program at Kennedy International, Newark International and LaGuardia Airports. The agreement would be on a monthly basis, for a period of up to six months, at an estimated cost of approximately \$375,000 per month. The current contract expires on May 28, 1988, and this extension is being sought to provide for the continued operation of the Consolidated Ground Transportation Counter Program until a new contractor is selected.

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 extending the contract with the Council for Airport Opportunity, 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.

(Board - 5/12/88)

**Newark International Airport - Retention of Program
Management Support Services for the Newark Redevelopment
Program**

Over the past year an interdepartmental group established by the Director of Aviation has made recommendations concerning the type of organization best suited to successfully undertake the Newark Redevelopment Program. It was assumed that large amounts of the work would be performed by outside services firms. The group recommended that the Port Authority maintain control and direction of the work through a nucleus of Port Authority staff. Currently this nucleus organizational framework is in place. It consists of a Program Director and four Managers (Planning, Design, Construction, and Administration) who provide direction and management oversight to the total Newark Redevelopment Program effort. At this time it is envisioned that the nucleus team, with the assistance of several senior level Port Authority staff members and advice from other departments, will provide the necessary overall direction and board management coordination required. The Engineering Department is expected to provide primary support for all architectural and engineering services. Under the direction of the nucleus team, the routine general coordination and management of the major functional areas will be performed by the professional firm for which this authorization is sought and other such firms as appropriate. In addition, it is also anticipated that professional services in connection with construction supervision will also be provided by an outside service firm to be selected later this year.

The firm providing the program management support services will assure the timely completion of all aspects of the Newark Redevelopment Program. This will include identification and analysis of alternatives and formulation of recommendations. Such firm will coordinate the planning, design, procurement and construction management of each of the required tasks. In concert with Port Authority staff, such firm will develop a program master plan which defines all time, cost and resource relationships and a cost control compatible with the Port Authority system. A Critical Path Method (CPM) program schedule will be developed by the firm which will identify significant milestones, resources required and cost parameters. The agreement with such firm will provide for compensation based on actual salaries paid (time card), plus a multiplier and plus out-of-pocket expenses, presently estimated at \$23 million. In addition, an overall total goal of at least 15% Minority Business Enterprise/Women Business Enterprise participation of which at least 10% must be Minority Business Enterprise's on a good faith basis, will be provided in such agreement.

A notice of a Request For Proposals for firms interested in providing program management support services for the Newark Redevelopment Program was placed in regional newspapers. On February 18, 1988, a presubmission briefing was held and on March 11, 1988, ten proposals were received. Based on an evaluation of proposals received, staff recommends that an agreement be entered into with Schal Associates, Inc. and Louis Berger International Inc., a joint venture, to provide such program management support services.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director be authorized to enter into an agreement with Schal Associates, Inc. and Louis Berger International, Inc., a joint venture, to provide professional services in connection with program management support services for the Newark Redevelopment Program and that such agreement be subject to approval as to form by General Counsel or his authorized representative.

**Teterboro Airport - Pan American World Airways, Inc. -
Agreements with PHH Aviation, Inc. and PHH Executive Air
Fleet Corporation**

It is recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into an agreement or agreements with Pan American World Airways, Inc., PHH Aviation, Inc. (PHH) and PHH Executive Air Fleet Corporation (EAF), respectively, under which the Port Authority would consent to new or extensions of existing subuse and occupancy and associated agreements between Pan American and PHH and EAF, respectively, for various periods of up to approximately 25 years and covering the use and occupancy of space, the construction of new hangars and aircraft parking and aircraft fueling and ramp management privileges under the Operating Agreement with Pan American at Teterboro Airport currently due to expire on December 31, 1999, said agreements between Pan American and PHH and EAF and the Port Authority's obligation to continue the same being variously conditioned upon the resolution of certain environmental issues by Pan American and EAF and the performance of certain construction work by PHH and EAF. The Port Authority would receive from Pan American a fee of 22-1/2% of all monies received under certain of said agreements and, with respect to the remaining agreements, Pan American would continue to pay the amount due under the Operating Agreement. The Port Authority would agree, in the event the Operating Agreement with Pan American should be terminated or expire, to enter into, or cause any successor Airport Operator to enter into, agreements with PHH and EAF on substantially the same terms and conditions as the said agreements for the balance of the period(s) covered by the said agreements, the Port Authority reserving the right to terminate the agreements with PHH and EAF at any time after the termination or expiration of the Operating Agreement with Pan American, on condition that Teterboro Airport is no longer to be operated as an airport, with the Port Authority in such event being obligated to reimburse PHH for its unamortized investment in the facilities thereunder to the extent that such investment does not initially exceed \$5 million and to reimburse EAF for its unamortized investment in the facilities thereunder to the extent that such investment does not initially exceed \$22 million.

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 or agreements with Pan American World Airways, Inc. and PHH Aviation, Inc. and PHH Executive Air Fleet Corporation, respectively, substantially on the terms set forth above, the form of the agreement or agreements to be subject to the approval of General Counsel or his designated representative.

**Newark International Airport - Airline Lease Amendment -
ANA-170 - Continental Airlines, Inc. - Terminal C**

It was recalled to the Board that Terminal C Lease ANA-170 (the "Lease") was assigned from People Express Airlines, Inc. to Continental Airlines, Inc. with the consent of the Port Authority pursuant to an Assignment with Assumption and Consent Agreement effective as of August 15, 1987. Continental is constructing the finishes and other improvements of all of Terminal C except the C-3 International Area. The Port Authority is providing the cost of the finishes and improvements and certain other items up to a maximum of \$225 million. It was reported to the Board that Continental's planned operational date for Terminal C is mid May 1988. However, some construction work will remain to be completed, particularly as it relates to concession space to be subleased to Concession Air Corporation, the proposed overall concessions operator with whom Continental is now negotiating. Under the Lease, payment of rental commenced effective April 1, 1988. Continental has requested that the rental be changed and tentative agreement has been reached as set forth below. The term of the Lease will expire 25 years after rental starts (March 31, 2013). Continental has the right to terminate the Lease effective the 101st month after rental starts or effective the 201st month after the rental starts. If Continental terminates the Lease effective at either date, it is obligated to pay the Port Authority the sum of \$10 million in installments over an eighteen-month period. The term of the Lease is subject to financial triggering events.

Under the existing terms of the Lease, rent is scheduled to start as of April 1, 1988. The rental under the Lease consists of two components: (a) a constant factor representing basic gate and shell rental, and repayment to the Port Authority of its construction advances, and; (b) a variable factor (the Airport Services Factor) based upon the Airport Services formula under the Master Leases at Newark International Airport. The proposed supplement to the Lease would alter only the repayment schedule of the construction advances during the first 100 months of the rental payments. The constant factor of the rental payments by Continental would be reduced for the period April 1, 1988 to September 30, 1988 from the current amount of \$10,360,000 to the amount of \$1,597,002 and would be increased for the period October 1, 1988 to March 31, 1989 from the current amount of \$10,360,000 to the amount of \$16,297,002 and increased for the remaining months of the first 100 months from the current amount of \$225,397,333 to the amount of \$239,022,696 resulting in Continental's payment of additional rental of approximately \$11.0 million in exchange for this new payment schedule. The existing provisions of the Lease covering the increases in the rental effective on the 101st month and on the 201st month after rental starts and the existing provisions covering the adjustments to the constant factor will remain. The variable factor will remain subject to annual adjustment based upon the Airport Services Formula under the Master Leases at the Airport.

Under the Lease the Port Authority, as part of the construction work, has made payments to the Lessee through construction advances for 42 passenger loading bridges and for the baggage handling system. The bridges have been delivered to the Terminal C site and title has passed to the Port Authority. Due to a change in the operating plan for Terminal C, including greater utilization of wide-bodied aircraft, Continental has proposed the following since the initial planning by People Express Airlines:

(a) removal of three loading bridges and a portion of a fourth loading bridge and associated systems from the premises:

(b) the installation of a new and special type of loading bridge for a wide-bodied gate position at an estimated cost of \$350,000:

(c) special modifications to the baggage handling system not provided for in the People Express Airlines' design including removal of portions thereof;

(d) several other minor modifications to the original contemplated construction work; and

(e) the extension of the date for completion of construction by Continental to September 30, 1988.

The Supplement will contain provisions to accommodate these requested changes and will provide for full reimbursement to the Port Authority for construction advances originally provided by the Port Authority for the said construction items. Continental will pay for the cost of removing the loading bridges and associated systems. The new loading bridge purchase will be part of the construction work with Port Authority payment therefor as part of the construction advances subject to the original \$225 million authorization.

Continental has reached agreement in principle with Concession Air Corporation, the overall concessions operator, on the terms and conditions of a concessions lease for consumer services within Terminal C covering the operation of all proposed food, beverage, newsstand, general merchandise, duty free and employee cafeteria concessions, subject to the approval and consent of the Port Authority. The Port Authority's consent may be in the form of one or more permits. Under this proposed agreement there would be interim mobile carts for consumer services until the completion of all construction work. Their proposed agreement is for a fifteen year term, but the Port Authority will have the right, with Continental, during the term of Continental's Lease, to terminate Concession Air on 30 days' notice without cause. The requirement for Port Authority consent also extends to terms and conditions in subleases between Concession Air and individual concession operators under this agreement. Concession Air will be obligated to meet extensive requirements for participation by Minority Business Enterprises (MBE) and Women-owned Business Enterprises (WBE) firms in the provision of consumer services in Terminal C. In addition, in the event of termination of Continental's Lease whether with or without cause, the lease of the concession company would not automatically terminate, and Concession Air would have continued rights with respect to the operation of concessions in the Terminal for the balance of its fifteen year lease term unless its unamortized capital investment were bought out.

It was therefore recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to:

(a) enter into a Supplement to the Terminal C Lease with Continental Airlines, Inc. amending the rental provisions thereof and providing for modifications to the construction work and for various other revisions thereto substantially on the terms set forth above; and

(b) enter into agreements with Continental Airlines, Inc. and Concession Air Corporation covering the Port Authority's consent to the concessions arrangement between Continental and Concession Air for the operation of all proposed food, beverage, newsstand, general merchandise, duty free and employee cafeteria concessions in the Terminal C premises substantially on the terms set forth above.

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 enter into agreements with Continental Airlines, Inc. amending and supplementing its existing Terminal C Lease ANA-170 to provide for various revisions thereto substantially on the terms set forth above, and to enter into agreements with Continental Airlines, Inc. and with Concession Air Corporation covering the consumer services arrangements in Terminal C substantially on the terms set forth above; the form of said agreements to be subject to the approval of General Counsel or his designated representative.

**Kennedy International Airport - Northwest Airlines, Inc. &
Delta Airlines, Inc. - Terminal Transfer and Relocation
of Space for Passenger Operations**

It is recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to expend an estimated amount not to exceed \$14 million for: (1) the cost of preparing portions of the United Air Lines, Inc. Unit Terminal at Kennedy International Airport for the use of Northwest Airlines, Inc. as its airport passenger terminal facility and Northwest's cost of moving from its present Unit Terminal to the United Unit Terminal and (2) the cost of preparing the space and moving Delta Air Lines, Inc. from its present location on the easterly side of the Northwest Terminal to the westerly side thereof; to the extent not otherwise recovered by the Port Authority the amount of such expenditure would be recovered from Pan American World Airways, Inc. as a condition to its occupancy and use of portions of the Northwest Terminal for expansion of its passenger terminal facilities at the airport. The foregoing expenditure may be set forth in such agreements with the above parties as the Executive Director shall determine are necessary or appropriate.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is hereby authorized, for and on behalf of the Port Authority, to expend up to the amount of \$14 million, substantially on the terms set forth above: the form of any agreements to be entered into in connection therewith to be subject to the approval of General Counsel or his designated representative.

Whereupon, the meeting was adjourned.

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Thursday, June 9, 1988

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MINUTES of meeting of The Port Authority of New York and New Jersey held Thursday, June 9, 1988 at the Port Authority offices, One World Trade Center, City, County and State of New York.

PRESENT:

NEW JERSEY

Philip D. Kaltenbacher, Chairman
 William K. Hutchison
 Robert Van Buren
 Hazel Frank Gluck
 Richard C. Leone

NEW YORK

Robert F. Wagner, Vice-Chairman
 James G. Hellmuth
 Howard Schulman
 John G. McGoldrick

Stephen Berger, Executive Director
 Patrick J. Falvey, General Counsel/Deputy Executive Director
 Doris E. Landre, Secretary
 Anthony J. Barber, Director of Tunnels, Bridges and Terminals
 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
 Gene C. Gill, Director of General Services
 Francis A. Gorman, Comptroller
 John E. Hauptert, Treasurer
 Charles L. Hirsch, Executive Assistant to the Executive Director
 Leon Katz, Supervising Information Officer, Public Affairs
 Richard R. Kelly, Director of Rail Transportation
 Phil LaRocco, Director of World Trade and Economic Development
 Donald R. Lee, Director of Audit
 Lillian C. Liburdi, Director of Management and Budget
 Emily Lloyd, Director, Office of Business Planning and 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
 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
 Richard T. Roberts, Acting Director, Office of Transportation Planning
 Sally Sakin, Administrative Assistant
 Morris Sloane, Director of Aviation Operations
 Robert N. Steiner, Deputy Port Director
 Barry Weintrob, Chief Financial Officer

The meeting was called to order by the Chairman.

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of May 12, 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.

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 June 9, 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 June 9, 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 June 9, 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 June 9, 1988, in addition to matters separately reported to the Board of Commissioners at this meeting of the Board, and the report was received.

Bathgate Industrial Park - Lease Amendment with Avne Systems, Ltd.

It was recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into an agreement amending the Port Authority's lease with Avne Systems, Ltd. (Avne) covering the letting of an approximately 68,100 square foot building on Block 2913 at the Bathgate Industrial Park. Pursuant to the proposed amendment the Port Authority would provide Avne with up to an additional \$350,000 for the construction and finishing of an approximately 12,000 square foot mezzanine in the building for which Avne will pay a supplemental rental as provided in the agreement based on the Revenue Bond Index plus 300 basis points.

On September 10, 1987, the Board authorized the letting of the building to Avne, a contract packager of foods and other consumer products. The lease was executed in November 1987, and provides for the Port Authority to provide Avne with up to \$1,498,200 for finishing work. Due to an unanticipated rate of growth Avne now requires additional space. The proposed amendment would provide for the construction and finishing of such space which would also increase the value of the building.

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 agreement with Avne Systems, Ltd. amending the Port Authority's lease with Avne Systems, Ltd. substantially in accordance with the terms and conditions set forth above; the form of the agreement to be subject to the approval of General Counsel or his designated representative.

(Board - 6/9/88)

**Hoboken Waterfront Development - Settlement of Insurance/
Leasehold Dispute**

It was reported that there is presently pending in the Superior Court of New Jersey, Hudson County an action instituted by the City of Hoboken and a group of private citizens seeking a judgment terminating the 1952 lease for the Port Authority Hoboken Marine Terminal and ordering the return to the City of the proceeds of fire insurance paid for the destruction by fire of Pier B at that facility. After lengthy litigation regarding the issues presented in the case and negotiations directed by the Court with a view toward resolving the differences among the parties, a tentative settlement has been reached which would provide for among other things: the termination of the September 24, 1952 lease of the facility, the payment of the balance of insurance proceeds to the City after a deduction therefrom of funds owed to the Port Authority and monies needed for the removal of Pier B and a joint submission of certain remaining disputes to the Center of Dispute Resolution.

Whereupon the following resolution was adopted, Commissioner Schulman abstaining:

RESOLVED, that the Executive Director and General Counsel be and they are hereby authorized to settle a suit presently pending in the Superior Court of New Jersey entitled **Kenneth R. Lenz, et al. and the City of Hoboken vs. The Port Authority of New York and New Jersey**, Docket No. L-62230-87E, and to execute any documents necessary to effectuate the settlement.

(Board - 6/9/88)

Port Newark - Aarhus Olie (USA), Inc. - Vegetable Oil Treatment Facility

It was recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into a lease with Aarhus Olie (USA), Inc., for a term of approximately 25 years commencing on or about July 1, 1988, covering approximately 3.5 acres of open area at Port Newark for the construction and operation of a vegetable oil treatment facility, including a building containing approximately 26,000 square feet. The lease provides for payment of a land rental, commencing September 1, 1988, at the annual rate of \$90,288, which will increase annually through the tenth year of the term. The lease further provides for payment of a rental for the building at the rate of \$1.00 per square foot, commencing July 1, 1989, subject to annual escalation through the tenth year of the term. The rental payable for the land and building for the balance of the term will be based upon the fair rental value of the land and building.

The tenant is expected to invest at least \$8 million to construct a vegetable oil treatment facility which will refine oil imported by ship for distribution throughout the United States. Initially, the tenant will utilize the services of an adjacent tenant for the receipt and storage of the oil. The Port Authority has granted the tenant a right, during the first three years of the term of the letting, to construct a pipeline from its premises to Berth 8, a public berth, to permit the transfer of bulk vegetable oil directly from ships to the proposed treatment facility. In addition to the rentals provided for in the lease, the tenant will pay a fee at the rate of \$15,000 per year for the right to construct this pipeline commencing July 1, 1989. If the pipeline is constructed, the fee will no longer be payable and wharfage charges will be assessed against vessels occupying the berth. If the tenant has not constructed the pipeline by July 30, 1991, the Port Authority may, but is under no obligation, to extend the period during which the tenant may perform such construction. The tenant will have the right to terminate the letting at the end of the sixth and tenth years of the term with prior notice to the Port Authority. If the tenant exercises this right at the end of the sixth year of the term, it will be obligated to pay to the Port Authority the sum of \$150,000. If this right is exercised at the end of the tenth year of the term, the tenant will be obligated to pay the sum of \$100,000.

It is anticipated that the operation of this facility will generate approximately twenty permanent jobs and an additional 25,000 tons of imported vegetable oil moving through the Port of New York and New Jersey.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director be and he is hereby authorized, for and on behalf of the Port Authority, to enter into a lease with Aarhus Olie (USA), Inc., substantially in accordance with the terms and conditions outlined above, the form of the agreement to be subject to the approval of General Counsel or his designated representative.

(Board - 6/9/88)

**Enlargement of Foreign-Trade Zone No. 49 through the
Establishment of a Subzone to include the E.R. Squibb &
Sons, Inc. Facility in New Brunswick, New Jersey**

The Port Authority, as grantee of Foreign-Trade Zone No. 49, has been requested by E.R. Squibb & Sons, Inc., to submit an application to the Foreign-Trade Zones Board of the United States Department of Commerce for the establishment of a subzone to include its facility in New Brunswick, New Jersey. E.R. Squibb & Sons, Inc., is a leading world-wide manufacturer and developer of pharmaceutical and health-care products. Subzone status for the New Brunswick facility would enable Squibb to reduce, defer and, in some cases, even eliminate duty payments. Potential benefits to the New York/New Jersey region would include the retention of jobs and the creation of approximately 40 new jobs, expansion of exports, increased tonnage to the Port of New York and New Jersey, and increased use of domestic materials. It is anticipated that the establishment of this subzone would not result in any cost, expense, or risk of loss to the Port Authority. Upon securing subzone status, E.R. Squibb & Sons, Inc. has agreed to enter into an appropriate agreement with the Port Authority which will provide for payment to the Port Authority of an annual fee.

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 file an application with the Foreign-Trade Zones Board of the United States Department of Commerce for the establishment of a subzone at the E.R. Squibb & Sons, Inc. facility in New Brunswick, New Jersey, and to execute an appropriate agreement with E.R. Squibb & Sons, Inc., the form of the agreement to be subject to the approval of General Counsel or his designated representative.

(Board - 6/9/88)

**John F. Kennedy International Airport Redevelopment Program
Miscellaneous Early Action Items - Project Authorization**

In preparation for the start of construction of the major elements of the JFK Redevelopment Program certain miscellaneous early action items, designed to clear the Central Terminal Area of operations and/or services, will be required.

The miscellaneous early action items include the following:

a. MISCELLANEOUS CTA RELOCATIONS

Construction of an upgraded/expanded electrical substation, central heating and refrigeration plant, and cooling towers, as well as the final JFK Redevelopment roadway program will require that the site now occupied by the on-airport bus operations (airline connections bus, employee parking bus and long-term parking bus) be relocated. These services are now being provided by the Hudson General Corporation and are vital to the airport operations. In addition, construction of a new roadway system will require the removal of an on-airport gas station and tow truck and related parking facility. The towing operation must be relocated and the current lease with the gas station operator will be terminated.

b. JFK REDEVELOPMENT PROGRAM OFFICE SPACE

Construction of consolidated office space to achieve optimum efficiency in the management and control of consultant staffs, of which there are five major ones, by Port Authority staff. Approximately 40,000 square feet of office space will be required to provide working space for about 250 professional design and engineering staff.

c. GENERAL CONSTRUCTION SERVICES

The furnishing of several generic work items which are customary in preparing for construction such as: provision of guard services and temporary security, labor for utility and land surveys, maintenance and protection of traffic, general site clean-up, transportation service, environmental mitigation, construction photo services, temporary communications, emergency utility repair, and provision of specialty trades. Such work would only be performed on an as-needed basis, as determined by Port Authority staff, and would primarily be in the form of labor services not included in the Program Professional and Advisory Services contracts.

Certain contracts relating to the miscellaneous early action items will be bid as minority set asides. All other contracts will require good faith efforts to meet goals of 15% Port Authority certified MBE/WBE participation of which at least 10% must be MBEs.

(Board - 6/9/88)

Whereupon the following resolution was unanimously adopted.

RESOLVED, that the Board authorizes: (1) a project covering miscellaneous early action items critical to an on-schedule start of construction for the JFK Redevelopment Program at a cost presently estimated at \$10.5 million including administrative, engineering, and financing expense and a project contingency; (2) the Executive Director to: (a) take such actions with respect to the award of purchase or construction contracts for the miscellaneous early action item as he deems in the best interest of the Port Authority including, without limitation, award to 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, rejection of all bids, solicitation of new bids on revised or the same requirements, or negotiation with one or more bidders or other contractors; and (b) execute contracts and supplemental agreements with such bidders or 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 contract, including supplemental agreements thereto; and (c) negotiate and enter into agreements relating to the installation and relocation of public and private utilities; and it is further

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

Whereupon, the meeting was adjourned.

