

**The Port Authority of New York and New Jersey**  
**Board Meeting Transcripts**  
**November 15, 2011**

[Chair D. Samson] The Board Meeting of the Port Authority of New York & New Jersey and its subsidiaries is now called to order. Prior to today's meeting, the Committee on Construction met in public session, the World Trade Center Redevelopment Subcommittee met in both public and executive session, and the Security Committee and Committee on Operations met in executive session. Those committee reports will be filed with the official Minutes of today's Board Meeting. The commissioners also met in executive session prior to today's Board Meeting to discuss and act upon matters related to proposed, pending, or current litigation or judicial or administrative proceedings. I want to start by saying on behalf of the board how saddened we are to advise that last night we lost one of our police officers, Officer Jimmy Salogiannis, who joined our force in December 2002 and was assigned to the Port Authority Bus Terminal. Officer Salogiannis was 43 years old and lived in Queens. I'd ask you all to please rise for a moment of silence in memory of the Officer we lost. Thank you. In addition and on behalf of the board, I want to welcome our new Executive Director Pat Foye, who started working earlier this month and has already made great contributions. Pat, we're of course all looking forward to continuing our working relationship with you. I understand that you have some remarks you'd like to make at this time.

[Exec. Dir. P. Foye] Thank you, Chairman Samson. I will be brief. First I want to begin by thanking Governors Christie and Cuomo and this board for its approval earlier this month. I want to touch on 2 or 3 topics. One is growth and the Port Authority's role in generating and creating regional growth. These are obviously tough times for our nation and our region. Unemployment in the region is in the 9 to 10% area generally. Unemployment in the trades is 20 to 30 to 40% depending on the particular trade. Unemployment among minority groups is even higher, and that has both a financial and a human and a social cost since delay in getting an entry level job has, frankly, lifetime consequences. The Port Authority has long been an engine for growth in this region, and I think it's clear to many that the region's infrastructure, including the Port Authority's infrastructure, is now an impediment to growth and is becoming a greater impediment to growth. The assets that the Port Authority is custodian of--the bridges and tunnels, the airports, the ports, PATH, the World Trade Center-- are extraordinarily important assets--infrastructure assets, transportation assets. But the time that airline passengers spend circling one of our airports or another airport affected by delays here in the New York area, delays on PATH, delays on the George Washington Bridge or the Lincoln Tunnel, if you take the value of the time of those customers, and those are our customers-- the airlines are our customers, airline passengers are our customers, the people who rent and have concessions at the ports, people who ride PATH, the people who take the George Washington Bridge and Lincoln Tunnel to and from work are our passengers-- their time is extraordinarily valuable and could be better deployed, especially in these tough economic times, to value job creation or, frankly, social or entertainment activities. I think as a result that the economic crisis that I just described, that these times call for a robust and growth-minded Port Authority. It's a role that the Port Authority played frankly during the Depression where despite the economic times then--and Port Authority revenues if you go back and read the history, as I'm in the process of doing, those times had a significant impact on Port Authority revenues. The Authority was far smaller and less sprawling than it is now, but the Port Authority was affected. But despite that, Port Authority commissioners and staff did

great things and built great assets, and the region's growth was accelerated significantly after the close of World War II by the investments the Port Authority had made in the years and decades before. I want to talk briefly about some priorities that I know we've discussed in executive session and I've discussed with all of you individually. First is a return to the Port Authority's core mission, which is designing and building and operating critical infrastructure. Second is speed to market. The Goethals Bridge Modernization Project that the board just approved and the committee approved earlier has been in an environmental process for the second time, the second time at a cost of \$60 million and 6½ years of delay. Surely we can do better internally, and surely outside stakeholders, including NEPA and CECRA officials and other government agencies, can do better. I'll note that President Obama with respect to the Tappan Zee Bridge-- not a Port Authority asset--recently gave Governor Cuomo a waiver, gave the state of New York a waiver with respect to the federal processes for that bridge, 1 of 14 in the country. That's a great thing for our region, even though it's not a Port Authority asset. And the question that occurs to me and which I frankly asked Secretary LaHood in a small meeting in the governor's office a couple of weeks ago, "Well, why not 140 projects?" "And why not Port Authority projects like, for instance, the Bayonne Bridge "where we're not proposing to build a new bridge but merely to raise the roadway "of an existing bridge?" Surely the environmental impacts from that project are going to be limited. From a macro point of view, I think one can argue convincingly that the environmental impact of raising the roadway of the Bayonne Bridge will result in fewer larger ships traversing entering the harbor, burning less fuel on a per ton basis because of better technology. That's good for the environment. It's good for our region. From the point of view of things that we can control, I think there are a number of concerns that we all share. One is we've all got to do better rigorously controlling soft costs. I think as the board continues with the audit that it was charged with doing by Governors Christie and Cuomo that a rigorous analysis of our soft costs compared to other agencies--the MTA, Massport, other peers, and I realize the Port Authority has no peer, but other peer counterparts-- I think is something that ought to be undertaken. I think while we're doing that, frankly, we ought to look at soft costs from private sector operators and developers. I think that review is worthwhile. I think that the times require a more disciplined capital allocation process that focuses on real objective metrics such as return on assets, job creation and retention, but both of those being looked at in a quantifiable way but recognizing that as a governmental agency, bi-state agency, the Port Authority will always have policy and governmental objectives that a private sector operator or owner will not. But the times require, and the capital constraints that we operate under require a disciplined capital allocation process. The last point I'll make and something that each of us in the room knows is that tolls and fares, which is a major component of our revenue and a major component of the support for the bonding that we have done and will do for transportation infrastructure assets, toll and fare increases are not free, and they have a significant financial, social, media, and political cost. I think that further toll and fare increases, which we're all going to work hard to minimize, will become increasingly difficult, especially in the low inflation, low growth world that we operate in, and it behooves us all, as both Governors Christie and Cuomo have said, that we squeeze maximum value out of every dollar that we're entrusted with, whether that comes from toll and fare revenue, from revenues from airlines at 1 of the 3 major airports or any of the 5 that we operate, whether it's from ports, PATH, World Trade Center, etc. I end, Chairman Samson, where I began which is to thank Governors Cuomo and Christie, each of the commissioners, and the staff which I've worked with over the last 7 or 8 days for your support. I look forward to working with this board and the staff and both governors going forward.

[Chair D. Samson] Thanks, Pat. On behalf of Vice Chairman Rechler and the entire board, I want to underscore that we really look forward to working with you. I know your experience and your talent will add value to this great agency, and of particular value and interest to this board is promoting increased

communication between the senior staff and the board. So I thank you. We will now provide an opportunity for members of the public to comment on other Port Authority matters. This public comment period, which is limited to 30 minutes in total, provides an opportunity for members of the public to present their views directly to the board but does not provide for a dialogue. Members of the public wishing to discuss a specific matter with the Port Authority staff are advised to contact our Public Affairs Department. Speakers are asked to comply with the fixed time limit of 3 minutes. Our first speaker today is Margaret Donovan from the Twin Towers Alliance.

[M. Donovan] Good afternoon. There was an article in the New York Times last week entitled "America's Unnecessary Secrets" that dealt with the problem of the overclassification of federal documents and what to do about it. It ended with this conclusion: "By holding classifiers accountable for their decisions, the President could make strides toward solving a problem that imperils national security, weakens our democracy, and needlessly saps the treasury." "And 10 years after terrorists threatened to shake our commitments to our values, the United States would show the world that an open government and an informed public are among this nation's greatest sources of strength." It kind of sounds like the empty promises in the Port Authority's Open Meetings Policy, which was patterned after the following resolution of the New Jersey legislature. "The legislature finds and declares that the right of the public to be present at meetings of the Port Authority of New York & New Jersey and to witness in full detail all phases of the deliberation of policy formulation and decision making of the Authority is vital to the enhancement and proper functioning of the democratic process and that secrecy in public affairs undermines the faith of the public in government and the public's effectiveness in fulfilling its role in a democratic society." When we say that the Freedom Tower is a monument to corruption, you think we're nuts, because there is a misconception that corruption is taking bribes or paying graft. But it goes much deeper. Corruption is lying, even when one lies to oneself and says it's all for the best, that it serves the higher good. It doesn't. It only digs a deeper hole. The WTC that has virtually bankrupted the Port Authority is the result of unwarranted secrecy, and the proof is in the way the PA has blocked many of our Freedom of Information requests. Einstein said that we can't solve problems by using the same kind of thinking we used when we created them, and President Kennedy said that our problems are man-made, therefore they may be solved by man, but only if we tell ourselves and each other the truth. This is not a vendetta or a crusade. Thousands of fellow Americans died simply because they were Americans. Please instruct your staff to release the stalled requests. The least we can do is tell each other the truth. Thank you.