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES
Thursday, July 14, 1988

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MINUTES of meeting of The Port Authority of New York and New Jersey held Thursday, July 14, 1988 at the Port Authority offices, One World Trade Center, City, County and State of New York.

PRESENT:

NEW JERSEY

William K. Hutchison
Henry F. Henderson, Jr.
Hazel Frank Gluck
Richard C. Leone

NEW YORK

Robert F. Wagner, Vice-Chairman
James G. Hellmuth
John G. McGoldrick
H. Carl McCall

Stephen Berger, Executive Director
Patrick J. Falvey, General Counsel/Deputy Executive Director
John Lister, Acting Assistant Secretary
Robert J. Aaronson, Director of Aviation
Anthony J. Barber, Director of Tunnels, Bridges and Terminals
Mary Brew, Executive Assistant
Daniel J. Censullo, Deputy Director of Rail Transportation
Eugene J. Fasullo, Deputy Director of Engineering/Deputy Chief Engineer
Sidney J. Frigand, Assistant Executive Director/Government, Community & Public Affairs
Frank Garcia, Deputy Director of World Trade and Economic Development
Gene C. Gill, Director of General Services
Francis A. Gorman, Comptroller
Jeffrey S. Green, Assistant General Counsel
John E. Haupt, Treasurer
Deborah M. Himsel, Supervisor, Research and Organizational Development, Personnel
Charles L. Hirsch, Executive Assistant to the Executive Director
Lawrence S. Hofrichter, Chief, Finance Division, Law
John E. Jacobsen, Assistant Director of Audit
Christine M. Johnson, Director, Office of Transportation Planning
Leon Katz, Supervising Information Officer, Public Affairs
Louis J. LaCapra, Deputy Director of Personnel
Lillian C. Liburdi, Director of Port Department
Emily Lloyd, Director, Office of Business Planning and Development
Mark Marchese, Assistant Director, Information Services, Government, Community & Public Affairs
Charles E. Meara, Special Assistant to the Executive Director
James J. O'Malley, Director of Management Information Services
Hugh O'Neill, Assistant Executive Director/Policy Planning and Business Development
Ronald Pannone, Supervisor, Staff Development and Training, Personnel
Richard Peduto, Assistant Director of Management and Budget
Sally Sakin, Administrative Assistant
Salvatore Samperi, Assistant Director of Public Safety
Morris Sloane, Director of Aviation Operations
Joseph L. Vanacore, Assistant Executive Director/Capital Programs
Barry Weintrob, Chief Financial Officer

The meeting was called to order by the Vice-Chairman.

(Board - 7/14/88)

Action on Minutes

The Acting Assistant Secretary submitted for approval Minutes of the meeting of June 9, 1988. He 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.

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 July 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 July 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 July 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 July 14, 1988, in addition to matters separately reported to the Board of Commissioners at this meeting of the Board, and the report was received.

(Board - 7/14/88)

Settlement of Claim of Angel Denis and Teresa Denis V. The Port Authority of New York and New Jersey

There is presently pending in the Superior Court of New Jersey, Law Division, Hudson County, an action instituted by Angel Denis and his wife, Teresa Denis, against The Port Authority of New York and New Jersey to recover money damages for personal injuries sustained by Mr. Denis on January 16, 1986.

Plaintiff Angel Denis was the driver of a taxicab on January 16, 1986 at approximately 10:00 p.m. when he was involved in an intersection collision with a Port Authority vehicle in the City of Hoboken operated by a then Port Authority employee. The employee had removed the Port Authority vehicle from the World Trade Center parking lot on January 8, 1986 without authorization. He used an Electronic Parking Permit which had been reported lost with the request that it be taken out of service. The card was used approximately seventeen times to gain access to automobiles in the three months between the time it was reported missing and the accident.

The liability issues in this action were tried before a Superior Court Judge and a jury. The jury found that the Port Authority was negligent for failing to prevent the unauthorized use of its automobile. The jury further found that the former employee had operated the Port Authority vehicle negligently.

The Port Authority vehicle struck the driver's side door of the taxicab being driven by plaintiff Angel Denis. It took approximately 35 minutes for the rescue crew to remove Mr. Denis from the automobile. He was admitted to St. Mary's Hospital in Hoboken for treatment of hip and pelvic fractures and a separation of his shoulder joint, among other injuries.

The plaintiff's injuries were confirmed by physicians selected by the Port Authority. Recent x-rays demonstrated calcification and arthritic changes in the left shoulder and left hip causally related to this accident. The doctors also confirmed a restricted range of motion of the shoulder and hip and rendered a prognosis that the plaintiff's condition remains guarded.

The plaintiff, who has been declared totally disabled by the Social Security Administration, walks with a limp, often uses a cane, and does not engage in activities inconsistent with his claimed injuries.

Plaintiff claimed a loss of \$35,000 per year for a total future wages of \$515,000.

As a result of several settlement conferences before a Superior Court Judge, the plaintiff has tentatively agreed to settle this claim for the sum of \$275,000.

In light of the jury verdict imposing liability on the Port Authority, the nature, severity, and permanence of the plaintiff's injuries, his loss of present and future wages, his significant pain and suffering and the likelihood that a jury verdict would be in excess of the settlement amount, General Counsel requested authorization to settle this action as outlined above.

(Board - 7/14/88)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that General Counsel be and he is hereby authorized to settle the pending claim against the Port Authority entitled **Angel Denis and Teresa Denis v. The Port Authority of New York and New Jersey** by paying to the plaintiffs and their attorneys the sum of \$275,000 in full satisfaction of all claims.

(Board - 7/14/88)

Port Authority Interest Rate Exchange Contracts

Authorization is sought for the Port Authority to enter into interest rate exchange contracts, as more fully described below, and for the use of operating funds of the Port Authority for any payments required to be made under such contracts, and for any fees, commissions or execution costs pertaining thereto.

Essentially, under each contract the Port Authority would agree to make periodic "interest" payments, at either a variable rate based on a predetermined variable rate index or at a fixed rate of interest, to the investment firm or banking institution counterparty based on a fixed dollar principal amount for an agreed term of up to ten years. Such counterparty would agree to make periodic "interest" payments to the Port Authority on such principal amount, for such term at either a fixed rate of interest (if the Port Authority is paying a variable rate) or a variable rate based on a predetermined variable rate index (if the Port Authority is paying a fixed rate). The net amount either due from or owing to the Port Authority on the "interest" payment date under each such contract would be the only payment actually made or received and in no event would any principal payments ever be made or be received.

In order to obtain the most favorable terms available, a competitive selection process would be conducted for each exchange contract among qualified potential counterparties. Since these arrangements require a quick response, interest rate exchange proposals would be requested over the telephone in order to obtain the rates and other terms, including fees for underwriting and legal and out-of-pocket expenses, which best meet the Port Authority's criteria. Stringent credit criteria relating to such matters as the counterparty's asset size and bond rating would be established by the Port Authority in order to lessen the risk of counterparty default.

Any interest rate exchange contracts entered into or closed out in the previous month will be reported on monthly to the Board.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director, Deputy Executive Director, Assistant Executive Director, Chief Financial Officer, Treasurer or Assistant Treasurer of the Port Authority, or any one of them, is hereby authorized to enter into interest rate exchange contracts from time to time with counterparties who are investment firms or banking institutions providing for the Port Authority and the counterparty to agree to make periodic interest payments to the other based on predetermined fixed or variable rate indices; provided, that the aggregate principal amount on which such outstanding interest rate exchange contracts are based shall not exceed \$200 million at any one time; and provided further, that the term of any such contract shall not exceed ten years from its date; and it is further

(Board - 7/14/88)

RESOLVED, that operating funds of the Port Authority may be used for any payments required to be made under any such interest rate exchange contracts, and for any fees, commissions or execution costs pertaining thereto; and it is further

RESOLVED, that the form of all interest rate exchange contracts shall be subject to the approval of General Counsel or his authorized representative.

(Board - 7/14/88)

Port Newark - Ecuadorian Line, Inc. - Lease of Building No. 138 & Surrender of Building No. 140

It was recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into agreements with Ecuadorian Line, Inc., to extend its lease for a five-year period from March 1, 1991 to February 29, 1996, to relocate its operations from Building 140 to Building 138 at Port Newark, and to undertake the rehabilitation of Building 138, and with Jaguar Cars Inc. to provide for the surrender of a portion of Jaguar's leasehold required for Ecuadorian Line's use. The basic rental under the Ecuadorian lease will continue at the present annual rate of \$327,594 per year until March 1, 1989, at which time the annual rate will become \$337,329 per year, subject to annual escalation. The tenant will also pay a charge of \$0.03 for each box of fruit loaded onto or discharged from vessels berthing at the premises with an exemption for one berthing per week for a vessel owned or operated by the tenant.

The proposed relocation of the tenant from Building 140 to Building 138, which is currently vacant, will enable the tenant to modernize its banana handling operations at Port Newark. The new premises under the lease will not vary significantly in area from the premises presently leased under the lease. The relocation will require that open area now under lease to Jaguar be surrendered by Jaguar and be added to the tenant's leasehold, with Jaguar to let alternative open area. The cost to the Port Authority of relocating a portion of Jaguar's leasehold is estimated at \$115,000. General improvement work to Building 138 will be performed by the tenant for the account of the Port Authority at an estimated cost of \$905,000. This work will include improvements to the truck platform area and the sprinkler system and repair of the cargo doors. In addition, the Port Authority will pay for special tenant improvement work to be performed by the tenant to the interior of Building 138 in an amount not to exceed \$285,000. The special tenant improvement work will include the development of approximately 5,000 square feet of office space. The tenant will pay additional rental based on the cost of special tenant improvement work in an amount sufficient for the Port Authority to recover this investment.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director be and he is hereby authorized, for and on behalf of the Port Authority, to enter into agreements with Ecuadorian Line, Inc. and with Jaguar Cars Inc., substantially in accordance with the terms and conditions outlined above, the form of the agreement in each instance to be subject to the approval of General Counsel or his designated representative.

(Board - 7/14/88)

Newark International Airport - United States Postal Service -
Supplement to Lease No. AN-898 for Expansion of Postal
Service Facility

It is recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into an agreement with the United States Postal Service ("USPS") amending Lease No. AN-898 to provide for the letting to the USPS of approximately three additional acres of land adjacent to the existing Postal Service Facility at Newark International Airport for construction thereon by the USPS of a one-story extension of approximately 50,000 square feet to the existing facility to provide additional mail handling areas and to accommodate a retail postal outlet. A new parking lot would be constructed by the USPS on the south side of the additional acreage. The term of the letting and the payment of rentals for the additional acreage would commence when the USPS first enters the site to start construction or on or about December 1, 1988, whichever first occurs. The USPS would pay to the Port Authority an annual fixed ground rental (the Constant Factor) on the additional acreage commencing at \$7,500 per acre and increasing in steps to \$19,500 per acre. In addition, the USPS would pay to the Port Authority a variable annual rental (the Airport Services Factor which consists of certain costs at the Airport) for the entire premises, subject to annual adjustment in accordance with the established Airline Master Lease formula which is already a part of Lease No. AN-898.

The term of the lease for the entire premises would be extended an additional six years from November 1, 2007 to October 31, 2013. On November 1, 2007 the USPS would commence payment of rentals on the existing building in the annual amount of approximately \$805,420 based on a rate of \$22 per square foot per year for the period from November 1, 2007 through October 31, 2010, and in the annual amount of approximately \$878,640 based on a rate of \$24 per square foot per year for the period from November 1, 2010 to October 31, 2013. Effective November 1, 2007, the annual fixed ground rental on the existing premises would increase from \$4,500 per acre to \$16,000 per acre and would thereafter increase in accordance with the same schedule as for the additional acreage.

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 with the United States Postal Service amending Lease No. AN-898 to provide for the letting of approximately three additional acres of land and the extension of the letting under the lease at Newark International Airport 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.

(Board - 7/14/88)

Newark International Airport - Olympia Trails Bus Company,
Inc. - AN-962 - Increased Service Requirements

It was recommended that the Board authorize an increase in the contract authorization for Port Authority Agreement AN-962 with Olympia Trails Bus Company, Inc. which covers the intra-airport bus service at Newark International Airport by the amount of \$4,770,000 bringing the total authorized maximum cost under this contract to \$25,425,300 and further that the Board authorize the Director of Aviation to order an increase in the bus service hours by the contractor at an additional payment to the contractor of not more than 15% of the estimated annual contract cost.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the authorization under Port Authority Agreement AN-962 with Olympia Trails Bus Company, Inc. be increased and the Director of Aviation be authorized to order an increase in bus service hours thereunder, substantially on the terms set forth above.

(Board - 7/14/88)

**Kennedy International Airport - Northwest Terminal -
Agreements with Pan American World Airways, Inc.**

It was recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into an agreement or agreements with Pan American World Airways, Inc. at Kennedy International Airport which would provide for the reimbursement by Pan American to the Port Authority of funds expended for airline relocations to accommodate Pan American's move to the Northwest Terminal up to a maximum of \$14 million as authorized by the Board at its meeting on May 12, 1988 and, upon such reimbursement, to make payments to Pan American for terminal building improvements at the Northwest Terminal at Kennedy International Airport, including a connector between the Northwest and Pan American Unit Terminals at an amount up to the lesser of \$14 million or the amount reimbursed above. The agreements would include a lease with Pan American for a one-year period on a month-to-month basis for the Northwest Terminal at rentals based on annual rates of \$22 per square foot for interior space and \$25,000 per acre for ground area plus an additional rental based upon the aforesaid construction payments amortized over the life of the improvement but in no event beyond April 30, 1998, together with an amount to make the transaction financially self sustaining; such additional rental to be offset by adjustment for amounts received by the Port Authority, if any, for newly created space in the United Unit Terminal at Kennedy International Airport as a result of the recent new construction in that terminal. An agreement would also be entered into for the sale by the Port Authority, on a sole purchaser basis to Pan American, of two surplus mobile lounges for a total price of \$112,500.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director is authorized, for and on behalf of the Port Authority, to enter into an agreement or agreements with Pan American World Airways, Inc., all substantially on the terms set forth above; the form of such agreements to be subject to the approval of General Counsel or his designated representative.

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Thursday, August 25, 1988

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MINUTES of meeting of The Port Authority of New York and New Jersey held Thursday, August 25, 1988 at the Port Authority offices, One World Trade Center, City, County and State of New York.

PRESENT:

NEW JERSEY

Philip D. Kaltenbacher, Chairman
 William K. Hutchison
 Henry F. Henderson, Jr.
 Hazel Frank Gluck
 Richard C. Leone

NEW YORK

Robert F. Wagner, Vice-Chairman
 William J. Ronan
 James G. Hellmuth
 John G. McGoldrick

Stephen Berger, Executive Director
 Patrick J. Falvey, General Counsel/Deputy Executive Director
 John Lister, Acting Assistant Secretary
 Robert J. Aaronson, Director of Aviation
 Anthony J. Barber, Director of Tunnels, Bridges and Terminals
 Mary Brew, Executive Assistant
 Daniel J. Censullo, Acting Director of Rail Transportation
 John J. Collura, Director of Management and Budget
 Henry I. DeGeneste, Director of Public Safety
 Dorothy Dugger, Deputy Director, Government, Community & Public Affairs
 Sidney J. Frigand, Assistant Executive Director/Government, Community & Public Affairs
 Frank Garcia, Deputy Director of World Trade and Economic Development
 Francis A. Gorman, Comptroller
 John E. Hauptert, Treasurer
 Christine M. Johnson, Director, Office of Transportation Planning
 Leon Katz, Supervising Information Officer, Public Affairs
 Donald R. Lee, Director of Audit
 Lillian C. Liburdi, Director of Port Department
 Emily C. Lloyd, Director, Office of Business Planning and Development
 Katharine B. MacKay, Assistant Executive Director/Administration
 Charles J. Maikish, Director, Office of Ferry Transportation
 Charles E. Meara, Special Assistant to the Executive Director
 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, Director of Aviation Redevelopment Programs
 Sally Sakin, Administrative Assistant
 Morris Sloane, Director of Aviation Operations
 Joseph L. Vanacore, Assistant Executive Director/Capital Programs
 Barry Weintrob, Chief Financial Officer
 Robert N. Williams, Deputy Director of General Services

The meeting was called to order by the Chairman.

Appointment of Secretary

The Executive Director's recommendation of the appointment of Karen S. Kellerhouse as Secretary of The Port Authority of New York and New Jersey, effective September 14, 1988, was unanimously approved.

Action on Minutes

The Acting Assistant Secretary submitted for approval Minutes of the meeting of July 14, 1988. He 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.

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 August 25, 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 August 25, 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 August 25, 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 August 25, 1988, in addition to matters separately reported to the Board of Commissioners at this meeting of the Board, and the report was received.

(Board - 8/25/88)

**Investment Management Agreement with Oppenheimer & Co., Inc.
and Authorization of Interest Rate Options Contracts**

Staff has been investigating ways of improving investment performance and has held discussions with several firms with respect to various investment management programs.

It was recommended that an investment management agreement be authorized with Oppenheimer & Co., Inc., under which Oppenheimer would provide advice on options strategies with respect to United States Treasury securities, as well as with respect to the acquisition and sale of United States Treasury securities on the basis that \$50 million of such securities would be managed to achieve a weighted average maturity which meets the Authority's objectives, with the longest maturity of any such security determined by the Authority. Such agreement would be a six month term, and provide for a fee of \$62,500 to Oppenheimer for such services. Oppenheimer's performance under the investment management agreement would be measured against the yield available for a United States Treasury security of the same weighted average maturity. Oppenheimer would not act as a broker or as a principal with respect to any purchases or sales of United States Treasury securities resulting from advice provided under the investment management agreement, and any such transactions would be executed by the Treasurer of the Authority, or on behalf of the Treasurer by Oppenheimer upon specific authorization of the Treasurer, with recognized and established securities dealers and commercial banks, conducted in the open market at competitive prices. All securities purchased would be held by the Authority's custodian, Citibank, N.A., and payment for all such securities would be on receipt of the securities.

It was also recommended that interest rate options contracts with primary dealers in United States Treasury securities be authorized subject to the following limits, and that the Operating Fund of the Port Authority be the sole source of any moneys to be made available for any payments to be made under such contracts in settlement thereof, to satisfy margin requirements (for which purpose margin accounts would be established in the Authority's name with such primary dealers), for the acquisition of any securities to be acquired by the Authority or to be delivered by the Authority as a result of the exercise of the options provided in such contracts, and for any fees, commissions or acquisition costs pertaining thereto. It is anticipated that if securities are required to be delivered by the Authority under such interest rate options contracts, such securities would be available in the Consolidated Bond Reserve Fund and, at the election of staff, could be transferred to the Operating Fund at their then current market price.

Interest rate options contracts would be entered into from time to time, subject to the following limitations as to amount:

1. Call options sold by the Authority would be limited to a maximum principal amount at any one time of \$50 million in underlying United States Treasury securities with respect to such call options.

(Board - 8/25/88)

2. Call options purchased by the Authority would be limited to the principal amount of underlying United States Treasury securities required to close outstanding call options sold, except as noted in item 5, below.

3. Put options sold by the Authority would not exceed available cash and short-term United States Treasury securities held by the Authority and in no event would the underlying United States Treasury securities with respect to such put options exceed \$50 million in principal amount.

4. Put options purchased would be limited to the principal amount of underlying United States Treasury securities required to close outstanding put options sold, except as noted in item 5, below.

5. In addition to the options which may be purchased within the above limits, other call and put options purchased by the Authority would be limited to a combined purchase cost therefor not in excess of the lesser of \$500,000 or the premiums received from the sale of any options.

All United States Treasury securities transactions and all interest rate options contracts entered into by the Authority would be reported separately in the monthly Investments and Deposits Report to the Committee on Finance.

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

RESOLVED, that the Executive Director, Deputy Executive Director, Assistant Executive Director, Chief Financial Officer, Treasurer or Assistant Treasurer of the Authority is hereby authorized to enter into an investment management agreement with Oppenheimer & Co., Inc., which agreement, among any other terms and conditions which shall be determined to be necessary or desirable in the sole discretion of any of such authorized officers, shall include terms and conditions substantially in accordance with the major provisions of the proposed investment management agreement, as recommended; and it is further

RESOLVED, that the Executive Director, Deputy Executive Director, Assistant Executive Director, Chief Financial Officer, Treasurer or Assistant Treasurer of the Authority is hereby authorized to enter into interest rate options contracts from time to time with primary dealers in United States Treasury securities within the limitations set forth in the foregoing report, which interest rate options contracts, among any other terms and conditions which shall be determined to be necessary or desirable in the sole discretion of any of such authorized officers, shall include terms and conditions substantially in accordance with the major provisions of the proposed interest rate options contracts, as recommended; and it is further

RESOLVED, that operating funds of the Authority may be used for any payments to be made (a) under any interest rate options contracts, (b) as a result of the exercise of the options provided for therein and (c) for purposes incidental to such interest rate options contracts; and it is further

RESOLVED, that the form of such investment management agreement and any such interest rate options contracts shall be subject to approval by General Counsel or his authorized representative.

(Board - 8/25/88)

**Port Authority Bus Terminal - Emergency Stairwells -
Authorization to Install Locking Devices**

The emergency stairwells at the Port Authority Bus Terminal were originally designed as sign-directed, unalarmed, unlocked areas. Because of the relative seclusion of and ease of access to these emergency stairwells, many individuals have been using them for dormitories and illegal activities. Neither the installation of a local stairwell door alarm system nor the addition of a designated police post has been effective in preventing entry into these stairwells for unlawful purposes, and it is now proposed to install special locking devices in the emergency stairwells.

The proposed emergency stairwell security system will be connected with the present computerized facility life safety system which is continually monitored by trained staff at a central location. The proposed system will also connect an electronically controlled locking system with the existing audible alarm complex creating a fail-safe system. This system meets the standard of the New York City Building Code which requires that the locks be equipped with electrical release devices for remote control in cases of emergency; however the approval of the New York City Commissioner of Buildings, which would be required if the Building Code applied to the Port Authority, will not be solicited.

An operational plan and an ongoing testing routine will be instituted to ensure that this system is fully functional at all times.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize the installation of special locking devices in the Port Authority Bus Terminal emergency stairwells.

**Industrial Development Program - Metrotech - Center for
Advanced Technology in Telecommunications - Amendment to
The Industrial Development Master Plan - Authorization
of Municipal Agreement - Increase in Port Authority
Participation**

Authorization was sought to effectuate Port Authority participation in the construction of a building housing in part the Center for Advanced Technology in Telecommunications (CATT) at the Metropolitan Technology Center in Brooklyn, New York, and to increase the Port Authority's previously authorized commitment to the project from \$14 million to \$16.5 million. The CATT will constitute a port district industrial development project or facility under the bi-state legislation authorizing the effectuation of industrial development projects by the Port Authority and a municipal agreement is required as is an amendment (which is attached hereto) to the Port Authority's master plan which identifies various sites for potential industrial development.

The industrial development legislation provides that at least ten days prior to the authorization by the Port Authority of any agreement with respect to payments in-lieu-of taxes in connection with industrial development projects, the Port Authority shall notify the chief executive officer of each city in the Port District within which an industrial development project has been included in the Port Authority's master plan of the proposed authorization of such agreement, shall seek their comments and shall include with such authorization any comments received. Mayoral comments were solicited and none have been received to date.

The Metropolitan Technology Center, known as "Metrotech", is a sixteen-acre business/university redevelopment in downtown Brooklyn, New York, being undertaken by agreement among Polytechnic University (Polytechnic), Forest City Metrotech Associates, the New York City Public Development Corporation and the City of New York.

At its meeting on November 14, 1985, the Board authorized the commitment of up to \$14 million from funds made available for regional development projects in the State of New York by the Governors' Agreement of June 1983, for the construction of a building housing an approximately 100,000 square foot CATT with provision for repayment of the funds provided without interest over a 40 year period. Since that time, further project planning has taken place. The CATT is now to be located in a portion of a multi-use building also housing Polytechnic's library. The New York Governor's Office has requested that the Port Authority provide an additional \$2.5 million for construction of the CATT portion of the building from funds made available for regional development projects in the State of New York in accordance with the Governors' Agreement of June 1983. It is now anticipated that the \$16.5 million to be provided will only be sufficient to construct a CATT (including a pro-rata portion of the building's hallways, lobbies, and other common elements) which will not be larger than 83,000 square feet.

(Board - 8/25/88)

Tentative agreement has been reached with Polytechnic to create a condominium with the Port Authority owning the portion of the building housing the CATT and Polytechnic owning the portion housing the library. In order to assure the availability of monies to complete the building, it is anticipated that the Port Authority will deposit the sum of \$16.5 million, the presently estimated cost of construction of the CATT, and Polytechnic will deposit the estimated cost of construction of the library, with an escrow agent, in accordance with an agreed upon schedule, who will make appropriate disbursements from the respective funds toward the cost of construction of the CATT and library respectively. The Port Authority may advance up to \$1 million of the \$16.5 million directly to Polytechnic for preliminary architecture and design work on the CATT. Funds contributed by each of the parties in excess of the cost of their respective construction obligations will be returned to them. Polytechnic has agreed to bear the entire cost of completing the CATT portion of the building in the event the monies deposited with the escrow agent by the Port Authority are not sufficient. Upon completion of the construction, the CATT portion of the building will be leased on a net basis to Polytechnic, which will be responsible for the operation and maintenance of the CATT, with Polytechnic paying a rental to the Port Authority sufficient to repay the funds provided by the Port Authority, without interest, over a 40 year period with rental payments being heavily weighted towards the end of the 40 year lease term. The building may later be enlarged by Polytechnic without cost to the Port Authority.

Staff, pursuant to the requirements of the industrial development legislation, has negotiated a municipal agreement with the City of New York and among its key provisions are the following:

- o The City consents to the planning and construction of the CATT and agrees that the Port Authority's provision of funds for the CATT shall be subject to the terms and conditions of the "CATT arrangement" negotiated between the Port Authority and Polytechnic.

- o No payments in-lieu-of taxes or any real property taxes are to be paid by the Port Authority in connection with the CATT. Provision is made for payments to the City in lieu of taxes by occupants of the CATT in the event the CATT is used by the occupant for a purpose which would have rendered the CATT subject to real property taxes but for the Port Authority's interest in the CATT.

- o The City, at any time, shall have the right to purchase the Port Authority's interest in the property for an amount equal to the Port Authority's investment in the CATT less any amounts paid by Polytechnic under the CATT arrangement which reduce the outstanding amount owed by Polytechnic under such arrangement.

- o The City recognizes that amounts received by the Port Authority from Polytechnic in reimbursement of the \$16.5 million, or from the City, should the City elect to purchase the Port Authority's interest in the CATT, are to be included in funds to be made available for further regional development projects in New York State consistent with the Governors' Agreement of June 1983.

- o The project is to be subject to local laws set forth in the New York City Charter and New York City Administrative Code except as may be otherwise expressly agreed.

(Board - 8/25/88)

To date, exclusive of this authorization of an additional \$2.5 million \$97,771,000 has been allocated to projects in the State of New York from the \$112,500,000 made available for regional development projects in the State of New York as a result of the Governors' Agreement of June 1983. Following this authorization, there will be \$12,229,000 remaining for projects in the State of New York. The amounts allocated for regional development projects in the State of New Jersey have been exhausted.

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

RESOLVED, that the master plan setting forth potential urban industrial park sites adopted by the Board on July 12, 1979, as amended, be and it hereby is further amended to add a site in the Borough of Brooklyn, City of New York, generally bounded on the north by Johnson Street, on the east by Lawrence Street, on the south by Myrtle Avenue, and on the west by Bridge Street; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized to enter into appropriate agreements with the City of New York and the New York City Public Development Corporation with respect to the development of the Center for Advanced Technology in Telecommunications (CATT), such agreement to include but not be limited to provisions concerning payments in-lieu-of taxes and the applicability of local laws and any other agreements that may be necessary to effectuate the CATT; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized to increase from \$14 million to \$16.5 million the commitment for the CATT of funds made available for projects, in the State of New York in accordance with the Governors' Agreement of June 1983, and, subject to any appropriate authorizations or certifications, to enter into appropriate agreements with Polytechnic University to provide up to \$16.5 million for construction of a portion of a building housing the CATT and to further provide for the repayment of such amount to the Port Authority; and it is further

RESOLVED, that the form of any agreements authorized pursuant to the foregoing be subject to approval by General Counsel or his authorized representative.

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
POTENTIAL INDUSTRIAL DEVELOPMENT SITES
AMENDMENT NO. 7

An amendment to the master plan adopted in accordance
with Chapter 651 of the Laws of New York (1978) and
Chapter 110 of the Laws of New Jersey (1978)

INTRODUCTION

This Amendment No. 7 amends and supplements the master plan adopted on July 12, 1979, as amended on March 12, 1981, August 12, 1982, January 12, 1984, March 8, 1984, November 8, 1984, and November 13, 1986. Except as otherwise amended herein, the provisions of that plan remain the same and apply to the Center for Advanced Technology in Telecommunications (CATT) in Brooklyn, New York, now being included in the master plan.

PREVIOUS MASTER PLAN SITES

Pursuant to the legislation providing for Port Authority participation in a program of industrial development, the Board at its meeting on July 12, 1979, adopted a master plan which identified the following sites for potential industrial development:

- Charleston, Staten Island, New York
- Doremus Avenue, Newark, New Jersey
- Greenville Yards/Claremont Terminal, Jersey City, New Jersey
- Hunts Point/Oak Point Yards Area, The Bronx, New York
- North Avenue, Elizabeth, New Jersey
- Spring Creek, Brooklyn, New York

At its meeting on August 12, 1982, the Committee on Port Planning, pursuant to authorization by the Board, amended the master plan to include the following additional site:

- Bathgate, The Bronx, New York
- Kapkowski Road, Elizabeth, New Jersey

At its meeting on March 12, 1981, the Committee on Port Planning, pursuant to authorization by the Board, amended the master plan to include the following additional site:

- Staten Island Industrial Park-East Side, Staten Island, New York

The Board, at its meeting on January 12, 1984, amended the master plan to include the following additional site:

- Portions of four additional blocks within the Bathgate Industrial Park

The Board, at its meeting on March 8, 1984, amended the master plan to include the following additional site:

- A site in the City of Newark, New Jersey, for development of a resource recovery facility

The Board, at its meeting on November 8, 1984, amended the master plan to include the following additional site:

- Yonkers Industrial Park, Yonkers, New York

The Board, at its meeting on November 13, 1986, amended the master plan to include the following additional site:

- Newark South Ward Industrial Park, Newark, New Jersey

The following is a status report on the previously authorized industrial development projects:

- On February 22, 1982, the Port Authority entered into an agreement with the City of New York and the New York City Public Development Corporation (PDC) for the redevelopment of at least three blocks of an original eight block site in the Bathgate area of the South Bronx. On January 12, 1984, the Board approved an amendment expanding the Bathgate project by four additional half blocks.
- The PDC constructed the first building at Bathgate on one of the original eight blocks. Today the Bathgate Industrial Park (BIP) has seven modern buildings housing manufacturing operations for: generic over-the-counter creams, ointments and prescription drugs; food product packaging; a printer; shoulder pads for the garment industry; hardware for the aircraft industry; mail order and museum quality picture frames. The park currently employs approximately 1,200 workers, 77% of whom are local residents.
- The Port Authority recently completed a two-story, 20,000 square foot Business Assistance Center office building. This building, located on one of the half-blocks, will provide "one-stop shopping" for business services. A full service restaurant, a postal facility, and word processing, secretarial and messenger services are planned for the building. The postal facility, business service center and restaurant are scheduled to begin operations in the Fall of 1988.

- The Port Authority and the City of Elizabeth, New Jersey, have entered into an agreement concerning the development of the Industrial Park at Elizabeth. One lease has been signed and negotiations regarding potential additional occupancies are currently underway. The Park has been added to the Elizabeth Enterprise Zone and has been designated as a Foreign Trade Zone.
- The Port Authority, Merrill Lynch Telecommunications, and the City of New York have executed agreements with respect to the development of The Teleport, and construction of infrastructure is virtually complete. Two buildings, totaling 165,000 square feet, have been completed and seven tenants are in residence. Three new buildings are now under construction and are to be completed in 1989. Sixteen earth stations are operational and 170 miles of fiber optic cable has been installed providing service to Princeton, Newark, Jersey City, Hoboken, Manhattan, Brooklyn, and Queens.
- In connection with the development of a site in the City of Newark for the Essex County Resource Recovery Facility, all necessary agreements have been executed with the City of Newark, the County of Essex and the system vendor, American Ref-Fuel, and all permits to enable commencement of construction of the Resource Recovery Plant have been issued. The Essex County Resource Recovery Facility was certified by the Board as an additional facility of the Port Authority at its meeting of May 9, 1985, and such certification was subsequently reaffirmed by the Committee on Finance. The project is currently in the fifth month of construction.
- The property for the Industrial Park in Yonkers was acquired in May 1985 from United Technologies Corporation, parent of the Otis Elevator Company. Since that time, contracts have been let to install improvements of a specific nature for Nissho Iwai American Corporation and Kawasaki Rolling Stock (USA). Other work has been initiated to upgrade the heating system, electrical system and parkwide life safety and code conformance improvements as steps to renovating certain of the older buildings for future tenancies.
- An agreement between the Port Authority and the City of Newark for the development of the Newark South Ward Industrial Park was signed. Subsequently, the City requested that the Port Authority put its development of the Park on hold pending City efforts to reach agreement with a private firm for development of the entire Park.

IN BROOKLYN, NEW YORK

LOCATION

The building housing the CATT will be located on a site not to exceed approximately one acre in the Borough of Brooklyn, City of New York, and includes the parcel generally bounded on the north by Johnson Street, on the east by Lawrence Street, on the south by Myrtle Avenue, and on the west by Bridge Street.

LAND USE

The site currently contains vacant land and residential dwellings which are to be demolished for the proposed CATT. The proposed CATT will not be more than approximately 83,000 square feet in a portion of a building which will also house Polytechnic University's library.

ZONING AND OWNERSHIP

The site is currently zoned for light industrial use and privately owned dwellings. It is proposed for zoning as a commercial district. The building housing the CATT is to be developed as a condominium with the Port Authority having an ownership interest in the CATT and Polytechnic University owning the library.

TRANSPORTATION

Public transportation to the site includes ten bus lines and four subway lines, all within one block of the site. The Brooklyn Queens Expressway is within one half mile for personal and commercial vehicular traffic.

UTILITIES

The site is currently adequately served by Brooklyn's water main system, and will be augmented by proposed construction to handle the needs of the CATT facility. The current sewer conditions remain.

Brooklyn Union Gas Company provides the natural gas to the site, and a proposed cogeneration plant will provide primary heating for the new facility. Electrical service is provided by Consolidated Edison Company of New York, and will be supplemented by the proposed cogeneration plant.

ENVIRONMENTAL

The PDC is undertaking preparation of a draft Environmental Impact Statement (EIS) pursuant to Executive Order 91. City Environmental Quality Review (CEQR), for the Metrotech development. The primary issues to be assessed in the EIS include: commercial/residential displacement caused by the project; traffic and air quality; and cumulative impacts of the project. This EIS has been provided to the CEQR co-lead agencies in preliminary form. The agencies will review the document and upon its revision to the satisfaction of the agencies, it will become a draft EIS.

LABOR

The project will generate approximately 175 construction jobs over the two year construction period and approximately 200 permanent jobs will be created.

ESTIMATED PROJECT COSTS

The estimated project cost for the CATT is approximately \$25.0 million, including the cost of equipping the CATT. The Port Authority's portion of these costs is limited to \$16.5 million for the construction of the CATT.

OTHER CONSIDERATIONS

The development of this project would be undertaken by the Port Authority subject to all necessary or appropriate authorizations and certifications.

GOVERNMENT & COMMUNITY CONSULTATIONS AND PARTICIPATION

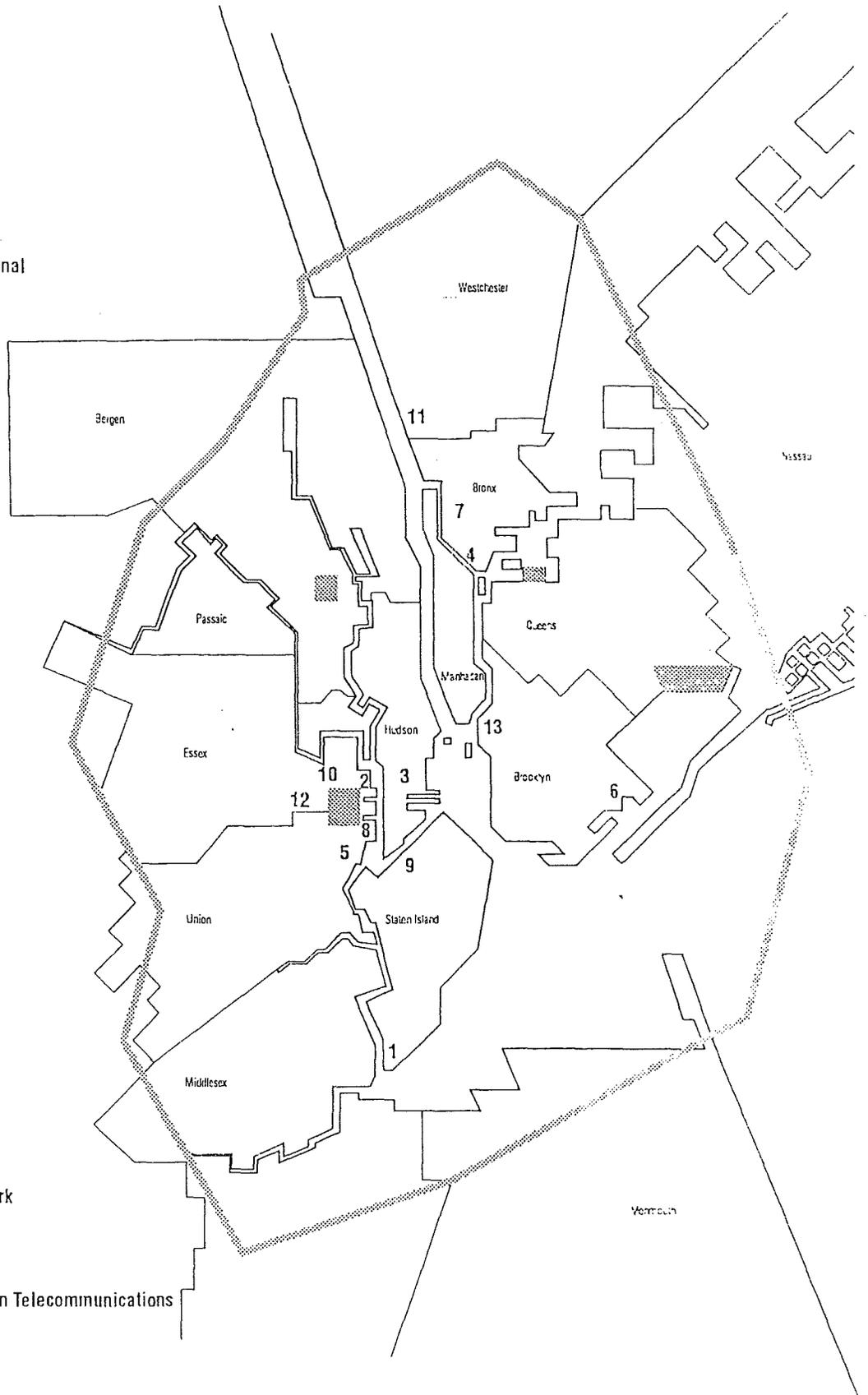
To assist the Port Authority in the preparation of the master plan, discussions and consultations were held with individuals and groups including:

The Governors of New York and New Jersey
Members of the New York State Legislature
Mayors of New York, Elizabeth, Yonkers, and Newark
Brooklyn Borough President
Chairman, Community Board No. 2
New York City Public Development Corporation
President, New York City Council

Port Authority Industrial Development Master Plan Sites

As Amended August 1988

- 1. Charleston, Staten Island, NY
- 2. Doremus Avenue Newark, NJ
- 3. Greenville Yards/Clairemont Terminal Jersey City, NJ
- 4. Hunts Point/Oak Point Yards Bronx, NY
- 5. North Avenue Elizabeth, NJ
- 6. Spring Creek Brooklyn, NY
- 7. Industrial Park at Bathgate Bronx, NY
- 8. Elizabeth Industrial Park Elizabeth, NJ
- 9. Staten Island Industrial Park East Staten Island, NY
- 10. Blanchard Street Newark, NJ
- 11. Industrial Park at Yonkers Yonkers, NY
- 12. Newark South Ward Industrial Park Newark, NJ
- 13. Center for Advanced Technology in Telecommunications Brooklyn, NY



(Board - 8/25/88)

The World Trade Center - New Freight Elevator - Increase in Project Authorization and Award of Contract WTC-660.00

The Committee on Construction, at its meeting on September 13, 1984, authorized a project for the furnishing and installation of a new freight elevator between subgrade levels B-1 and B-4 in Two World Trade Center in the estimated amount of \$848,000. The construction contracts for this project are Contracts WTC-340.00, Freight Elevator FE-6, Two World Trade Center and WTC-660.00, General Construction for Freight Elevator FE-6, Two World Trade Center.

Contract WTC-340.00 for the fabrication and installation of the elevator was awarded to Otis Elevator Company on March 5, 1985 in the amount of \$136,500.

Contract WTC-660.00 requires the contractor to provide all labor and materials necessary for the general construction of the elevator shaft including structural reinforcements. The contract also provides for net cost work for the injection grouting and sealing of structural cracks in the shaftway roughly estimated at \$10,000. However, as design for this project commenced a number of problems surfaced regarding stress concentration in the area in which the elevator is to be installed. As a result, additional studies and a new design were required to redistribute the stresses in the concrete slabs and the contract was substantially delayed. Therefore, an increase in project authorization is necessary at this time due to the increased cost of the project and to enable the award of Contract WTC-660.00 which completes the project.

Contract WTC-660.00 also includes a provision requiring the contractor to meet mandatory Minority Business Enterprise/Women Business Enterprise goals of 15% participation for firms owned and controlled by Minority Business Enterprises and 1% for firms owned and controlled by Women Business Enterprises.

Proposals were solicited on Contract WTC-660.00 and on June 28, 1988, Dember Construction Corp. submitted the lowest proposal and was deemed qualified by the Director of World Trade and Economic Development to perform the work.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize an increase in the total project cost from \$848,000 to an estimated amount of \$2,350,000 for the furnishing and installation of a new freight elevator between subgrade levels B-1 and B-4 in Two World Trade Center; and it is further

RESOLVED, that the Board authorize the award of Contract WTC-660.00 for the general construction of the elevator shaft to Dember Construction Corp. of New York, New York in the amount of \$876,000, exclusive of extra work up to the amount of \$87,600, and the ordering of net cost work.

(Board - 8/25/88)

**John F. Kennedy International Airport Redevelopment Program -
New Airport Traffic Control Tower - Project Authorization
and Award of Contracts**

The existing control tower at John F. Kennedy (JFK) was constructed in 1952, at a time when the total number of aircraft being handled at JFK was approximately 105,000. By 1987, traffic levels had grown to over 286,000 total annual movements without radical change in the equipment or operation of the control tower. Over the same period, construction at the airport has affected controller visibility of the aeronautical operational areas. The existing control tower cab and administrative space are inadequate to accommodate the present or future air traffic control requirements. In answer to these problems, the Federal Aviation Administration (FAA) has included a project authorization to replace the tower in their Fiscal 1986 program.