[Chair D. Samson] Thank you. Our next speaker is Richard Hughes of the Twin Towers Alliance.

[R. Hughes] Good afternoon, commissioners. Recently I've been reading Port Authority annual reports. They're as good as Dickens or Balzac. They're fascinating. They loved a good puzzle, didn't they-- Dickens and Balzac? And the great puzzle here, of course, the great mystery is how come this past summer the Port Authority suddenly needed to raise its tolls 50%? Fifty percent in a recession. So I started looking back through your annual reports-- last year, 2009, 2008-- and lo and behold, as I said, fascinating stuff because what did I discover? Well, for one thing, how you spend your money. I mean, OUR money. According to your annual reports for the last 3 years, your capital expenditures on your core mission, on what you do-- the bridges, the tunnels, the terminals, the PATH trains, the airports, the Port of New York and New Jersey--on that in the past 3 years you spent \$3.85 billion. That's what you do. That's your core mission. And then what did you spend at the World Trade Center site, which is not your core mission, which is real estate? Almost exactly the same amount--\$3.833 billion. \$3.85 versus \$3.83.

And now we hear you need money for capital expenditures for the bridges and tunnels which produce the tolls. What did you spend during that period on them? \$500 million, while you took in approximately \$3 billion in tolls, \$2.5 billion more than you needed. So where did the money go? Into the money pit at Ground Zero. Of course, none of this needed to happen. Larry Silverstein was required by his contract to rebuild the Twin Towers on his own dime-- not using the Port Authority's money--and to clear the site too. But you let him out of his contract and are giving us a project we don't want and making us pay for it. Many of you on the board here have been in business or are in business. Would you allow this kind of misallocation of resources in your companies? Of course not. You'd go out of business. The public wouldn't let you. So what's the problem here?

[chuckles] I forgot. We're dealing with a monopoly--a monopoly that can do whatever it damn well pleases and the public be damned. The Occupy Wall Street crowd, they have it all wrong. If they really want to protest the abuse of power, they ought to occupy the Port Authority, they ought to camp out here. This is where the real arrogance and incompetence are on display. Thank you.

[Chair D. Samson] Thank you. Our next speaker is Murray Bodin.

[M. Bodin] Listening to the new executive director, I realize that I am an infrastructure person. I want to create the tools whereby the next generation can go forward. We just bought our grandson who is 15 an iMac. He has my old iPad, and he has an iPhone, and he's integrating the 3 of them together. This is a steering wheel from a 2004 Eldorado convertible Cadillac. It was the cheapest one I could buy because nobody's buying parts for it anymore. But it's symbolic of our inability to order new buses with steering wheels this small. We're still ordering buses with the big ones as if they were connected mechanically. And they're connected by a computer. We can't stop putting tachometers on cars with automatic transmissions. That's our mindset that has to be addressed. And what the executive director spoke about today is changing how we look at the infrastructure we create. Working with Admiral Larrabee on various issues concerning Greenville and moving freight, it's a pleasure to come here because this organization is better run than anywhere else. Yesterday I was at the MTA. I spoke at 4 committee meetings. I'm embarrassed to say how I embarrassed them. Last week I was at New Jersey Transit, and I spoke at the board meeting. And a week from now I'll be at the New Jersey Turnpike. I'm the only one that goes around and can compare one board to the next. You'll see me in a week. This place is run-- You've set an example that other people haven't followed yet. And what he said today is the direction we have to go in. You have to create an infrastructure whereby jobs are created. This all it comes down to-- jobs. And if you don't have a decent infrastructure, you don't have the job base. And how do we get there? Well, we have to talk about stop buying buses with big steering wheels. And symbolically, we have to move on. My generation has to give up the power to my grandson. Thank you.

[Chair D. Samson] Thank you. Our next speaker is Peter Levenson from Kibel Developers.