The existing control tower is located adjacent to the parking lot in front of the International Arrivals Building (IAB) at JFK, in an area proposed for development as a Transportation Center under the JFK Redevelopment Program. The 1986 Master Plan for the redevelopment of JFK called for a new control tower to be located at the apex of the cone over the central rotunda where the Passenger Distribution System would terminate. The Master Plan concept would have been technically difficult and more expensive to construct. The new control tower will, therefore, be centered on the ramp adjacent to the IAB, facilitating implementation of the JFK Redevelopment Program. The new tower location is a site currently subject to a "right of common use" under a long-term lease to the Wing Building Lessees serving the IAB; the re-taking of the area needed for this project will be required and discussions with the affected airlines have commenced.

The new Air Traffic Control Tower at JFK will house the FAA's present and future air traffic control and administrative space requirements. The existing tower will be demolished once the new tower is operational. The new control tower will also house Port Authority operations directly related to ramp control at the IAB and to the monitoring of departures for compliance with the Port Authority's Aircraft Noise Policy. The new tower is one element of the JFK Redevelopment Program and its construction in the ramp area of the IAB will allow the early start of construction on the major portions of that Program. The project will also provide for the manufacture and installation of a new and enhanced baggage distribution system for the IAB.

Approximately \$5.8 million of the project cost may be reimbursed by the FAA. Port Authority costs for this project are fully recoverable through the flight fee and other lease arrangements.

All contracts will require, as a minimum, good faith efforts to meet goals of 15% Port Authority certified Minority Business Enterprise/Women Business Enterprise participation of which at least 10% must be MBE's.

(Board - 8/25/88)

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize a project for a new Airport Traffic Control Tower at John F. Kennedy International Airport, including facilities for Port Authority staff functions involved with ramp control and sound monitoring activities, the demolition of the existing Airport Traffic Control Tower once the new tower is operational and manufacture and installation of a new and enhanced baggage distribution system in the International Arrival Building (IAB), at a cost estimated at \$55 million, including administrative, engineering and financial expense and a project contingency; and it is further

RESOLVED, that the Board authorize the Executive Director to:

- (a) award Contract JFK-320.004 for the construction of control tower foundations to the lowest qualified bidder; (b) take such action with respect to the award of purchase or construction contracts for the remainder of the foregoing project as he deems in the best interest of the Port Authority including, without limitation, award to 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, rejection of all bids, solicitation of new bids on revised or the same requirements, or negotiation with one or more bidders or other contractors; (c) execute contracts and supplemental agreements with such bidders or contractors as he deems in the best interest of the Port Authority and to order extra work and net cost in connection with each contract; (d) enter into any necessary leases or other contractual agreements, relative to the new tower, with the Wing Building Lessees and the Federal Aviation Administration (FAA) as he deems in the best interest of the Port Authority; and (e) negotiate and enter into agreements relating to the installation and relocation of public and private utilities.

Kennedy International Airport - Supplement to Lease No.
AYB-688 with The King Interests Corp. - Air Cargo
Building

It was recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into a supplemental agreement to Lease No. AYB-688 with The King Interests Corp. (King) at Kennedy International Airport to provide for the tendering of a second site (Site II) to King for construction of a single or multi-occupancy air cargo building incorporating a renovated and refurbished Hangar 11 with ground rentals for such site to commence on the earlier to occur of the first occupancy by a subtenant, completion of construction, or eighteen months from the date the site is tendered. The lease term would be extended through and including November 30, 2015 for all premises under the lease and effective February 1, 2014 the lessee would pay a ground rental for all the premises and a building rental for the building on Site I at the then fair airport market rates. In addition the lessee would continue to pay a percentage rental equal to 10% of its gross receipts as defined in the lease in excess of ten times the annual ground rentals. Upon the lessee making a one-time-payment to the Port Authority in an appropriate amount the payment of Facility Rental under the lease would be abated. Upon execution of the supplemental agreement the lessee would become obligated to pay the Port Authority, in a manner to be specified therein, the amount of \$1.2 million.

The facility to be constructed on Site II would contain approximately 200,000 square feet and is estimated to cost approximately \$25 million. The supplement would provide that King could mortgage its leasehold interest in both Site I and Site II, in an agreed-upon amount, related to the estimated costs of construction of both buildings plus accrued interest, provided that the Port Authority would be able to deal with King substantially in the same manner as if no lender were involved.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director be and he is, hereby authorized, for and on behalf of the Port Authority, to enter into an agreement supplemental to Lease No. AYB-688 with The King Interests Corp. at Kennedy International Airport covering the construction of an air cargo facility substantially upon the terms set forth above; the form of the agreement to be subject to the approval of the General Counsel or his designated representative.

(Board - 8/25/88)

New York City Passenger Ship Terminal - Pier 40 - Express
Industries and Terminal Corp. - Revisions to Lease
Amendments

It was recalled that at its meeting on April 14, 1988 the Board authorized the Executive Director to enter into agreements amending leases with Express Industries and Terminal Corp., a warehousing 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 claims by the Port Authority arising out of the tenant's unauthorized subletting activities and claims by the tenant arising out of the closing of Pier 40. Included among the amendments were provisions for abatement of rentals pending structural restoration of the Pier. The full rent on the main deck was to commence March 1, 1988 and full rent for the second deck was to commence August 1, 1988. Rental at a reduced rate was to be payable for the second deck for the period from March 1, 1988 to July 31, 1988. Unforeseen field conditions delayed the completion of the Pier restoration work making it necessary to defer the resumption of full rent on the main deck. In addition, Express refused to agree to the previously authorized amendments unless resumption of rental for the main deck was further delayed and the term of its main deck lease was extended. Subsequently, Express advised that resolution of the issues concerning the main deck lease was contingent upon Express being granted a similar arrangement for the second deck including further rental modifications and an extension of the lease term.

It was therefore recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into an agreement amending the Port Authority's lease with Express covering the main deck at Pier 40 to extend the term of the letting of the main deck for a period from September 1, 1992 through December 30, 1994 and to delay the effective date of payment by Express of full rent for the main deck from March 1, 1988 to September 1, 1988. The Port Authority will have the right to terminate the lease without cause on 120 days' notice any time after September 1, 1993. Effective September 1, 1992, rental for the main deck will be subject to escalation based on the percentage increase in the Consumer Price Index measured from August 1982. It was further recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into an agreement amending the Port Authority's lease with Express covering the second deck at Pier 40 to extend the term of the letting from September 1, 1989 to December 30, 1994 with the Port Authority retaining its right to terminate the lease without cause on 30 days' notice and to delay the effective date of payment by Express of full rent for the second deck from August 1, 1988 to March 1, 1989. In lieu of the reduced rent previously agreed to for the period from March 1, 1988 to July 31, 1988, Express will pay a reduced rental for the second deck at the rate of \$105,000 per year for the period from September 1, 1988 to December 31, 1988 and at the rate of \$210,000 per year for the period from January 1, 1989 to February 28, 1989. Effective September 1, 1989 rental for the second deck will be subject to escalation based on the percentage increase in the Consumer Price Index measured from August 1988.

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 agreements amending the Port Authority's leases with Express Industries and Terminal Corp. covering the main and second decks at Pier 40 substantially in accordance with the terms and conditions set forth above, the form of each agreement to be subject to the approval of General Counsel or his designated representative.

Incentive Program to Attract New Oceanborne Cargo

The Port Authority has been working with other maritime interests to develop a program to reduce the higher costs of shipping through this Port relative to other North Atlantic Ports. Currently, of 1.2 million containers handled through Port of New York and New Jersey facilities, only 82,000 move to and from points beyond 260 miles, and of these, approximately 20,000 move by rail.

The competitive position of the Port of New York and New Jersey has been challenged because among other things both the Virginia Port Authority and Maryland Port Authority heavily subsidize rail intermodal operations in order to attract Midwestern cargo to their Ports. Each of these Ports have established various practices to subsidize cargo moving by rail to the Midwest.

The New York Shipping Association, with the concurrence of the International Longshoremen's Association has agreed to reduce the fringe benefit (tonnage assessment) paid by steamship lines for containers moving more than 260 miles to and from this Port from approximately \$180 per container to approximately \$87 per container, a reduction of \$93 per box.

As the Port Authority's contribution to reducing costs in the Port, and in order to provide an incentive of route cargo through this Port, thus increasing the use of underutilized rail/water facilities, a \$25 per import container and \$50 per export container incentive for drayage between the point of rest in our local marine terminals and regional rail ramps is proposed. This payment would be offered to the steamship line or shipper who is responsible for routing the cargo. The actions announced by the New York Shipping Association and proposed by the Port Authority would make the Port of New York and New Jersey more competitive and affordable to steamship lines and shippers routing rail cargo to and from the Midwest.

The authorization for implementation of this incentive program and any agreements to be entered into would be for the period September 12, 1988 to December 31, 1989. At the end of six months, the program will be evaluated to determine its effectiveness and whether modifications should be recommended.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize an incentive payment to steamship lines and/or shippers of \$25 per import container and \$50 per export container for drayage between the point of rest in local marine terminals and regional rail ramps for cargo shipped by rail to and from points greater than 260 miles from the Port; and it is further

RESOLVED, that the Executive Director be and is hereby authorized to provide for the administration of the program and the procedures for making the authorized payments upon presentation of appropriate supporting documentation, as required by the Port Authority and to enter into any appropriate agreements in connection therewith.

(Board - 8/25/88)

**Hoboken to Battery Park City Ferry Service - Selection of
Private Operator - Authorization to Finalize
Negotiations with Arcorp/Hartz Ferry Transportation
Joint Venture**

Over the past ten years, passenger demand at existing Port Authority trans-Hudson facilities has grown steadily. The increasing passenger volumes, especially during the peak commuting hours, in some cases already exceed existing capacity. This growth is expected to continue through at least the 1990's. Staff has studied a number of alternatives for providing sufficient capacity to handle the growing demand at these facilities. Studies indicate that one of the major growth areas is in the Hoboken to lower Manhattan travel market, which is presently served by PATH's Hoboken to World Trade Center service. Growth in this market is attributable to growth in lower Manhattan jobs and development of the waterfront in Hudson County. In addition, New Jersey Transit's "Waterfront Connection", which would provide commuter rail access to Hoboken from Penn Station, Newark, promises to bring additional trans-Hudson passengers to Hoboken. New Jersey Transit (NJT) expects to phase in the Waterfront Connection between 1991 to 1992.

After evaluating the physical, operational and financial considerations associated with expanding PATH service on the Hoboken-World Trade Center line, it was determined that a ferry service would offer a timely, cost effective method of providing additional capacity for this key travel market.

Following identification of ferry service as a favorable alternative for providing additional capacity for the New Jersey to lower Manhattan travel market, staff explored methods for providing this service in the most cost effective manner. One method considered was the privatization of the service, in which the Port Authority would contract with a private entity to provide the ferry service. Believing substantial benefits could be realized from this approach, staff issued publicly advertised Request for Proposals (RFP) in October 1987, stating the Port Authority service requirements and soliciting proposals from potential operators. The proposals were to describe the routes, vessels and terminals to be used, as well as provide plans for operating and maintaining the service. In addition, proposers were to describe the nature of support, if any, they would require from the Port Authority in order to initiate service.

Fifteen proposals were received and evaluated. After evaluation of all proposals received and discussion of potential terms of agreement with selected finalists, the proposal from Arcorp/Hartz Ferry Transportation Joint Venture, a joint venture of Arcorp Properties, a wholly owned subsidiary of APA Truck Leasing Company and Hartz Mountain Industries, Inc., was judged to meet the Port Authority's service requirements for trans-Hudson ferry service in the most cost effective manner with the least financial risk to the agency. Under its proposal Arcorp/Hartz would design and construct the vessels and terminals needed for initial service as well as operate and maintain the service.

(Board - 8/25/88)

The ferry service proposed by Arcorp/Hartz, as refined through discussions with staff, is as follows:

Service Description:

A peak period commuter ferry service between Hoboken, New Jersey and Battery Park City in lower Manhattan, designed to relieve passenger demand on PATH's Hoboken to World Trade Center line. Arcorp/Hartz would provide service adjustments as needed to achieve this result, including provision of additional or larger vessels, fare adjustments, changes in headways, additional passenger amenities and additional routes. Under other stated conditions relating to market demand Arcorp/Hartz may institute additional service to other lower Manhattan sites. Demand in excess of 6,000 passengers in the peak hour at Battery Park City must be diverted to an alternate lower Manhattan terminal site.

Service Commencement:

Spring 1989.

Hours of Operation:

7-10 a.m., 4-7 p.m., Monday to Friday; some off peak service may be provided.

NJ Terminal:

South of the former Erie-Lackawanna Ferry Terminal in Hoboken, New Jersey, adjacent to New Jersey Transit's Rail and Bus Terminals.

NY Terminal:

North of the North Cove of Battery Park City in New York, New York, adjacent to the Hudson River bulkhead.

Fares:

Arcorp/Hartz would determine fares taking into consideration the mass transit nature of the service.

Passenger Capacity:

Start-up service designed to handle at least 2,100 passengers in the peak hour with headway of no more than 10 minutes; would be increased as warranted by demand, up to 6,000 passengers in the peak hour at Battery Park City.

Vessels:

Four vessels, including one spare, capable of carrying 350 passengers.

(Board - 8/25/88)

Initial Terminals:

Floating barges moored by pilings with enclosed waiting areas.

Operator Agreement Provisions:

(a) Arcorp/Hartz would be responsible for the design, construction, operation and maintenance of a ferry service between Hoboken and Battery Park City, including provision of vessels and initial terminal facilities.

(b) The Port Authority would make the terminal facility sites available but would not make any payments for capital or operating costs other than for permanent terminals and for landside access improvements at Hoboken and Battery Park City. Gross revenues collected by Arcorp/Hartz from the permanent terminals, including landing fees charged to other services, concessions and advertising, in excess of the terminal's operations and maintenance costs and a management fee of 8% of gross revenues, would be divided, with two thirds for the Port Authority and one third for Arcorp/Hartz.

(c) The term of the proposed agreement is twenty years, with an extension option premised upon major reinvestment by Arcorp/Hartz. Should Arcorp/Hartz be unable to meet the service requirements specified in the contract, the vessels, terminal facilities and ancillary equipment would be made available to the Port Authority.

(d) Arcorp/Hartz would place additional vessels into service as warranted by passenger demand at no cost to the Port Authority. Subject to approval by the Port Authority and to such limitations as the property owners of the terminal sites may impose, Arcorp/Hartz may use the vessels and terminal facilities for other revenue activities as long as commuter service is not affected.

(e) The Port Authority would provide permanent terminal facilities and make landside access improvements as required to serve increased passenger demand as well as all regulatory and environmental permits required for terminal siting and construction. The landside access improvements at Battery Park City include items such as the provision of escalators and revolving doors to accommodate the flow of ferry passengers between the World Financial Center and the World Trade Center. At Hoboken, these improvements will include items such as platform and track modifications to the south side of NJT's Hoboken Rail Terminal to improve access to the ferry terminal. Arcorp/Hartz would have the option to participate in the financing, design and construction of the terminal at Hoboken. The budget level estimate of the project cost for the terminals and landside access improvements excluding the access improvements in Hoboken is \$126 million. The Port Authority would monitor ferry operations and undertake structural maintenance of the terminal as well as provide assistance in the planning and marketing of the service.

(Board - 8/25/88)

(f) Unless ordered by the Executive Director, Arcorp/Hartz would not be obligated to proceed with vessel procurement and construction until the rights to terminal sites and permits have been secured. If ordered to proceed, the Port Authority would reimburse Arcorp/Hartz for any incremental expenses for vessel procurement and construction incurred due to delays or failure in acquiring necessary rights or permits.

(g) Arcorp/Hartz will make a good faith effort to meet a goal of 10 and 1% for participation by Minority Business Enterprises (MBE) and Women Business Enterprises (WBE), respectively, in operating and maintenance expenditures. The Port Authority and Arcorp/Hartz will make a joint good faith effort to meet a goal of 10% and 1% for participation by MBE's and WBE's, respectively, in the aggregate of all capital expenditures.

Staff has been negotiating with New Jersey Transit Corporation and the Battery Park City Authority (BPCA) to develop lease and/or license agreements for terminal sites and with the New York State Office of General Services (NYSOGS) for the riparian rights needed for the New York terminal. The agreement with Arcorp/Hartz will be contingent upon securing terminal sites. NJT, BPCA and NYSOGS have indicated an intent to grant interim operating licenses as needed to institute service pending completion of lease negotiations.

Arcorp Properties currently operates two trans-Hudson commuter ferry services from Weehawken, New Jersey one to 38th Street in Manhattan and one to South Ferry in Manhattan.

Whereupon, the following resolution was adopted, Chairman Kaltenbacher abstaining and Commissioner Hellmuth voting "no":

RESOLVED, that the Board adopt the Executive Director's recommendation that the Arcorp/Hartz Ferry Transportation Joint Venture (Arcorp/Hartz), a joint venture of Arcorp Properties, and wholly owned subsidiary of APA Truck Leasing Company, and Hartz Mountain Industries, Inc., be selected as the successful candidate for the design, construction, operation and maintenance of a trans-Hudson ferry service between Hoboken, New Jersey and Battery Park City in New York; and it is further

RESOLVED, that the Board authorize the Executive Director to finalize contract negotiations for an agreement with Arcorp/Hartz for implementing the Hoboken to Battery Park City ferry service, said agreement to indicate that its implementation is contingent upon further Board authorization of the contract, and any Board

(Board - 8/25/88

certifications and authorizations required for service and upon securing terminal sites and associated easements in Hoboken and Battery Park City as well as any required riparian rights from New York or New Jersey; the form of the agreement to be subject to the approval of General Counsel or his authorized representative.

Whereupon, the meeting was adjourned.

Acting Assistant Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES
Thursday, September 8, 1988

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MINUTES of meeting of The Port Authority of New York and New Jersey held Thursday, September 8, 1988 at the Port Authority offices, One World Trade Center, City, County and State of New York.

PRESENT:

NEW JERSEY

Philip D. Kaltenbacher, Chairman
 William K. Hutchison
 Henry F. Henderson, Jr.
 Robert Van Buren
 Hazel Frank Gluck
 Richard C. Leone

NEW YORK

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

Stephen Berger, Executive Director
 Patrick J. Falvey, General Counsel/Deputy Executive Director
 John Lister, Acting Assistant Secretary
 Robert J. Aaronson, Director of Aviation
 Rebecca Dogget Andrade, Director, Office of Business & Job Opportunity
 Anthony J. Barber, Director of Tunnels, Bridges and Terminals
 Mary Brew, Executive Assistant
 John J. Collura, Director of Management and Budget
 Henry I. DeGeneste, Director of Public Safety
 Sidney J. Frigand, Assistant Executive Director/Government, Community & Public Affairs
 Eugene J. Fasullo, Deputy Director/Chief Engineer
 Gene C. Gill, Director of General Services
 Francis A. Gorman, Comptroller
 John E. Haupt, Treasurer
 Christine M. Johnson, Director, Office of Transportation Planning
 Leon Katz, Supervising Information Officer, Public Affairs
 James J. Kelly, Deputy Director, Management Information Services
 Richard R. Kelly, Director of Rail Transportation
 Phil LaRocco, Director of World Trade and Economic Development
 Donald R. Lee, Director of Audit
 Lillian C. Liburdi, Director of Port Department
 Emily C. Lloyd, Director, Office of Business Planning and Development
 Mark Marchese, Assistant Director, Information Services, Government, Community & Public Affairs
 Edward J. O'Malley, Director of Personnel
 Hugh O'Neill, Assistant Executive Director/Policy Planning and Business Development
 David Z. Plavin, Director of Aviation Redevelopment Programs
 Sally Sakin, Administrative Assistant
 Lloyd D. Schwalb, Supervisor, Media Promotions
 Morris Sloane, Director of Aviation Operations
 Barry Weintrob, Chief Financial Officer

The meeting was called to order by the Chairman.

Correction of February 11, 1988 Minutes

The Acting Assistant Secretary reported three corrections for the February 11, 1988 Minutes, in connection with the rules and regulations of the George Washington Bridge and Bus Station (appearing following page 59 of those Minutes). On page (i) of the rules and regulations, the words "locations on the subway mezzanine, main concourse," should be added as the last line. On page (o) of the rules and regulations, the word "materials" should be added at the end of the tenth line. On page (w) of the rules and regulations, the first word on line 3 of paragraph 51 should read "shall."

Report of Committee on Construction

The Committee on Construction submitted a report, for information, of action taken at its meeting on September 8, 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 September 8, 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 September 8, 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 September 8, 1988, in addition to matters separately reported to the Board of Commissioners at this meeting of the Board, and the report was received.

New York Passenger Ship Terminal - Pier 40 - Project
Authorization and Award of Contract PST-110.013 - Pier
40 Pile Repair - Phase II

Parsons, Brinckerhoff, Quade & Douglas, retained by the Port Authority in 1985 and 1987 to inspect Pier 40, found that there was considerable and continuing corrosion of the steel piles which support the Pier, and in 1987 recommended that the Pier be closed. On August 29, 1987 Pier 40 was effectively closed, and since there was still the danger of possible collapse because of the continued corrosion of the piles, staff deemed it essential that repairs begin immediately.

At the September 22, 1987 Policy Review meeting, the Commissioners verbally approved the proposed action to be taken by the Chief Engineer for the repair of piles at Pier 40. The Chief Engineer authorized award of Contract PST-110.012, Passenger Ship Terminal, Pier 40, Repair of Piles, to Spearin, Preston & Burrows, Inc. At its meeting on October 30, 1987, the Board approved the award by the Chief Engineer of Contract PST-110.012 to Spearin, Preston, & Burrows at a cost roughly estimated at that time at \$5.8 million and authorized the Executive Director, in his discretion, to enter into Supplemental Agreement No. 1 to that contract providing for certain modifications to the contract. The Board was advised that future contracts would be required to provide a protective coating for the piles, and to provide for restoration of the cathodic protection system to ensure the continued integrity of the repaired sections. The Board was advised at its meeting on March 10, 1988 that the project costs to complete the repairs under Contract PST-110.012 were estimated at \$10.14 million. Approximately 3,000 piles were repaired under Contract PST-110.012 which was completed on May 27, 1988 at a final cost of approximately \$10 million.

Phase II of the work, under Contract PST-110.013, will provide for repairs to piles not performed under Contract PST-110.012, the installation of a protective coating for piles, the construction of a new cathodic protection system for all piles and underwater inspection by a Professional Engineer of the work under the Contract to verify compliance with Contract PST-110.013.

Because a lease entered into in 1971 between the Port Authority and the City of New York provided that the City would be responsible for repairs to the substructure of Pier 40, which was found by a survey conducted later that year to have been in need of rehabilitation prior to New York State's takeover of the facility for purposes of the Westway project, staff intends to discuss with the City of New York and the State of New York the sharing of some of the costs of the pile repair at Pier 40.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize:

1. a project for repair of the existing steel piles, construction of a new cathodic pile protection system and provision of a protective coating for required piles, all in connection with the pile supports at Pier 40 in New York City, New York, at a total project cost presently estimated at \$21 million, including payments to contractors, an allowance for extra work and administrative, financing and engineering expenses, approximately \$11 million of which has been spent to complete work under Phase I; and

2. the Executive Director to award Contract PST-110.013, Pier 40 Pile Repair - Phase II, to the lowest bidder qualified by reason of responsibility, experience and capacity to perform the work and whose bid price is deemed reasonable and to order extra work up to 10% of the bid accepted or to reject all bids.

**Howland Hook Marine Terminal Rehabilitation - Project
Authorization and Award of Contracts**

The Howland Hook Marine Terminal is owned by the City of New York and was leased to the Port Authority for a term of 38 years under an agreement, approved by the Board in May 1985, between the Port Authority, the City and United States Lines (the then-existing tenant). The Board also approved a project which provided for improvements to the Terminal, at an estimated cost of approximately \$86 million, of which \$18 million was spent. Subsequently, U.S. Lines filed for bankruptcy on November 24, 1986.

The Terminal has not been used since March 1987. Recently Sea Terminals Inc., a newly formed terminal operating company, has been allowed to operate a small portion of the Terminal under a permit. It has been successful in attracting Independent Caribbean Lines which provides a weekly service between Howland Hook and Puerto Rico. In order to restore the Terminal to an acceptable operating condition to make it more marketable, it is necessary to rehabilitate the high voltage electrical distribution system, wharf, crane rail, cranes, pavement and utilities systems and other miscellaneous items. Necessary wharf repairs are the responsibility of the City of New York as the wharf was excepted at the time of the letting pending a survey. The survey has been performed and has disclosed the need for extensive repairs.

The Port Authority is currently engaged in discussions with the City of New York concerning future operations at the Howland Hook Marine Terminal. The decision to proceed with any part of the proposed project will be at the discretion of the Executive Director pending the outcome of those negotiations.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize:

1. a project for the rehabilitation of the Howland Hook Marine Terminal, at a total expenditure presently estimated at \$25 million including payments to contractors, allowances for extra work and net cost work, engineering, administrative and financing expenses, related agreements and project contingency; and

2. the Executive Director to: (a) take such action with respect to purchase and construction contracts, contracts for professional and advisory services for the foregoing project as he deems in the best interest of the Port Authority, including without limitation award to 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; rejection of all bids; solicitation of new bids on revised or the same requirements or negotiation with one or more bidders or contractors; solicitation from a select list for critical or specialty work; (b) 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 contract including supplemental agreements thereto; and (c) negotiate and enter into agreements relating to the installation and relocation of public and private utilities.

All Airports - Consolidated Ground Transportation Counter
Program - Contract Award

It was recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into an agreement with Hudson General Corporation ("Hudson General") to manage and operate the Consolidated Ground Transportation Counter Program ("the Counter Program") at all three Airports and to staff the "Air-Ride" telephone information service at the World Trade Center at an estimated cost of \$12.6 million, inclusive of 15% for extra service but exclusive of annual escalation. The Counter Program was developed to provide the public with an effective, organized and unbiased means to obtain ground transportation information and make reservations with Port Authority ground transportation permittees. The agreement would be for a term of three years, with the right to extend the agreement for two additional two-year terms subject to the approval of the Committee on Operations. Hudson General would have the right not to continue the agreement for any renewal term by giving twelve months prior written notice to the Port Authority. Hudson General was selected on the basis of its response to a Request for Proposals by the Port Authority.

Hudson General would subcontract a portion of the work under the agreement to Robinson Bus Service, Inc. of Evanston, Illinois, a minority business enterprise certified by the Port Authority Office of Business and Job Opportunity.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director be and he is hereby authorized, for and on behalf of the Port Authority, to enter into an agreement with Hudson General Corporation for the management and operation of the Consolidated Ground Transportation Counter Program and the staffing of the "Air-Ride" telephone information service, substantially on the terms set forth above and, subject to the approval of the Committee on Operations, the agreement may be extended for two additional two-year terms; the form of the agreement to be subject to the approval of General Counsel or his designated representative.

(Board - 9/8/88)

John	F.	Kennedy	International	Airport	International	Arrivals
Building	-	Phase	II	Program	-	Customs
Capacity		Improvements		-	Project	Hall/Lobby
Authority to Award Contracts						Authorization

The International Arrivals Building Improvement Program, which focused on renovations to the Immigration and Naturalization areas, the interline baggage system and lobby, has significantly enhanced the ability to provide a satisfactory level of service to arriving international passengers using the facility. Unfortunately, heavy congestion is still experienced in the baggage claim area of the Customs Hall. The baggage belts are the prime contributor to this congestion, due to a lack of capacity to adequately store and deliver the bags for pickup causing excessive floor storage and long waiting lines. With the anticipated increases in passenger traffic, the existing baggage system will be unable to provide an acceptable level of passenger service.

Further, much congestion is experienced in the lobby area due to a lack of adequate "meeter and greeter" space. It is proposed that this problem be addressed by expanding the lobby area onto what is now frontage curb thus creating approximately 5,600 square feet, an increase of roughly one-third in new usable space, including a more comfortable and secure ground transportation area, which will enable facility staff to exert greater control over unauthorized ground transportation solicitation.

The existing belts in the Federal Inspection Services (FIS) area require substantial maintenance in order to minimize downtime. The belts which were installed in 1965/1967 and modified in 1978 do not have sufficient capacity to handle the baggage from a fully loaded 747, thus resulting in a need to continually remove bags from the belt and store them on the floor to permit subsequent flights to be processed. The proposed replacement belts will nearly double the overall linear footage of the total baggage belt system and be able to hold the baggage from a fully loaded 747 flight. Additional queuing space will be created by moving the counters forward, thus improving the movement through the hall. Associated ceiling modifications, lighting, and other finishes will enhance the environment for both patrons and workers in the area.

The contracts and purchase orders under the project will include all necessary modifications in the FIS Hall to install eight continuous loop flat plate baggage belts. The work will consist of removing the existing belts, modifying door openings onto the apron, installing new electrical power, canopies, control devices and relocating a surge suppresser on the apron. A new ceiling will be installed, Customs counters relocated, upgraded signing provided. Federal agency security areas will be expanded, and modifications made to the air return ducts to improve the heating and air-conditioning in the area. The glass wall at the outside of the lobby will be relocated to provide for a substantially increased area and doorways relocated to improve passenger movement through the lobby. Additionally, the scope of work includes alterations to provide for a separate controlled ground transportation area.

(Board - 9/8/88)

The Board at its meeting on August 25, 1988, authorized a separate \$3.5 million for the manufacture and installation of the enhanced baggage distribution system for the International Arrivals Building (IAB) in connection with its authorization of the construction of a New Control Tower. Contract JFK 410.142 falls within this authorization.

The contracts for the work will provide that the contractor will use every good faith effort to meet a goal for Minority Business Enterprise participation of 12% for firms owned and controlled by minorities and 2% for firms owned and controlled by women. A portion of the work may be performed during nighttime hours in order to minimize inconvenience to the public and interference with airport operations.

Because of the nature of the work, bids on certain of the contracts will be solicited from a list of contractors approved by the Chief Engineer who are experienced and capable of performing the work; are known to have previously performed satisfactory work for the Port Authority; and can respond with sufficient labor, equipment and materials to perform the work on a timely basis.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize:

1. a project at Kennedy International Airport for modifications and alterations to the International Arrivals Building (IAB) Customs Hall Area and expansion of the lobby at the IAB at an expenditure presently estimated at \$15 million, including payments to contractors, an allowance for extra work, engineering, administrative and financing expenses and a project contingency;

2. the Executive Director to award the following contracts to the contractor who submits the lowest bid, 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;

a. Contract JFK-410.142 - IAB Baggage Belt System - for the fabrication and installation of a replacement baggage claim system and for certain minor building modifications to accommodate the system;

b. Contract JFK-410.141 - IAB Federal Inspection Services (FIS) Area Miscellaneous Building Alterations - for the renovations and alterations to the Customs Hall;

c. Contract JFK-410.144 - IAB Lobby Renovations - for increasing the size of the lobby meeter and greeter area; and to order extra work up to 10% of the bid accepted, or to reject all bids; and

3. the Executive Director to: (a) take such action with respect to award of other purchase and construction contracts for the foregoing project as he deems in the best interest of the Port Authority including, without limitation, award to 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, rejection of all bids, solicitation of new bids on revised or the same requirements, or negotiation with one or more bidders or other contractors; and (b) execute contracts and supplemental agreements with such bidders or 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 contract, including supplemental agreements thereto.

**John F. Kennedy International Airport - Relocation of the
Western Taxiways "I" and "O" - Planning Authorization**

The Board, at its meeting on September 8, 1966, authorized the start of a multi-phase project for the relocation of Taxiways "I" and "O" which referred to a Master Plan for the relocation of these taxiways in their entirety. Subsequently, in a series of construction contracts, these taxiways were relocated to a location which provided for maximum passenger terminal site expansion, with the exception of the portion of the taxiways opposite the United and American Airlines Terminals (between the Van Wyck and J.F. Kennedy Expressways).

A determination has now been made that additional passenger terminal facilities are required to handle forecasted future growth and that it will be necessary to implement the final phase of the original program to relocate the taxiways. In order to provide an additional 43 acres of land for the construction of larger aircraft parking and/or terminal facilities, it is necessary to relocate Taxiways "I" and "O" in the areas serving the existing United and American passenger Terminals.

The work under the proposed project will include paving and utilities for new taxiways, restricted service roads, electrical, storm drainage and other incidental work in the areas opposite the American and United passenger terminals. In addition, the work will include the demolition of Cargo Building 82 and a portion of Cargo Building 81.

In addition, this proposed project will require the use of existing Employee Parking Lot No. 7. Therefore the Board, at its meeting on January 14, 1988 authorized a project for modifications to existing Parking Lot No. 8 to provide for the necessary replacement of employee parking space.

The cost of the proposed project is currently estimated at \$68 million including payments to contractors, allowance for extra work and net cost work engineering, administration, financial expense and a project contingency.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize staff to develop studies, surveys, field investigations, plans, specifications, cost estimates and other ancillary data for a project at John F. Kennedy International Airport to provide paving and utilities and incidental systems for the relocation and modification of the western portion of Taxiways "I" and "O" in the vicinity of the American and United Unit Terminals.

(Board - 9/8/88)

**La Guardia Airport - West End Substation and Relocation of
27KV Feeders - Project Authorization and Award of
Contract**

In light of the proposed major capital improvements at LaGuardia Airport, including the Central Terminal Building (CTB) modernization and expansion, the Engineering Department undertook a study of the existing electrical distribution system at the facility. The study concluded that the existing system does not provide sufficient contingency and the airport may soon face the risk of potential power shortages. A new Master Plan was developed for the airport electrical distribution system. Under the plan, power to facilities west of the CTB will be provided from the new west end substation instead of from the existing central substation which is operating at full capacity. Construction of the substation is critical to the orderly and timely implementation of the CTB Expansion and Modernization Project and related relocation of utilities.

The total load on the existing central sub-station serving LaGuardia Airport is now exceeding the allowable capacity. In July and August of 1986, the facility used 12.3 MVA which is just below the the maximum 12.5 MVA capacity. Subsequently, a number of Port Authority and tenant projects such as The Pan Am Shuttle Terminal, plus a number of tenant modernization and expansion projects were completed which increased that demand. The standard policy concerning power interruption at all Port Authority airports requires that two of the four 27KV feeders and transformers and associated equipment have the capacity to meet the power demands for the operation of the facility.

The existing 27KV feeders currently serving the central substation run from the western airport property line at 81st Street to the existing central substation, are located in front of the CTB, and will be affected by the expansion and modernization project authorized by the Board in September 1987. Negotiations with Con Ed resulted in agreement on a new routing for the 27KV feeders to the existing sub-station from a location directly south of the Grand Central Parkway in the vicinity of the existing flyover.

The proposed project provides for the design and construction of a new substation with 27KV/5KV transformers and associated switchgears and duct banks to interface with the existing electrical system. It will also provide for the future elimination of the 27KV feeders serving the existing central substation from the west end of the airport and the construction of new 27KV feeders from south of the flyover to the existing central substation. This project is required to provide LaGuardia Airport with an electrical distribution system capable of meeting the present and projected forecast demand, and is part of the phased implementation of the LaGuardia electrical Master Plan.

It is important to complete the relocation of the 27KV feeders from in front of the CTB at the earliest possible time which will allow the CTB Expansion and Modernization Project to be constructed without adversely impacting its schedule and budget. It is anticipated that the construction work will begin by January 1989. The relocation of the 27KV feeders will be completed in fall of 1989 and the construction of the new west end substation will be completed by the year end of 1990.

(Board - 9/8/88)

The contracts for the project, to be publicly advertised, will provide that the bidder will use every good faith effort to meet a goal of Minority Business Enterprise participation of 12% for firms owned and controlled by minorities and of 2% for firms owned and controlled by women.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board authorize:

1. a project for the construction of a new west end electrical substation at LaGuardia Airport and the relocation of 27KV feeders supplying the existing central substation at an estimated total project cost of \$11.8 million including payments to contractors, pre-purchasing of cables and equipment and an allowance for extra work, administrative, engineering and financing expenses and a project contingency; and

2. the Executive Director to award contracts LGA-110.060 entitled "West End electrical SubStation" and LGA-110.074 entitled "Relocation of 27KV Feeders", each to the lowest bidder who is qualified by reason of responsibility, experience, and capacity and whose bid price the Executive Director deems reasonable and to order extra work up to 10% of each bid accepted, or to reject all bids on the contract.

La Guardia Airport - Lease Covering Construction and
Construction Payments for New East End Terminal with
Continental Airlines, Inc. and Eastern Air Lines, Inc.

It was recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into a lease agreement with Eastern Air Lines, Inc. and Continental Airlines, Inc. acting jointly and severally (the "Airlines") for an approximately sixteen acre site in the east end of La Guardia Airport for construction of a new passenger terminal intended to have at least nine gates with approximately 250,000 square feet of interior space. The building will be physically connected to the existing Eastern Shuttle Terminal. The Airlines will construct all necessary paving and utilities, including any upper level roadway and associated roadways work and a replacement electrical substation to serve all three terminals in the east end of the airport, with the Port Authority to reimburse or credit the Airlines for the appropriate share of the cost allocated to the Delta Terminal. The Airlines will also demolish the two existing hangars which they currently occupy on the site.

The new terminal lease will have a fixed term with respect to the construction period and thereafter will be for one year on a month-to-month basis. The Airlines will pay under the new lease not less than the rentals for the hangars and associated land received today and as scheduled to be paid through August 31, 2006 (the expiration date of the Eastern Shuttle lease). New rentals will then be developed by the Port Authority beyond that date. There will be a two year deferral of rent for Hangar 8 which must be demolished for construction of the new terminal and a six months' deferral of rent for Hangar 6 which will be demolished later in the project to allow completion of the aircraft parking area. These rental deferrals will be paid from the opening of the terminal but no later than January 1, 1993 through August 31, 2006. Port Authority construction payments will be the basis for an additional monthly rental at an appropriate payment factor (based on a 25 year or lesser period) for each dollar so paid by the Port Authority plus accruals during construction. Payment of this additional monthly rental will commence on the completion of construction but not later than January 1, 1991. Payment will be completed (assuming uninterrupted annual renewals) no later than December 31, 2015.

Port Authority construction payments will be made for the costs of the construction of the new terminal and related facilities including associated roadway and infrastructure costs. Construction payments on the project will in no event exceed \$162 million plus unutilized funds from construction by the Airlines of the in-flight kitchen at LaGuardia Airport as set forth in a separate board authorization. The Airlines will be obligated to provide additional investment of at least 13% of the total cost of construction of the new terminal and related facilities.

The lease will also provide for a single payment by the Port Authority to the Airlines of \$10 million plus their unamortized investment as defined in the lease, upon the obtaining of possession of the premises by the Port Authority in the event the Port Authority terminates or does not renew the month-to-month tenancy other than for cause. Similarly, the Airlines will be obligated to make a single payment of \$10 million to the Port Authority in the event they terminate the month-to-month tenancy or do not renew it other than for cause. Under the terms of the lease the Airlines will be responsible for operations, maintenance and insurance within the premises. The Airline will also be responsible for bringing utilities to the premises, and consumption will be metered and paid for.

It was further recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into an amendment to the Eastern Air Lines Shuttle Terminal lease to provide for the surrender of a ramp area, leasing of additional premises, construction and rental amendments as appropriate; and to enter into agreements with Eastern Air Lines, Inc. and Continental Airlines, Inc. (New York Airlines, Inc.) to provide for the surrender of space and gates under their Central Terminal Leases.

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 simultaneously enter into a new lease with Continental Airlines, Inc. and Eastern Air Lines, Inc. for a new passenger terminal substantially on the terms set forth above. an agreement with Eastern Air Lines, Inc. amending its Shuttle Terminal lease substantially as set forth above. and agreements with Eastern Air Lines, Inc. and Continental Airlines, Inc. (New York Airlines, Inc.) with respect to their Central Terminal leases substantially as set forth above; the form of said agreements to be subject to the approval of General Counsel or his designated representative.

La Guardia Airport - Lease Covering Construction and
Construction Payments for New Flight Kitchen with
Continental Airlines, Inc. and Eastern Air Lines, Inc.

It was recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into a lease agreement with Continental Airlines, Inc. and Eastern Air Lines, Inc. ("the Airlines") for a site of approximately three acres at LaGuardia Airport for the construction and operation of an approximately 40,000 square foot flight kitchen facility and related vehicular parking and access roads. The lease would have a fixed term with respect to the construction period and thereafter will be for one year on a month-to-month basis. The lease will also provide for a single payment by the Port Authority to the Airlines of \$500,000 upon the obtaining of possession of the premises by the Port Authority in the event the Port Authority terminates or does not renew the month-to-month tenancy other than for cause. Similarly, the Airlines will be obligated to make a single payment of \$500,000 to the Port Authority in the event they terminate the month-to-month tenancy or do not renew it other than for cause. The Port Authority would make construction payments to the Airlines for the aforesaid construction up to a maximum of \$10 million. Monthly rentals would commence after completion of construction but no later than November 1, 1989 and consist of a ground rental at an annual rate equal to a prorated part of \$62,900 per acre if and to the extent the Airlines' costs of preparing the site for construction of the facility, which involves the removal of substantial excess material, are less than \$2.5 million with no ground rental being payable if such costs exceed \$2.5 million. The Airlines will pay a facility rental at an appropriate monthly payment factor (based on a 25 year or lesser period) for each dollar of such construction payments plus accruals during such construction. The Airlines would be responsible for bringing utilities and access roadways to the premises and for the operation and maintenance of the premises.

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 a lease agreement with Continental Airlines, Inc. and Eastern Air Lines, Inc. at LaGuardia Airport, substantially on the terms set forth above; the form of the agreement to be subject to the approval of the General Counsel or his designated representative.

SEMI-ANNUAL REPORT OF 1988 BUDGET RESOLUTION

AUTHORIZATIONS

Jan. 1 - June 30, 1988

(Dollars in Millions)

	Amount Provided Under 1988 Resolution	<u>Contracts Authorized thru 6/30/88</u>	
		Total Amount Authorized	Estimated Amount To Be Spent in 1988
Professional, Technical and Advisory Services:			
A&E	\$ 97.9	\$ 15.5	\$ 44.2
Job Shoppers	10.6	14.9	9.1
Advertising	6.2	7.4	1.7
Consultants	19.0	20.4	14.4
Professional, Technical & Advisory Services Total	\$133.7 (1)	\$ 58.2	\$ 69.4 (1)
Purchase of Commodities	12.0	6.0	6.0
Maintenance & Services	31.1	60.9 (2)	23.0
Capital Construction	74.3	35.3	29.7
TOTAL	\$251.1	\$160.4	\$128.1

Notes:

(1) Professional, Technical and Advisory Services

Approximately \$42 million is included in the Budget Resolution amount for Kennedy and Newark 2000 projects, however contracts for this work have been authorized through separate Board authorizations in 1988 rather than via the 1988 Budget Resolution. The amount estimated to be spent in 1988 is \$32 million and is included in the above summary.

(2) Maintenance and Services

The total amount authorized for maintenance and service contracts includes \$45.9 million for the EWR Fuel Farm maintenance contract which was not anticipated at the time of the Budget Resolution. This contract was renegotiated in 1988. The amount estimated to be spent in 1988 under this contract is \$14 million; the cost of this work is included in the 1988 Budget, and is shown in the estimated amount to be spent.

Whereupon, the meeting was adjourned.

Acting Assistant Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Thursday, October 13, 1988

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MINUTES of meeting of The Port Authority of New York and New Jersey held Thursday, October 13, 1988 at the Port Authority offices, One World Trade Center, City, County and State of New York.