[P. Levenson] Good afternoon. I guess we segue from different scale issues, but my story is that our company purchased 90 West Street after 9/11. It was the precursor of the Woolworth Building. It's a city landmark and now on the Register of Historic Places. We spent \$150 million and created 410 apartments. People moved in in 2005 and made 90 West Street their home, probably the first completed development after the tragedy that we all experienced. And we made a commitment both financially and emotionally to create a new neighborhood, almost the seeds of the enormous project that the Port has taken on. And I understand the complexity of this project. It is very impressive, and I trust when it's all done it's going to

be a real centerpiece of our country. But be that as it may, the thousand people that live in our building have experienced enormous difficulty living through the construction. And I knew it wasn't going to be easy. In 2005 we thought a couple years it'll be done. We're at 2011, and although there's lots of progress, it remains a very difficult situation. We were promised that the big rush is for the 9/11 Memorial. Recently we have experienced an uptick in construction that goes from morning through early hours. They were working until 1:00, then they threw that directive out and they worked until 3:00 in the morning with rock removal. We meet with the Port, and the new director was very sympathetic and called me personally yesterday, and I'm appreciative of that, and I understand that there will be some new direction. However, in the past there's enormous disconnect between the board, the directives that the board may give or whoever decides how this thing will get built, and the people that live on this site. So I do implore you to make it clear to those that actually have to implement this instruction that this is a neighborhood, that we are all partners in doing this, but it's enormously arrogant to think that people can live 3:00 in the morning with rock removal constant every single night. It's just not fair, it's not right, and it's not the way to respect the city that we all love. Thank you very much.

[Chair D. Samson] Thank you. Our next speaker is Michael Brendzel from BZL Associates.

[M. Brendzel] Thank you. This will be brief again. I just wanted to clarify a couple of things about Liberty Loops. After I spoke last month, a couple of the commissioners asked me whether I represented the towns. The fact is that I'm not a consultant. The money that we have spent in moving Liberty Loops along is coming out of my pocket. Fortunately, I can afford it. But I seek your continued cooperation and the cooperation of your staff to facilitate this process, because the longer this takes, the more expensive it's going to be, and I think the region is going to miss an opportunity for economic development and jobs, which has been mentioned a number of times at this hearing. So thank you very much.

[Chair D. Samson] Thank you. Our last speaker is Chrissy Buteas of the Girl Scouts of Northern New Jersey.

[C. Buteas] Thank you, Chairman. My name is Chrissy Buteas. I'm with the Capital Impact Group. I'm representing the Girl Scouts of New Jersey. With me is Laura Herrera from Full House Events. We're here today on behalf of the 4 Girl Scout Councils of New Jersey representing over 140,000 girls and adult volunteers to thank you, the Port Authority, and especially Deputy Executive Director Bill Baroni for your efforts in making and kicking off our 100th year anniversary a complete success. I'm sure everybody knows we had the ability to cross over the George Washington Bridge with over 2,000 to 3,000 girls on Sunday afternoon. I approached Bill Baroni probably about a year ago and I said, "The Girl Scouts would like to bridge over one of the most spectacular bridges in the world," and he led me and said, "We're going to make this happen." And I am so thankful to him and to the entire staff, the general manager of the George Washington Bridge, Bob Durando, Andrea Bocker, resident engineer, and Bill Young from Government Relations. They were an absolute pleasure to work with. And because of all of you and Bill Baroni, complete success. We had tremendous press coverage, and it's so exciting to know that you were a part of kicking off our 100th year anniversary. We're going to be presenting them with a plaque that reads, if you don't mind, "With gratitude for your friendship and support in helping to celebrate our 100th anniversary, "bridging into the next century." So once again, thank you to everybody for making this event a very, very successful event.

[Chair D. Samson] Thank you.

[applause] May I have a motion to move the consent calendar for approval?

[Comm. V. Bauer] So moved.

[Chair D. Samson] Second? All in favor?

[All Commissioners] Aye.

[Chair D. Samson] There being no further business before the board, I move to adjourn. May I have a second?

[Comm. H. Silverman] Second.

[Chair D. Samson] All in favor?

[All Commissioners] Aye.

[Chair D. Samson] So moved. Thank you.