PRESENT:

NEW JERSEY

William K. Hutchison
Henry F. Henderson
Hazel Frank Gluck
Richard C. Leone

NEW YORK

William J. Ronan, Acting Chairman
James G. Hellmuth
Howard Schulman
John G. McGoldrick
H. Carl McCall

Stephen Berger, Executive Director
Patrick J. Falvey, General Counsel/Deputy Executive Director
Karen S. Kellerhouse, Secretary
Rebecca Dogget Andrade, Director, Office of Business & Job Opportunity
Anthony J. Barber, Director of Tunnels, Bridges and Terminals
Bruce D. Bohlen, Assistant Treasurer
John J. Collura, Director of Management and Budget
Henry I. DeGeneste, Director of Public Safety
Sidney J. Frigand, Assistant Executive Director/Government, Community & Public Affairs
Gene C. Gill, Director of General Services
Francis A. Gorman, Comptroller
Christine M. Johnson, Director, Office of Transportation Planning
Leon Katz, Supervising Information Officer, Public Affairs
Richard R. Kelly, Director of Rail Transportation
Donald R. Lee, Director of Audit
Lillian C. Liburdi, Director of Port Department
Emily C. Lloyd, Director, Office of Business Planning and Development
Robert J. Lynn, Deputy Director for Physical Facilities
Katharine B. MacKay, Assistant Executive Director/Administration
Charles J. Maikish, Director, Office of Ferry Transportation
Mark Marchese, Assistant Director, Information Services, Government, Community & Public Affairs
Charles E. Meara, Special Assistant to the Executive Director
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, Director of Aviation Redevelopment Programs
Sally Sakin, Administrative Assistant
Morris Sloane, Director of Aviation Operations
Joseph L. Vanacore, Assistant Executive Director/Capital Programs
Barry Weintrob, Chief Financial Officer

The meeting was called to order by Acting Chairman Ronan.

Action on Minutes

The Secretary submitted for approval Minutes of the meetings of August 25 and September 8, 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.

Report of Committee on Construction

The Committee on Construction submitted a report, for information, of action taken at its meeting on October 13, 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 October 13, 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 October 13, 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 October 13, 1988, in addition to matters separately reported to the Board of Commissioners at this meeting of the Board, and the report was received.

(Board - 10/13/88)

**Port Authority Operating Equipment-Lease Financing Program:
Expansion and Modification**

The Board, at its meeting on April 11, 1985, authorized the establishment of the Port Authority Operating Equipment-Lease Financing Program (the "Program") which permitted the Port Authority to enter into lease-financing transactions in an aggregate principal amount not to exceed \$10 million at any one time. This maximum aggregate was increased to \$25 million by the Board at its meeting of April 10, 1986, and to \$50 million at its meeting of April 9, 1987, at which time the period for entering into lease-financing transactions was extended from June 30, 1988, to June 30, 1990.

It is now appropriate to expand and modify the Program to increase the principal amount of lease-financing transactions which may be outstanding at any one time under the Program from \$50 million to \$75 million; to extend the period during which lease-financing transactions may be entered into under the Program from June 30, 1990 to December 31, 1993; to allow for use of interest rates for lease-financing transactions that are different from the rate structure currently in effect; and to provide for payment of certain financial, legal and administrative charges for services rendered by third-persons to the Port Authority or others in connection with the proposed expansion and modification of the Program and the administration of such expanded Program.

The Program has enabled the Port Authority to purchase operating equipment, including automotive vehicles, telephone, radio and computer equipment, and office furnishings, through cost efficient lease-financing transactions. A Master Financing Lease with the initial lessor-investor under the Program, Daily Tax Free Income Fund, Inc., covers up to \$25 million of operating equipment and is being fully utilized. Substantially more equipment is expected to be eligible for lease in the future. The proposed expansion and modification of the Program is necessary to allow the Port Authority to fully utilize the benefits of the Program on terms substantially more favorable than the terms in effect with the initial lessor-investor.

In this connection, staff recently solicited proposals from thirteen leasing and investment firms to determine their interest in the Program.

Of nine proposals received, the proposal of Wellfleet Capital Company ("Wellfleet"), one of the parties to the existing agreement with the initial lessor-investor, and Ehrlich Bober & Co., Inc. ("Ehrlich Bober"), would take advantage of the lower rates associated with a variable rate demand structure with the lease financing obligations being placed with a limited number of as yet undetermined investors. Each investor will have the right to terminate at any time all or a portion of lease-financing transactions in which it is involved and Wellfleet and Ehrlich Bober will attempt to place the obligation with another investor in such event. The restricted investor format of the Wellfleet/Ehrlich Bober proposal has the advantage of continuing to isolate the Program from any current or future market for Port Authority securities, and thus would not create confusion in the marketplace.

(Board - 10/13/88)

Rental obligations under the Program would continue to be an operating expense of the Port Authority payable in the same manner and out of the same revenues as all other such expenses.

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, on April 9, 1987, the Authority, inter alia, authorized an increase in 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 extended the period during which lease-financing transactions may be entered into under the Lease Financing Program from June 30, 1988, to June 30, 1990; 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 \$50 million to up to \$75 million; to extend the period during which lease-financing transactions may be entered into under the Lease Financing Program from June 30, 1990, to December 31, 1993; and to provide for certain changes in the maximum interest rate and fees payable under the Lease Financing Program;

(Board - 10/13/88)

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", 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" and April 9, 1987 (appearing at pages 371 et seq. of the Official Minutes of that date) also entitled "Port Authority Operating Equipment - Lease Financing Program - Amendment" is hereby further amended and supplemented to read as follows:

RESOLVED, that the Executive Director; Deputy Executive Director; Assistant Executive Director; 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 December 31, 1993, 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 \$75 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 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 the 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 the greater of 85% of Bank of America's variable reference rate, publicly announced as such, or 100% of Ehrlich Bober's published variable tax-exempt rate; 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

(Board - 10/13/88)

RESOLVED, that the Executive Director; Deputy Executive Director; Assistant Executive Director; 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, Wellfleet Capital Company, Ehrlich Bober & Co., Inc., or other financial services entities, and with the initial lessor-investor or other lessor-investors or investors, to effectuate the purchases and lease-financings (and to take or authorize such other action or actions as may be necessary or desirable in connection with such purchases and lease-financings, including preparation and issuance of an offering memorandum or other offering statement as may be appropriate) 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; to provide for the payment by the Authority of an annual administrative fee or fees to BankAmerica Trust Company of New York, or other financial services entities, not in excess of a total amount of \$40,000 per year during the term of the Lease-Financing Program; to provide for the payment of one-time only legal, financial and administrative charges not in excess of a total of \$50,000 in connection with the establishment of a Master Financing Lease arrangement with other than the initial lessor-investor and the payment of such other reasonable legal and administrative charges as are approved by the Executive Director that may arise from time-to-time in connection with the Lease Financing Program, 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 or any supplement thereto in connection with the establishment of a 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 will cause the interest payable by the Authority to the lessor-investor or investors under the Lease Financing Program to be includible 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, and the regulations thereunder, by operation of Section 148, as amended, or successor provisions of law, and the regulations thereunder; and it is further

RESOLVED, that the Chairman of the Authority; Vice-Chairman of the Authority; Chairman of the Committee on Finance; Executive Director; Deputy Executive Director; Assistant Executive Director; 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(a) 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 regulations thereunder, 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, and regulations thereunder, 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; Deputy Executive Director; Assistant Executive Director; Chief Financial Officer; Comptroller; or 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 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 authorized representative.

(Board - 10/13/88)

**New York Airports - Carey Transportation, Inc. - Bankruptcy
Reorganization - Approval of Agreements**

It is recommended that the Board authorize the Executive Director to enter into agreements settling the obligations of Carey Transportation, Inc. ("Carey") to the Port Authority in connection with Carey's Chapter 11 Plan of Reorganization ("the Plan") as approved by its creditors and the Bankruptcy Court. Carey filed for protection under Chapter 11 of the Bankruptcy Code while continuing to operate its ground transportation service between Manhattan and each of the New York Airports ("the Airports") and between the Airports. The Port Authority was a principal creditor of Carey's in the bankruptcy proceeding with a claim of approximately \$1.5 million.

Carey has irrevocably offered to enter into an agreement ("the Payment Agreement") providing for the payment to the Port Authority of \$1.1 million, the portion of the debt representing ground transportation permit fees, in ten equal annual payments without interest with the first payment due on August 1, 1989. Connecticut Limousine Service, Inc. ("Connecticut"), a corporate affiliate of Carey, has irrevocably offered to enter into an agreement ("the Guaranty Agreement") guaranteeing the payment to the Port Authority of approximately \$165,000 of Carey's debt under the Payment Agreement if Carey is in default thereunder, unless the Port Authority has denied Carey the right to operate at the Airports with permittee status for a reason other than Carey's failure to pay fees or for one of the other reasons provided for in the Guaranty Agreement.

Under the terms of a proposed agreement ("the Motor Coach Agreement"), Carey would continue its use of twenty Port Authority owned MCI-9 motor coaches. The proposed agreement would have a five-year term commencing as of July 1, 1988. The monthly payments of \$1.374 per motor coach would include Carey's unpaid pre-petition obligation with respect to the motor coaches net of its prior payment of 15% of said obligation as described below. The payments are computed based on the expectation that a typical MCI-9 motor coach of the age of these motor coaches would have a residual value of \$60,000 at the end of the term of the Motor Coach Agreement. At the end of the term of the Motor Coach Agreement, Carey and the Port Authority would attempt to negotiate a sale of the motor coaches to Carey at their then market value. In the event those negotiations are not successful, the Port Authority would regain possession of the motor coaches from Carey. In such event, an arbitration or appraisal process would then determine the market value of a typical MCI-9 motor coach of the age of these motor coaches as well as the market value of each motor coach; if the market value of a particular motor coach exceeds the typical market value, the Port Authority would pay the difference to Carey; if the market value of a particular motor coach is less than the typical market value, Carey would be obligated to pay the difference to the Port Authority.

The Motor Coach Agreement would authorize Carey to use the motor coaches for charter trips having either an origin or destination in the Port District, provided such charter service would not affect Carey's Airport ground transportation service.

(Board - 10/13/88)

Carey has paid the Port Authority "fifteen cents on the dollar" upon the Plan becoming effective with respect to the \$426,000 comprising its pre-petition obligations not covered by the Payment Agreement, the same amount as is payable to its general creditors under the Plan. Except for approximately \$146,000 that would be paid pursuant to the terms of the Motor Coach Agreement, the remaining 85% of this amount will not be recovered.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director be and he is hereby authorized, for and on behalf of the Port Authority, to enter into an agreement with Carey Transportation, Inc. providing for the partial payment to the Port Authority of monies due the Port Authority for ground transportation permit fees, substantially on the terms set forth above; and it is further

RESOLVED, that the Executive Director be and he is hereby authorized, for and on behalf of the Port Authority, to enter into an agreement with Connecticut Limousine Service, Inc. providing for the guaranty of a portion of the monies due the Port Authority by Carey Transportation Inc., substantially on the terms set forth above; and it is further

RESOLVED, that the Executive Director be and he is hereby authorized, for and on behalf of the Port Authority, to enter into an agreement with Carey Transportation, Inc. providing for Carey's continued use of twenty Port Authority-owned motor coaches substantially on the terms set forth above; and it is further

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

**George Washington Bridge - Adjustment of Wages and Benefits
for T.U.C.S. Cleaning Service, Inc.**

It was recommended that the Board ratify the action of the Executive Director in authorizing an increase in the compensation payable to T.U.C.S. Cleaning Service, Inc. ("T.U.C.S."), a minority cleaning contractor at the George Washington Bridge, under Contract PSE-483, covering the performance of general cleaning services at the George Washington Bridge, and that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into an agreement amending the contract to continue payment of such increased compensation for the remainder of the term of the contract. The contract was awarded to T.U.C.S., the lowest bidder, by the Executive Director for a two-year term commencing December 1, 1987, after public advertisement. Since the commencement of the contract, T.U.C.S. has had difficulty retaining employees on staff and the Facility has experienced serious problems because of the high turnover rate. Because of T.U.C.S.' inability to meet its contractual obligations, liquidated damages were assessed against the contractor pursuant to the provisions of the contract. Payment of damages, and operational problems resulting from the unusual turnover rate, were causing T.U.C.S. to consider default. Discussions with T.U.C.S. indicated that the high turnover rate was directly related to the contract's wage structure. Staff therefor negotiated an increase in compensation due under the contract of approximately \$2,000 per month for a total of \$39,960 for the remainder of the term of the contract. It was anticipated that this increase would allow the contractor to pay higher wages and benefits to its employees. A downward adjustment to T.U.C.S.' profit margin was also negotiated. The adjustment, together with the concessions made by T.U.C.S., would permit a wage increase of \$1.25 per hour bringing the average hourly rate paid by T.U.C.S. up from \$4.50 per hour to \$5.75 per hour. The Executive Director authorized the payment of this increase effective April 15, 1987, premised on the immediate need to eliminate the Facility's critical operational problems. It is anticipated that continued payment of the higher wages and benefits will permit the contractor to complete performance of the contract.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board does hereby ratify the Executive Director's authorization of an increase in the compensation payable to T.U.C.S. Cleaning Service, Inc., a minority cleaning contractor at the George Washington Bridge, under Contract PSE-483 and that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into an agreement amending Contract PSE-483, substantially in accordance with the terms and conditions set forth above, the form of the agreement to be subject to the approval of General Counsel or his designated representative.

**Lincoln Tunnel - North Tube Rehabilitation - Project
Authorization**

The Lincoln Tunnel handles close to 60,000 eastbound vehicles daily and approximately 41 million vehicles annually in both directions. The North Tube which carries westbound traffic was opened in 1945. Although the original brick wearing surface was removed and replaced with asphalt in 1967, the tube has never undergone a major reconstruction. Expensive temporary repairs to the roadway have been performed out of necessity. Accelerated deterioration has occurred in recent years, largely due to a delamination plane in the concrete slab that exists throughout 60% of the roadway. In view of the deteriorated condition of other elements and the need for structural repairs, a simultaneous rehabilitation of the tube's roadway, structural elements, Galvin Plaza at the New York entrance and other elements would ensure its immediate and long term structural integrity and reduce the number of tunnel closings in the future for both rehabilitation and maintenance purposes.

The proposed project provides for the rehabilitation of the roadway slab, manholes and curb drains, and resurfacing of the roadway. In addition, emergency and utility niche doors and personnel doors will be replaced as well as the catwalk hand rail. The catwalk car rail will be rehabilitated. As part of the project the ceiling and fresh air duct will be repaired while damaged and missing wall and ceiling tile will be replaced. The deteriorated terra cotta concrete baffle wall will be demolished and replaced with a smooth concrete finish wall. Finally, the slabs of Galvin Plaza, the New York entrance, will be rehabilitated.

To minimize inconvenience to our customers and reduce interference with traffic flow and essential facility operations, performance of this project will be restricted to off-peak nighttime hours. The minimal inconvenience is more than offset by the anticipated substantial reduction in the future number of tunnel closings for pavement and other maintenance.

The contracts for the project will provide for a mandatory participation of at least 10% Port Authority Certified Minority Business Enterprises and Women's Business Enterprises.

Whereupon the following resolution was unanimously adopted:

RESOLVED, that the Board authorizes:

1. a project for the rehabilitation of the Lincoln Tunnel North Tube and Galvin Plaza roadways at a cost presently estimated at \$57 million, including payments to contractors, allowances for extra work and net cost work, engineering, administrative and financing expenses and a project contingency, and

2. the Executive Director to: a) take such action with respect to purchase and construction contracts, contracts for professional and advisory services and contracts for construction management services for the foregoing project as he deems in the best interest of the Port Authority, including without limitation award to 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; rejection of all bids; solicitation of new bids on revised or the same requirements or negotiation with one or more bidders or contractors; and b) 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 contract including supplemental agreements thereto; and it is further

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

**The Teleport - Contract TP-110.013 - The Telecenter Building
- Settlement of Claim and Additional Extra Work**

The Board, at its meeting on October 11, 1984, authorized the Executive Director to award Contract TP-110.013, Telecenter Building, the Teleport, to the qualified contractor submitting the lowest proposal based on proposals to be received. Subsequently, the Executive Director on January 30, 1985 authorized the award of Contract TP-110.013 to Anthony Marino Construction Corporation (AMCC) at its proposal price of \$10,881,000, exclusive of an allowance for extra work in the amount of \$1.1 million and net cost work estimated at \$250,000. Various subsequent authorizations by the Executive Director and the Director, World Trade Department, increased extra work expenditures to the amount of \$1,350,000.

Contract TP-110.013 provided for the erection of a two-story building of approximately 56,000 square feet and for certain work associated with the completion of the Radio Frequency Interference Shield Wall and related site work at the Teleport. The contract completion date was February 1986. Beneficial occupancy was obtained in September 1986, but work was not completed by the contractor until August 1987.

In May 1988, AMCC submitted a claim against the Port Authority in the amount of \$4,253,320 for the following: \$3,009,122 for delay costs incurred by AMCC and its electrical subcontractor; \$844,609 for additional extra work; and \$399,589 for interest costs related to unpaid base and extra work contract amounts and for extended general conditions and main office costs. The basis of the delay claim was for additional costs alleged to have been incurred by the contractor as a result of delays due to design changes made by the Port Authority and its partners in the Teleport project to the structural steel, electrical distribution system, the communication ductwork and distribution system, and to the material used for the curtain wall.

After various presentations by AMCC and after a thorough review and evaluation by staff of the World Trade and Economic Development, Law and Audit Departments, a tentative settlement, subject to Board approval, has been reached with AMCC in the amount of \$1,013,360, of which \$563,360 is for additional extra work. The additional extra work consists of the following: approximately \$143,360 for miscellaneous structural, architectural, electrical and site changes; approximately \$260,000 for changes in the fabrication of the exterior curtain wall; approximately \$35,000 for an increase in the sprinkler system pressure; approximately \$65,000 for Teleport Communications' changes; and approximately \$60,000 for protection from winter conditions.

Upon settlement of the claim, the Port Authority will seek reimbursement from Teleport Communications for costs, in addition to the already-agreed upon \$619,000 for previously authorized extra work, associated with changes requested by them.

AMCC has signed a release of all claims under the contract to become effective upon Board approval of the settlement.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director, is hereby authorized to enter into an agreement for the settlement of all claims by Anthony Marino Construction Corporation (AMCC) against the Port Authority arising out of Contract TP-110.013. The Teleport Telecenter Building, in the amount of \$1,013,360; and it is further

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

**Bathgate Industrial Park - Lease Surrender Agreement with
Protocom Devices, Inc.**

It was recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into a surrender agreement with Protocom Devices, Inc. (Protocom) covering its premises on Block 2920 at the Bathgate Industrial Park. Pursuant to the proposed agreement Protocom would repay its existing obligations for equipment purchases plus arrearages aggregating approximately \$2.1 million (after retention and application by the Port Authority of \$40,000 of the \$75,000 cash security deposited by Protocom) on a financially self-sustaining basis over a nine-year period. In exchange for improvements valued at \$142,000 paid for by Protocom, the Port Authority would credit Protocom with approximately \$65,000, which is the amount of its basic rental arrearage.

Protocom, a start-up telecommunications firm, has occupied approximately 40,400 square feet at the Bathgate Industrial Park since July 1986. As part of the lease arrangement, the Port Authority provided Protocom with \$1.7 million for the purchase of equipment subject to a security interest in the Port Authority. Several months after moving into their facility Protocom experienced financial difficulties, was unable to generate the sales and revenues anticipated, and a new management team was put in place. In August 1987, the Port Authority gave its consent to Protocom to sublet approximately 30,000 square feet to Avne Systems, Ltd., which subletting generated sufficient rental income to pay Protocom's current basic rental obligations and to reduce its basic rental arrearage.

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 agreement with Protocom Devices, Inc. covering the surrender of its premises at the Bathgate Industrial Park and the repayment of its existing obligations for equipment purchases substantially in accordance with the terms and conditions set forth above; and it is further

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

(Board - 10/13/88)

Newark South Ward Industrial Park - Amendment to Municipal Agreement

Toward the end of 1987, the Mayor of the City of Newark (the "City") requested that the Port Authority temporarily place on hold its plans for the development of the Newark South Ward Industrial Park (the "Park") while the City negotiated for the development of the entire site by a private developer. Subsequently, the City advised the Port Authority that it had reached agreement with Morris Companies ("Morris"), a major developer of industrial properties, for the development of the Park site.

The development of the Park as an industrial development project or facility under the bi-state legislation authorizing the Port Authority to effectuate industrial development projects or facilities was originally authorized by the Board at its meeting on November 13, 1986. Subsequently, pursuant to such authorization, on July 7, 1987, the Port Authority entered into a Municipal Agreement with the City that, among other things, provided for a \$15 million Port Authority investment (\$5 million from funds made available for projects in the State of New Jersey under the Governors' Agreement of June 1983, \$1 million which the City would commit from its Community Development Fund monies which are provided by the Port Authority as part of the Newark Marine and Air Terminals Lease and \$9 million from other Port Authority funds) which was to be used for acquisition, relocation, demolition, site preparation, and the construction of one industrial building on the six-building, 500,000 square foot site. The Port Authority was to own the site, make payments in-lieu-of taxes, share net revenues with the City, and seek private developers for the other five buildings.

It is proposed that the Municipal Agreement between the City and the Port Authority would be amended to provide substantially for the following:

1. Morris will construct an approximately 400,000 square foot industrial building on the project site consistent with the requirements of the bi-state legislation authorizing the Port Authority to effectuate industrial development projects or facilities. Morris will pay to the City \$2 million toward the acquisition of the project site and the relocation of present occupants.

2. The City will commit for such acquisition and relocation \$1 million of its Community Development Fund monies which are made available by the Port Authority as part of the Newark Marine and Air Terminals Lease.

3. Following the expenditure of the \$2 million provided by Morris and the \$1 million made available from the Community Development Fund, the Port Authority will make available to the City for such acquisition and relocation up to \$3.5 million from funds made available for projects in the State of New Jersey under the Governors' Agreement of June 1983. Under no circumstances will the Port Authority be required to provide more than the foregoing \$3.5 million for this project. In the event that more than \$6.5 million is required to effectuate the acquisition of the project site and relocation of present occupants, it will be the sole responsibility of the City to secure the additional funds. The City will provide for the return of

the \$3.5 million in the event of a default by Morris or other circumstances which result in the proposed project not being effectuated. Should the total cost of acquisition and relocation be less than \$6.5 million, the difference between the total cost of acquisition and relocation and \$6.5 million will be used to offset the approximately \$1.1 million that the Port Authority has expended on the project thus far.

4. The City will own the project site and lease it to the Port Authority, the Port Authority will lease the project site back to the City, and the City will then lease it to Morris. The consideration for the City/Port Authority leases will be identical nominal amounts and all leases will be for identical five-year terms commencing upon a date to be agreed upon. The Port Authority will subordinate its leasehold rights in order to allow Morris to obtain financing for its building improvements. Morris would be required to complete the industrial building within the five-year lease period.

5. There will be no taxes, payments in-lieu-of taxes, or assessments of any kind due from the Port Authority. The Port Authority will have no responsibility for the effectuation or operation of the project or for the acquisition of the project site.

The Port Authority has previously allocated all of the \$137.5 million made available for regional development projects in the State of New Jersey as a result of the Governors' Agreement of June 1983. With this revised basis for participation in the allocation for the Newark South Ward Industrial Park, \$1.5 million will be available for projects in the State of New Jersey.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director be and he hereby is authorized to enter into an amendment of the Municipal Agreement and any further agreements or leases contemplated thereby with the City of Newark concerning the Port Authority's participation in the development of the Newark South Ward Industrial Park to provide for a Port Authority role limited to the provision of funds substantially in accordance with the provisions described above; and it is further

RESOLVED, that the form of the amendment of the Municipal Agreement with the City of Newark hereby authorized, and any further agreements or leases contemplated thereby, be subject to the approval of General Counsel or his authorized representative.

(Board - 10/13/88)

**Hoboken to Battery Park City Ferry Service - Selection of
Private Operator - Agreement with Arcorp/Hartz Ferry
Transportation Joint Venture**

At its meeting on August 25, 1988, the Board adopted the Executive Director's recommendation to select Arcorp/Hartz Ferry Transportation Joint Venture ("Arcorp/Hartz") as the private operator for the Hoboken, New Jersey to Battery Park City, New York ferry service and authorized completion of negotiations for an agreement with this firm. The agreement with Arcorp/Hartz is needed to implement a ferry service between Hoboken, New Jersey and Battery Park City, New York. This service will increase trans-Hudson public transit capacity for the growing New Jersey to lower Manhattan travel market.

The service will be a peak period commuter ferry service between Hoboken, New Jersey, and Battery Park City in lower Manhattan, designed to relieve passenger demand on PATH's Hoboken to World Trade Center Line. The operator will provide service adjustments as needed to achieve this result, including provision of additional or larger vessels, fare adjustments, changes in headways, additional passenger amenities, and additional routes. Under other stated conditions relating to market demand the operator may institute additional service to other lower Manhattan sites. The principal attributes of the service will be as follows:

- Service Commencement:** Spring 1989.
- Hours of Operations:** 7-10 a.m., 4-7 p.m., Monday to Friday; some off-peak service may be provided.
- New Jersey Terminal:** South of the former Erie-Lackawanna Terminal in Hoboken, New Jersey, adjacent to New Jersey Transit's Rail and Bus Terminals.
- New York Terminal:** North of the North Cove of Battery Park City in New York, New York, adjacent to the Hudson River bulkhead.
- Fares:** Operator will determine fares, taking into consideration the mass transit nature of the service.
- Passenger Capacity:** Start-up service designed to handle at least 2,100 passengers in the peak hour with headway of no more than 10 minutes; will be increased as warranted by demand, up to 6,000 passengers in the peak hour at Battery Park City. A second service from Hoboken to another lower Manhattan site will be instituted if required.

(Board - 10/13/88)

- Vessels:** Four vessels, including one spare, capable of carrying 350 passengers, as an initial requirement.
- Initial Terminals:** Floating barges moored by pilings with enclosed waiting areas.

Under the proposed Operator Agreement, Arcorp/Hartz will be responsible for the design, construction, operation and maintenance of the ferry service between Hoboken and Battery Park City, including provision of vessels and initial terminal facilities.

The Port Authority will make the terminal facility sites available but will not make any payments for capital or operating costs other than for permanent terminals and for landside access improvements at Hoboken and Battery Park City. Gross revenues collected by Arcorp/Hartz from the permanent terminals, including landing fees charged to other services, concessions and advertising, in excess of the terminals' operations and maintenance costs and a management fee of 8% of gross revenues, will be divided, with two-thirds for the Port Authority and one-third for Arcorp/Hartz.

The term of the agreement is for twenty years, with an extension option premised upon major reinvestment by Arcorp/Hartz. Should Arcorp/Hartz be unable to meet the service requirements specified in the contract, the vessels, terminal facilities and ancillary equipment would be made available to the Port Authority.

Further, the principals of the Arcorp/Hartz joint venture will annually submit certified financial statements detailing the financial capability of the contracting entities to guarantee the financial commitments of the Arcorp/Hartz joint venture under the contract. The contracting entities will provide a performance bond should their financial capabilities be deemed insufficient.

Arcorp/Hartz will place additional vessels and/or larger replacement vessels into service as warranted by passenger demand at no cost to the Port Authority. Subject to approval by the Port Authority and to such limitations as the property owners of the terminal sites may impose, Arcorp/Hartz may use the vessels and terminal facilities for other revenue activities as long as commuter service is not affected.

The Port Authority will provide sites and permanent terminal facilities and make landside access improvements as required to serve increased passenger demand as well as provide all regulatory and environmental permits required for terminal siting and construction. Arcorp/Hartz will have an option to participate in the financing, design and construction of permanent facilities at Hoboken.

The Agreement will be subject to the Port Authority acquiring the necessary property rights and the Board granting the necessary certification and project authorization. Unless ordered by the Executive Director, Arcorp/Hartz will not be obligated to proceed with vessel procurement and construction until the rights to terminal sites and permits have been secured. If ordered to proceed, the Port Authority will reimburse Arcorp/Hartz for any incremental expenses for vessel procurement and construction incurred due to delays or Port Authority failure in acquiring necessary rights or permits.

Arcorp/Hartz will commence service under a three year license agreement between the Port Authority and Battery Park City Authority and a five year initial lease between the Port Authority and New Jersey Transit for the necessary terminal sites. The Port Authority will agree to reimburse Arcorp/Hartz for the remaining unamortized value of its investment (including up to \$3 million in accumulated operating losses for the first three years of service) if long term rights cannot be secured for the terminal sites in Hoboken or Battery Park City and suitable alternative sites cannot be procured by the Port Authority to allow for continuation of service and/or in event Board certification and project authorization are not obtained. Upon such payment, all vessels, interim terminals and equipment will become the property of the Port Authority.

Arcorp/Hartz will make a good faith effort to meet a goal of 10% and 1% for participation by Minority Business Enterprises (MBE) and Women's Business Enterprises (WBE), respectively, in operating and maintenance expenditures. The Port Authority and Arcorp/Hartz will make a joint good faith effort to meet a goal of 10% and 1% for participation of MBE's and WBE's, respectively, in the aggregate of all capital expenditures.

Arcorp Properties currently operates two trans-Hudson commuter ferry services from Weehawken, New Jersey, one to 38th Street in Manhattan and one to South Ferry in Manhattan.

Whereupon, pursuant to the foregoing report, the following resolution was adopted, Commissioners Gluck and Schulman not voting:

RESOLVED, that the Executive Director is hereby authorized to enter into an agreement with Arcorp/Hartz Ferry Transportation Joint Venture (Arcorp/Hartz), a joint venture of the APA Truck Leasing Corp., APA Transport Corp., Remus Realty DBA "Arcorp Properties", and Hartz Mountain Industries, Inc., for the design, construction, operation and maintenance of a trans-Hudson ferry service between Hoboken, New Jersey and Battery Park City in New York; and it is further

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

(Board - 10/13/88)

Agreement with New Jersey Transit for Cost Sharing and Reimbursement for Structural Investigation of Hoboken Terminal

At its meeting on June 13, 1985, the Board authorized staff to undertake the planning and design of a Hoboken, New Jersey to lower Manhattan, New York ferry service. Exploratory engineering inspections and tests are now required to determine the substructural/structural conditions of the area for the planned Initial and Hoboken Interim Ferry Facilities including adjacent structures and potential access ways, as well as of the Erie-Lackawanna Railroad and Ferry Terminal and its environs. This work is required to complete Stage I and II designs for the planned Hoboken Interim Ferry Facility. New Jersey Transit (NJT), which owns the terminal areas subject to the study, has concurred with the need for the structural integrity review and has requested that the studies include its Hoboken Rail terminal which also is located within the Erie-Lackawanna Terminal complex. NJT has concurred in a proposed cost sharing formula. The effort is expected to be completed by mid-1989.

The agreement for cost sharing with NJT will permit a comprehensive, integrated structural integrity and existing conditions review of the Erie-Lackawanna terminal and related areas. This work is needed to assure adequate and safe facilities for the initial ferry terminal, to complete Stage I and II designs of the interim Hoboken ferry planned by the Port Authority and to determine the potential feasibility of utilizing the old ferry terminal for service expansion.

Under the proposed agreement with NJT, the Port Authority will be responsible for completing the work scope, including the management and administration of any required professional advisory or technical services. NJT will reimburse the Port Authority for the study work on the following basis:

- NJT Rail Terminal - 100% of the costs associated with this area will be reimbursed by NJT.
- Erie-Lackawanna Ferry Terminal - 50% of the costs associated with this area will be reimbursed by NJT.
- Hoboken Initial and Interim Terminals - 50% of the costs associated with this area will be reimbursed by NJT.

The Port Authority's net cost for this work, including internal staff expenses, will be limited to \$800,000.

Whereupon, the following resolution was adopted, Commissioners Gluck and Schulman not voting:

RESOLVED, that the Executive Director is hereby authorized to enter into an agreement with New Jersey Transit (NJT) for cost sharing and reimbursement of Port Authority costs on the above basis incurred for substructural/structural integrity studies of the Erie-Lackawanna Railroad and Ferry Terminal and its environs in Hoboken, New Jersey, including the rail and ferry terminal portions of the structure as well as the site for Hoboken Initial and Interim Terminal Facilities for the Port Authority's Hoboken to Battery Park City Ferry Service; and it is further

RESOLVED, that the Executive Director is hereby authorized to enter into agreements for professional, advisory and technical services in an amount not to exceed \$1.6 million including staff costs to assist in performing the above-described studies; and it is further

RESOLVED, that the form of the said agreements are subject to the approval of General Counsel or his authorized representative.

(Board - 10/13/88)

**Hoboken to Battery Park City Ferry Service - Hoboken
Terminal Site - Initial Lease Agreement with New Jersey
Transit Corporation**

Over the past ten years, demand at Port Authority trans-Hudson facilities has grown steadily and in some cases these peak-period passenger volumes exceed existing capacity. Similar growth is expected to continue at least through the 1990's. Marketing studies indicate that one of the major growth corridors is the Hoboken, New Jersey to lower Manhattan, New York route which is currently served by PATH. Therefore a terminal close to the Hoboken PATH entrance would make the ferry an attractive option for PATH commuters and thereby accommodate excess demand on the Hoboken to World Trade Center line.

As indicated in a companion item for a Manhattan location, the Port Authority has been negotiating sites at Hoboken, New Jersey and Battery Park City, New York for over a year and is completing contract negotiations with Arcorp/Hartz to operate the service. Arcorp/Hartz will install the terminal facilities required at Hoboken for the initial service.

The general terms and conditions relating to acquisition of the site in Hoboken from the New Jersey Transit Corporation (NJT) are as follows:

The Port Authority would obtain a lease to locate an initial terminal at a site just south of the Erie-Lackawanna Terminal and obtain from NJT rights of access for construction. This agreement has an initial term of five years with an option to renew for three successive five-year periods. During the initial lease term, the consideration will be a nominal rental of \$1 per year. An appropriate rental rate will be negotiated if the renewal options are exercised.

Under the initial lease, the Port Authority has the option to lease the Pullman and Immigrant Building, the Mail Pier and Pier 1 in an "as is" condition. If the Port Authority chooses to lease any or all of these parcels, Arcorp/Hartz as the Port Authority's operator will be responsible for their maintenance and repair with the exception of heavy structural maintenance to pier or pier areas which would continue to be performed by the Port Authority.

Following execution of the initial lease, the Port Authority will negotiate with NJT for a long-term lease of the property needed for a more permanent ferry terminal. The contemplated long-term arrangement provides for a term of twenty years with three ten year options to renew. The Port Authority and NJT agree to negotiate the detailed terms of the long-term lease and consideration thereof including Port Authority funding for track and platform improvements required by NJT at the Hoboken Terminal to accommodate its waterfront rail connection which is designed to feed the ferry service.

Under the initial lease terms, the Port Authority is to provide general liability and other insurance against liability for bodily injury, death and property damage. New Jersey Transit and the Port Authority will indemnify each other as appropriate. The Port Authority will pass on these responsibilities where appropriate to Arcorp/Hartz as the ferry operator.

(Board - 10/13/88)

While the Port Authority is obligated to NJT to pay for all utilities and services necessary for operation and use of the site, the Port Authority will pass on these responsibilities to Arcorp/Hartz as the ferry operator. New Jersey Transit will have the right to review and approve all plans and specifications for any construction as well as the right to inspect work during construction and on completion to assure compliance with approved plans.

Whereupon, the following resolution was adopted, Commissioners Gluck and Schulman not voting:

RESOLVED, that the Executive Director be and he hereby is authorized to enter into a lease agreement with New Jersey Transit Corporation for an initial ferry terminal site in Hoboken, New Jersey for a five-year renewable term and exercise, at his discretion, options to lease additional specified property which may be required for the initial ferry service; and it is further

RESOLVED, that the agreements and all other documents required to consummate the aforesaid transactions be subject to approval of General Counsel or his designated representative.

(Board - 10/13/88)

**Hoboken to Battery Park City Ferry Service - Battery Park
City Terminal Site - License Agreement with Battery Park
City Authority - Acquisition of Riparian Rights -
Agreement with New York State Office of General Services**

Over the past ten years, demand at Port Authority trans-Hudson facilities has grown steadily and in some cases these peak-period passenger volumes exceed existing capacity. Similar growth is expected to continue at least through the 1990's. Marketing studies indicate that one of the major growth corridors is the Hoboken, New Jersey to lower Manhattan, New York route which is currently served by PATH. Therefore a terminus at Battery Park City, New York would make the ferry an attractive option for PATH commuters and accommodate excess demand from the Hoboken to World Trade Center line.

The Port Authority has been negotiating for sites at Hoboken, New Jersey and Battery Park City, New York for over a year and is completing contract negotiations with Arcorp/Hartz to operate the service. Arcorp/Hartz will install and maintain the initial terminal facilities at Battery Park City required for initial service.

The general terms and conditions of the Battery Park agreement are as follows:

The Port Authority would obtain an interim license from Battery Park City Authority (BPCA) to site a temporary terminal located outboard of the Hudson river bulkhead, just north of the North Cove. The terms of this agreement would be for three years, automatically renewable for successive one year terms, unless terminated upon six months written notice by either the Port Authority or BPCA after such initial three-year period. The consideration would be a nominal payment of \$10.

Any increase in costs to BPCA or its tenants for the maintenance and operation of the Winter Garden, the Common Areas of the World Financial Center and the Civic facilities of BPC due solely to the operation of the ferry terminal during the time the license agreement is in effect would be paid by the Port Authority. These costs will be determined at the end of each year of the license and, if disputed, will be determined through arbitration.

The license specifically anticipates negotiation of a long-term agreement, which would extend to 2069. These negotiations will include discussion of upland improvements and modifications to the Winter Garden and North Bridge to accommodate pedestrian flow, payments for increased operation and maintenance costs for common areas within the World Financial Center and an ultimate capacity limit on ferry passengers using the Battery Park City terminal of 6,000 per hour in the primary direction.

The ferry service will be operated only during the hours of 7:00 a.m. to 10:00 a.m. and 4:00 p.m. to 7:00 p.m., Monday through Friday, unless prior written consent is obtained from BPCA.

For the duration of the license agreement, it is agreed that not more than 3,000 passengers shall use the terminal in the primary direction during the peak hours of each business day. This limitation may be raised by an increment of 500 passengers annually after the first year of service to a maximum not to exceed 4,500 per hour. Approval of any such increase shall be conditioned upon the Port Authority mitigating the adverse impacts, if any, from such increased flows on the World Financial Center common areas or the Winter Garden. Compliance with these limits would be determined by passenger counts conducted jointly by the Port Authority and BPCA. Under the long term agreement, the limitation will be increased to permit 6,000 persons per hour when the permanent facility comes on line.

No commercial or retail uses will be permitted in the Temporary facility except for offices of the operator and one newsstand.

The Port Authority, and in turn, Arcorp/Hartz, as the Port Authority's ferry operator, is to provide general liability or other insurance against liability for bodily injury, death and property damage as BPCA may reasonably require as well as indemnify and hold harmless BPCA and its assignees as appropriate.

In addition to the foregoing arrangements, the Port Authority is negotiating an agreement with New York State Office of General Services (NYSOGS) under which NYSOGS will grant an easement for the riparian rights (lands underwater claimed by the State of New York) required for the Battery Park City Terminal for an expected term of up to 30 years at an estimated one time payment of \$6,200.

Whereupon, the following resolution was adopted. Commissioners Gluck and Schulman not voting:

RESOLVED, that the Executive Director be and he hereby is authorized to enter into an agreement with the Battery Park City Authority (BPCA), for a license to install and operate a temporary passenger ferry terminal north of the North Cove at Battery Park City as required to institute a ferry service between Hoboken, New Jersey and Battery Park City, New York, New York, which includes payment of incremental operations and maintenance costs associated with ferry operations at Battery Park City; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized to enter into an arrangement with the New York State Office of General Services (NYSOGS) for an easement or license for the riparian rights required for the Battery Park City ferry terminal, for a term of up to thirty years and at an estimated one-time fee of \$6,200; and it is further

RESOLVED, that the agreements and all other documents required to consummate the aforesaid transactions be subject to approval by General Counsel or his designated representative.

Whereupon, the meeting was adjourned.

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Thursday, December 8, 1988

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MINUTES of meeting of The Port Authority of New York and New Jersey held Thursday, December 8, 1988 at the Port Authority offices, One World Trade Center, City, County and State of New York.

PRESENT:

NEW JERSEY

Philip D. Kaltenbacher, Chairman
William K. Hutchison
Henry F. Henderson, Jr.

NEW YORK

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

Stephen Berger, Executive Director
Patrick J. Falvey, General Counsel/Deputy Executive Director
Karen S. Kellerhouse, Secretary
Robert J. Aaronson, Director of Aviation
Rebecca Dogget Andrade, Director, Office of Business & Job Opportunity
Anthony J. Barber, Director of Tunnels, Bridges and Terminals
Frank N. Caggiano, Assistant Director of Port Department
John J. Collura, Director of Management and Budget
Henry I. DeGeneste, Director of Public Safety
Sidney J. Frigand, Assistant Executive Director/Government, Community & Public Affairs
Gene C. Gill, Director of General Services
Francis A. Gorman, Comptroller
John E. Hauptert, Treasurer
Christine M. Johnson, Director, Office of Transportation Planning
Leon Katz, Supervising Information Officer, Public Affairs
Richard R. Kelly, Director of Rail Transportation
Louis J. LaCapra, Deputy Director of Personnel
Phil LaRocco, Director of World Trade and Economic Development
Donald R. Lee, Director of Audit
Lillian C. Liburdi, Director of Port Department
Emily Lloyd, Director, Office of Business Planning and Development
Katharine B. MacKay, Assistant Executive Director/Administration
Charles J. Maikish, Director, Office of Ferry Transportation
Raymond P. Mannion, Assistant Director of Management and Budget
Mark Marchese, Assistant Director, Information Services, Government, Community & Public Affairs
Charles E. Meara, Special Assistant to the Executive Director
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
Richard P. Peduto, Program Director, Asbestos Control Program
David Z. Plavin, Director of Aviation Redevelopment Programs
Sally Sakin, Administrative Assistant
Dorinda Salort, Senior Promotions Representative, Port Department
Lloyd D. Schwalb, Supervisor Media Promotions, Government, Community & Public Affairs
Morris Sloane, Director of Aviation Operations
Lawrence Sposi, Project Manager of ACES, Port Department
Lloyd E. Thompson, Manager of Management Planning and Budgeting, Management and Budget
Joseph L. Vanacore, Assistant Executive Director/Capital Programs
Barry Weintrob, Chief Financial Officer

The meeting was called to order by the Chairman.

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of November 10, 1988. She reported that copies of these Minutes were sent to all of the Commissioners and to the Governors of New York and New Jersey. She reported further that the time for action by the Governors of New York and New Jersey has expired.

Whereupon, the Board of Commissioners 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 December 8, 1988, in addition to matters filed with the Committee pursuant to Board action or 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 December 8, 1988, in addition to matters filed with the Committee pursuant to Board action or 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 December 8, 1988, in addition to matters filed with the Committee pursuant to Board action or 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 December 8, 1988, in addition to matters filed with the Committee pursuant to Board action or separately reported to the Board of Commissioners at this meeting of the Board, and the report was received.

(Board - 12/8/88)

Board of Commissioners - Update of Ethics Policy

The following minute was unanimously adopted as an expression of the continuing tradition of excellence in public service of The Port Authority of New York and New Jersey.

As the governing body of The Port Authority of New York and New Jersey, we want to express our continuing belief that it is essential that the conduct of the Commissioners and employees of the Port Authority hold the respect and confidence of the peoples of the States of New York and New Jersey and that the public know that no conflict exists between private interests and official duties.

It is the policy of the Port Authority that the Commissioners and employees reflect the highest standards of integrity in the public service.

To this end, we authorized promulgation of rules and regulations constituting a Code of Ethics to provide a clear statement of the principles governing the conduct of Port Authority employees and those doing business with the Port Authority. In addition, the Board on April 14, 1983 reaffirmed its commitment to the highest principles of ethical conduct.

We wish at this time to express our continued commitment to those principles of conduct and to bring current our policy, as a Board, that each Commissioner shall conform to the conflict of interest laws presently applicable to unsalaried officers of our respective States. Furthermore, for these purposes we shall continue to furnish General Counsel with a list of our private financial interests, similar to the list we have furnished to him as Counsel to Port Authority Trans-Hudson Corporation (PATH) in connection with our service as Directors of PATH for purposes of the Clayton Anti-Trust Act.

(Board - 12/8/88)

John F. Kennedy International Airport - Sale of Mobile Lounge Papa to United Airlines, Inc.

United Airlines does not have federal inspection services (FIS) at their terminal building. As a result, United had a handling arrangement with Pan American World Airways for FIS processing of their Tokyo flight. Pan American's recent expansion activities have created operational problems for both airlines in terms of level of service provided and received. Accordingly, United, in need of more viable arrangements for FIS processing, has been seeking an interim solution until their scheduled relocation to the British Terminal in two years.

British Airways has agreed to handle United's Tokyo flight, but only at a hardstand (remote aircraft parking site), during the interim period. This is because of a schedule conflict and current major construction activity. The use of the hardstand will require United to provide mobile lounge service to its patrons. United will begin its operation at the British Terminal on December 15, 1988 in time for the peak holiday season, and is in need of two mobile lounges to shuttle passengers from their Tokyo flight to FIS at the British Terminal.

"Papa", the first unit recommended for sale to United from Kennedy Airport's excess fleet was inactive for three years prior to being placed in operation for the summer of 1988, and will not be required for Port Authority service for the peak season in summer of 1989 when four new mobile lounges will be available to complement the existing fleet. A second mobile lounge, "Uniform", is being sold to United Airlines on an expedited basis under the Executive Director's authority. "Uniform" had been inactive for four years and will require extensive rehabilitation.

The negotiated sale price of \$104,000 for "Papa" required formal Board approval for the sale to be consummated. However, the Board would not be able to take action prior to December 8, 1988 which precluded delivery of "Papa" in time for United's December 15, 1988 start up date. Therefore, the Executive Director, in response to the need of a major airport tenant, facilitated the process by authorizing the sale subject to Board approval.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Board approve the action of the Executive Director in authorizing the sale of surplus mobile lounge "Papa" to United Airlines, Inc. for a negotiated sale price of \$104,000.

(Board - 12/8/88)

**The World Trade Center - Contract WTC-499.23 - Building
Cleaning Services - Amendment and Exercise of Option to
Extend**

It was recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into an agreement with Ogden Allied Maintenance Corp. extending Contract WTC-499.23 covering the performance of general cleaning services at the World Trade Center, for a two-year period commencing January 1, 1989 at a cost of approximately \$55.1 million, exclusive of escalation, and amending the contract. The proposed amendments would:

i) allow the contractor to solicit extra cleaning sales directly from World Trade Center tenants, with the Port Authority having the right to establish maximum rates to be charged for extra cleaning sales. The Port Authority would be paid a fee of not less than 10% of the gross revenues generated from the sale of extra cleaning services to new tenants and tenants who renew their current leases and not less than 15% of the gross revenues generated from the sale of extra cleaning services to tenants under existing leases;

ii) increase the compensation due the contractor during the term of the extension at a cost of approximately \$200,000 per year, allowing the contractor to pay increased vacation, holiday, sick day, and medical benefits to supervisory employees. It is anticipated these benefits will increase by approximately 25% per supervisor, and that this increase in supervisory benefits will enable the contractor to attract and retain a higher caliber of personnel and reduce the current high turn-over rate, thus providing improved supervision and cleaning service to the World Trade Center; and

iii) provide for a payment to the contractor of an amount not to exceed \$135,000 to settle a potential claim arising out of increased costs allegedly incurred by the contractor for the additional manhours required by it to develop and implement a computerized work scheduling and billing system. These additional manhours were allegedly incurred because the Port Authority changed the original specifications for the system. No payment will be made to the contractor until the computerized system is operational and the Management Information Services and Audit Departments have established criteria for reimbursement.

Whereupon, the following resolution was unanimously adopted:

RESOLVED, that the Executive Director be and he is hereby authorized, for and on behalf of the Port Authority, to enter into an agreement with Ogden Allied Maintenance Corp. extending and amending Contract WTC-499.23 substantially in accordance with the terms and conditions set forth above, the form of the agreement to be subject to the approval of General Counsel or his authorized representative.

(Board - 12/8/88)

**Elizabeth-Port Authority Marine Terminal - Amendment of
Lease - (EP-148) with Maher Terminals, Inc. to Surrender
Container Cranes and Sale or Lease of Port Authority
Owned Container Cranes**

It was recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority, to enter into an agreement with Maher Terminals, Inc. (Maher) permitting Maher to terminate the letting of four Port Authority owned container cranes designated, respectively, as Star Cranes Numbers 4021 and 4022 and Paceco Portainer Cranes Numbers 247 and 258, which Maher currently leases, prior to the date the letting with respect thereto would otherwise expire or terminate pursuant to the lease, contingent upon the sale or re-letting thereof by the Port Authority. It was further recommended that Board authorize the Executive Director, for and on behalf of the Port Authority, to lease one or more of these cranes to a third party on such terms as the Executive Director deems reasonable, or to negotiate the sale thereof, subject either to the receipt of a minimum price, representing the current value of the cranes as established by an outside consultant, or to the receipt of a price approved by the Committee on Operations. The minimum value of these cranes, as established by the consultant, is \$700,000 each for the Star Cranes and \$100,000 each for the Paceco Cranes. The cranes will be sold on an "as is" basis with the buyer responsible for removal and transportation. Maher's lease permits it to terminate the letting of these cranes and Maher has exercised this right with respect to the Paceco Cranes effective as of March 14, 1989. Maher will continue to lease each of the cranes until the effective date of termination of the letting thereof or until the effective date of an earlier sale or lease thereof.

Maher is in the process of erecting five new cranes at its Elizabeth Terminal and upon the completion of this construction will have no further need for these existing Port Authority-owned cranes. The Port Authority is actively involved in preliminary discussions with parties interested in purchasing or leasing the cranes. The parties who have expressed interest in the cranes require the cranes in the very near future. If the cranes are sold, the direct negotiation method will be utilized to expedite the negotiation process and to control the final destination of these cranes.

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 agreement with Maher Terminals, Inc. permitting Maher Terminals, Inc. to terminate the letting of four Port Authority-owned cranes designated, respectively, as Star Cranes Numbers 4021 and 4022 and Paceco Portainer Cranes Numbers 247 and 258 prior to the date the letting with respect thereto would otherwise expire or terminate, contingent upon the sale or lease thereof to another party and that the Executive Director be and he hereby is authorized for and on behalf of the Port Authority to negotiate the sale of one or more of these cranes to a qualified buyer substantially in accordance with the terms and conditions set forth above or to lease one or more of these cranes on such terms as he deems reasonable, the form of all of the agreements to be subject to the approval of General Counsel or his authorized representative.

(Board - 12/8/88)

1989 Budget

It was reported that copies of the Budget for the year 1989 were presented to the Commissioners in October 1988. The 1989 Budget is a product of the Port Authority's internal planning process and provides for the continuation of the capital plan endorsed by the Governors of New York and New Jersey as well as other expenditures necessary to achieve the Port Authority's objectives. These objectives are: 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 Port Authority. Approval of these recommendations will enable the Port Authority to accomplish its mission.

The 1989 Budget for The Port Authority of New York and New Jersey, including the anticipated expenditures of subsidiary corporations, totals \$2.2 billion. It consists of approximately \$695 million in gross capital expenditures, \$1.2 billion of operating expenses, \$217 million of debt service net of capitalized interest, \$17 million of expenditures for the Fund for Regional Development, and \$52 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 1989 capital expenditures are primarily for projects related to the Port Authority's Aviation, Interstate Transportation Network, Port, and World Trade and Economic Development facilities, including a provision of \$10 million for emergency repairs. The Budget also includes \$21 million for expenditures for projects identified by the States from funds made available pursuant to the Governors' Agreement of June 1983, \$5 million for regional development projects to be identified by the Governors, and an allowance of \$15 million for projects under study and development. Expenditures for construction contracts included in the 1989 Budget are shown on Exhibit A-2.

In 1989, Aviation's activities will continue to be devoted to the revitalization, renewal, and enhancement of the airports while maintaining ongoing operations and levels of service. Aviation's plan provides for the initiation of major construction for JFK 2000, detailed planning for Newark 2000, and continued construction for the LaGuardia Central Terminal Building modernization and expansion. Also included are expenditures related to the improvement of the Customs Hall and main lobby of the International Arrivals Building as well as taxiway, roadway, and parking lot improvements at Kennedy International Airport; school soundproofing at all three airports; construction of a new east end terminal and roadway improvements at LaGuardia Airport; and a new international facility, completion of a new facility maintenance building, and runway and taxiway improvements at Newark International Airport.

(Board - 12/8/88)

For Interstate Transportation Network facilities, the 1989 Budget includes expenditures to maintain service levels and for the protection of the physical integrity of the facilities. The Budget provides for completion of improvements to PATH's Pavonia/Newport station, continued construction at the new PATH Car Maintenance Facility, new stairs and escalators at the World Trade Center station, and elderly and disabled access to PATH terminals; facility rehabilitation at the tunnels and bridges including rehabilitation of the North Tube of the Lincoln Tunnel and initial construction for the redevelopment of the Holland Tunnel tolls plaza; and improvements to provide for the initiation of the Hoboken, New Jersey to lower Manhattan, New York ferry service. The Budget also includes the planned purchase of buses under the Port Authority Bus Programs.

In order to ensure the competitive position of our port facilities and enhance the economic benefits to the region, the 1989 Budget includes expenditures for channel dredging and berth deepening, facility rehabilitation at the Port Authority's New York and New Jersey marine terminals, warehouse improvements at Port Newark, and the construction of a third modular warehouse building at the Elizabeth-Port Authority Marine Terminal, as well as the completion of construction at the Port Authority Auto Marine Terminal.

The World Trade and Economic Development Department's program reflects continued construction of the Teleport and Newark Legal Center as well as construction of the Essex County Resource Recovery Facility; facility and systems improvements to maintain the safety, structural integrity, and competitive position of the World Trade Center; and expansion and renovation of the industrial parks.

The 1989 Budget includes \$76.1 million for retention of professional, technical, or advisory services; \$71.4 million for maintenance and services contracts; \$111.2 million for construction contracts; and \$9.3 million for commodities (materials, equipment, and supplies) contracts, in addition to amounts otherwise authorized. The Executive Director would be authorized to take action with respect to the retention of professional, technical, or advisory services; contracts for maintenance and services, construction, commodities (materials, equipment, and supplies) purchases, and the purchase of insurance; and the settlement of certain claims, all as provided for in the Budget and in accordance with appropriate procedures filed with the Committees of the Board.

Circumstances have arisen during the year 1988 which were not foreseeable or determinable on January 7, 1988, when the Board adopted the 1988 Budget. These changes, totaling about \$20 million, are set forth on Exhibit B, and, together with all other expenditures for the Port Authority for the year 1988, will not exceed the amount as set forth in the 1988 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 1989 Budget and any amendments thereto.

(Board - 12/8/88)

As contemplated in the 1989 Budget, in light of recent staff, consultant, and similar studies by other public and private agencies, of salary, wage, and Consumer Price Index trends, provision for salary ranges and salaries for staff not represented for purposes of collective negotiations would be set or increased effective December 25, 1988, by 4% and, as appropriate, in response to developments affecting organized subordinate employee groups, while all existing or modified compensation programs, and individual salary increases for professional, managerial, technical, supervisory and clerical and administrative staff within the new ranges, would continue to be administered on the basis of merit. Salary ranges and levels would continue to reflect the ongoing implementation of the Hay classification system. The Service A compensation plan is not included in this authorization.

In order to provide sufficient funds in connection with the Port Authority's capital program, together with capital funds to be carried into each year as well as Port Authority obligations to be issued in each year, it is desirable at this time to authorize the application, for the purpose of capital expenditures to be made in 1989, of funds paid into and available in the Consolidated Bond Reserve Fund in a total aggregate amount of up to \$250 million, consistent with applicable bond covenants and financial policies.

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 services as contained in the financial plan presented to the Commissioners, would also be confirmed.

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

(Board - 12/8/88)

RESOLVED, that the 1989 Budget of The Port Authority of New York and New Jersey as set forth below be and the same hereby is approved and adopted, including authority for the Executive Director to: (a) take action, in accordance with appropriate procedures, with respect to retention of professional, technical, or advisory services and to contracts for maintenance and services, construction, commodities purchases, and the purchase of insurance, and to the settlement of claims; (b) implement the annual salary range adjustments; and (c) pending final adoption of the annual Budget, make operating expenditures and undertake contractual commitments for continuing operations and services:

THE PORT AUTHORITY OF NEW YORK & NEW JERSEY
Including subsidiary corporations

1989 BUDGET
(Thousands of Dollars)

Item	Total Expenditures	Personal Services	Materials & Services	Other
Executive Offices				
Office of the Executive Director	\$2,650	\$728	\$1,922	
Office of the Secretary	4,570	1,901	2,669	
Office of Business & Job Opportunity	3,023	1,712	1,311	
Office of Capital Programs	611	470	141	
Office of the Chief Economist	267	172	95	
Asbestos Control Program	1,617	841	776	
Office of Policy Planning & Business Development	344	223	121	
Chief Financial Officer	3,211	1,937	1,168	\$6
Audit Department	9,200	7,260	1,926	14
Comptroller's Department	25,744	10,304	15,440	
Treasury Department	24,322	5,874	18,420	28
Insurance	60,043		60,043	
Debt Service	297,197			297,197
Expenditures on Behalf of Fund for Regional Development	17,200			17,200
Management and Budget Department	13,194	7,094	6,100	
Payments of City Rent & In Lieu of Taxes	144,819			144,819
Office of Administration				
General Services Department	646	454	192	
Personnel Department	51,395	28,112	(555)*	23,838
Office of Medical Services	19,982	10,887	9,095	
Management Information Services Department	5,079	2,923	2,156	
Government, Community and Public Affairs Department	21,040	17,057	(14,792)*	18,775
Government and Community Affairs	0	0	0	
Government and Community Affairs	5,031	2,705	2,326	
Public Information Services and Publications	2,000	1,372	628	
Homeless Task Force	584	377	207	
Law Department				
Office of Business Development	17,832	12,173	5,659	
Office of Transportation Planning	11,288	6,203	5,085	
Public Safety Department	5,103	3,034	2,069	
Engineering Department	36,567	28,910	7,657	
Construction Contracts	161,384	70,132	70,572	20,680
Ferry Transportation Services	172,711			172,711
Construction Contracts	3,581	1,195	2,386	
Tunnels, Bridges and Terminals Department	8,000			8,000
Administrative and Planning	16,327	12,207	1,820	2,300
Holland Tunnel	21,095	17,170	3,925	
Lincoln Tunnel	24,004	19,001	5,003	
George Washington Bridge	24,175	18,734	5,441	
Staten Island Bridges	13,338	10,838	2,500	
Port Authority Bus Terminal	36,321	21,216	15,105	
Construction Contracts	2,000			2,000
Additional Transportation Improvements	9,000			9,000
Rail Transportation Department				
Administration, Planning and Construction	26,369	10,532	10,826	5,011
PATB	110,453	82,146	28,307	
Journal Square Transportation Center	5,440	656	4,784	
Construction Contracts	3,089			3,089
Port Department				
Administration Planning and Construction	19,440	7,223	8,717	3,500
Port Newark	10,164	4,689	5,475	
Howland Hook-P.A. Marine Terminal	1,974	241	1,733	
Elizabeth-P.A. Marine Terminal	6,511	2,909	3,602	
Port Authority Auto Marine Terminal	177	177	0	
Columbia Street Marine Terminal	43	25	18	
Erie Basin- Flshport	2,938	1,045	1,893	
New York City Passenger Ship Terminal	7,475	1,164	6,311	
Brooklyn- P.A. Marine Terminal	5,292	2,665	2,627	
Red Hook Container Terminal	631	356	275	
Port Promotion	7,877	3,563	4,314	
Construction Contracts	68,350			68,350
Aviation Department				
Administrative and Planning	53,467	14,359	36,308	2,800
LaGuardia Airport	50,672	24,930	25,742	
Newark International Airport	87,297	33,943	53,354	
John F. Kennedy International Airport	164,854	56,272	108,582	
Port Authority Heliports	3,227	1,369	1,858	
Construction Contracts	175,800			175,800
World Trade Department				
Administration and Planning	25,480	7,087	8,297	10,096
The World Trade Center	137,272	16,396	120,876	
Trade Programs, Including Foreign Trade Development Offices	15,051	6,723	8,328	
Newark Legal and Communications Center	2,068	419	1,649	
The Teleport	5,729	956	4,773	
Economic Development	7,805	2,849	4,956	
Essex County Resource Recovery Facility	1,356	773	583	
Construction Contracts	185,936			185,936
Bus Programs				
Regional Development Facility	1,700			1,700
Regional Development Projects	21,000			21,000
Projects in Development	5,000			5,000
Provisions for Delays Carried Forward	15,000			15,000
Provisions for Capital Write-off	(331,774)			(331,774)
Provisions for Capital Write-off	10,000		10,000	
Total Port Authority Budget	\$2,189,558	\$606,683	\$700,799	\$882,076
Agency Accounts (Reimbursable)				
Railroad Equipment Programs	\$13,418			

* Net after charges to other departments.

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
CONSTRUCTION CONTRACTS
1989 PLAN
(Thousands of Dollars)

Exhibit A-2

	AMOUNT
ENGINEERING DEPARTMENT	
PATH	\$51,395
Port Authority Industrial Park at Yonkers	2,716
PATH Safety Program	25,770
George Washington Bridge & Bus Station	14,385
Holland Tunnel	19,485
Port Authority Bus Terminal	8,929
Lincoln Tunnel	23,584
Essex County Resource Recovery Facility	11,175
Port Authority Industrial Park at Elizabeth	2,959
Hunter's Point	5,000
Journal Square Transportation Center	2,140
Bayonne Bridge	2,460
Goethals Bridge	1,978
Outerbridge Crossing	735
Total	172,711
TUNNELS, BRIDGES AND TERMINALS	
Lincoln Tunnel	2,000
ADDITIONAL TRANSPORTATION IMPROVEMENTS	
	9,000
PORT DEPARTMENT	
Elizabeth - P. A. Marine Terminal	23,300
Port Newark	13,800
Port Authority Auto Marine Terminal	9,000
Erie Basin - P. A. Marine Terminal/Fishport	4,000
Brooklyn - P. A. Marine Terminal	7,500
Red Hook Container Terminal	2,000
NYC Passenger Ship Terminal	3,750
Howland Hook Marine Terminal	5,000
Total	68,350
AVIATION DEPARTMENT	
John F. Kennedy International Airport	93,500
Newark International Airport	27,500
LaGuardia Airport	54,800
Total	175,800
WORLD TRADE AND ECONOMIC DEVELOPMENT DEPARTMENT	
Essex County Resource Recovery Facility	76,000
Newark Legal and Communications Center	29,056
The World Trade Center	54,565
The Teleport	4,590
Port Authority Industrial Park at Elizabeth	11,725
Hoboken Waterfront Development	10,000
Total	185,936
RAIL TRANSPORTATION DEPARTMENT	
PATH Rapid Transit	3,064
Journal Square Transportation Center	25
Total	3,089
FERRY TRANSPORTION SERVICES	
Ferry Terminals	8,000
BUS PROGRAMS	
REGIONAL DEVELOPMENT FACILITY	1,700
PROJECTS IN DEVELOPMENT	21,000
REGIONAL DEVELOPMENT PROJECTS	15,000
	5,000
TOTAL CONSTRUCTION CONTRACTS	\$667,586

(Board - 12/8/88)

RESOLVED, that the following revisions to the Budget for the year 1988 be approved:

Exhibit B

SCHEDULE OF REVISIONS TO CERTAIN 1988 BUDGET ITEMS
(All Overruns Exceeding \$500 Thousand)

	<u>Total Expenditures</u>	<u>Personal Service</u>	<u>Materials and Services</u>	<u>Other</u>
Insurance Costs	\$ 5,361		\$ 5,361	
General Services Department	1,665	\$ 1,348	27	\$ 290
Tunnels, Bridges and Terminals Department:				
Lincoln Tunnel	675	891	(216)	
George Washington Bridge	1,464	1,943	(479)	
Staten Island Bridges	1,141	313	828	
Port Authority Bus Terminal	3,582	2,308	1,274	
Port Department:				
NYC Passenger Ship Terminal	642	(196)	838	
Aviation Department:				
Administration and Planning	3,825	554	3,176	95
JFK International Airport	1,684	616	1,068	

RESOLVED, that, based upon 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 1989 Budget of the Port Authority and any amendments thereto; and it is further

RESOLVED, that, the financing by the Executive Director of portions of the Port Authority's capital program, by application of funds paid into and available in the Consolidated Bond Reserve Fund, including investment earnings attributable to the General Reserve Fund not required for the maintenance of that Fund, to capital expenditures during 1989 in a total aggregate amount not to exceed \$250 million be and the same hereby is authorized; provided, however, that the amount so financed or applied shall not exceed an amount which, when combined with any other amounts financed or applied in such year from such funds paid into and available in the Consolidated Bond Reserve Fund, will preclude the Port Authority from: (a) maintaining the General Reserve Fund at an amount equal to 10% of the par value of outstanding Port Authority bonds legal for investment (other than New York State Guaranteed Commuter Car Bonds); and (b) maintaining in all reserve funds an aggregate amount in excess of the next two years' debt service on outstanding Port Authority bonds secured by a pledge of the General Reserve Fund; and that the application, from time to time, of funds as set forth herein is hereby authorized and approved.

Whereupon, the meeting was adjourned.

Secretary