

The Port Authority of New York and New Jersey
Board Meeting Transcripts
April 23, 2014

[Board Vice-Chair S. Rechler] We'll get started. I'm sorry we're about 15 minutes late. I'm a little new to this job, so a little bit of trying to get our feet on the ground here. The Board Meeting of the Port Authority of New York & New Jersey and its subsidiaries is now called to order. In addition, as part of today's proceedings, a special meeting of the Operations Committee may be held to consider certain matters on today's agenda. The Special Oversight Committee of the Board of Commissioners met in public session prior to today's meetings. In addition, earlier today the Committee on Operations met in public session, the Committee on Finance and Capital Planning, Execution & Asset Management and the World Trade Center Redevelopment Subcommittee met in both public and executive session and the Committee of Security met in executive session. Their reports will be filed with the official minutes of today's Board Meeting. The commissioners also met in executive session earlier today to discuss matters related to the purchase, sale, or lease of real property or securities where disclosure would affect the value thereof or public interest. On a somber note, recently we lost the former Port Authority Commissioner Basil A. Paterson, who passed away last week. In addition to his numerous civic and philanthropic accomplishments in the public and private sectors, Commissioner Paterson had a combined service of nearly 7 years on 2 separate tours of duty with this board. On a personal note, I think that Commissioner Paterson was an incredible man, a great statesman, an asset to this region, and frankly, a role model for a number of us, including myself. In particular, he was a role model to my fellow commissioner, Jeff Moerdler, who would like to express some personal comments and read the memorial tribute for Commissioner Paterson. Jeff?

[Comm. J. Moerdler] Thank you. It is with profound sadness that we mark the recent passing of our colleague and friend, Basil A. Paterson, on April 16, 2014. Commissioner Paterson—Basil to his friends— epitomized the finest traditions of public service, having dedicated a lifetime to serving the people of the state of New York in a variety of roles throughout his career. He brought to this service the keen analytic mind of an attorney with a practical approach to getting the job done, and his wisdom and calm approach to problem solving will be sorely missed. Commissioner Paterson had been a long-term member of the Port Authority family, having served a term of office from July 1989 to April 1995 and then again returning to the Board in June of 2013. On a personal note, I knew him since I was a kid. He was a terrific role model and a wonderful person to teach anyone about how government works and how you can play a role in government and what you can do to improve what goes on in society, and I will personally miss him. One of the things I'll miss the most is the foursomes that Basil and David Paterson and my father and I used to have for breakfast and lunch regularly. And then having the opportunity to work with him here on the Port Authority Board was just terrific. I would ask everyone to take a moment of silence in honor of his memory. Thank you.

[Board Vice-Chair S. Rechler] Thanks. Very nice. Appreciate those comments. Our first item on the agenda is the Hudson Estuary Resources Program. We have a presentation to kick that off. Who is making that presentation? Chris Zeppie? Francois? Oh, good. There you are.

[C. Zeppie] Good afternoon, Commissioners. Today I am pleased to provide you with an overview and update of a significant example of the Port Authority's commitment to the environment, the Hudson-Raritan Estuary Resources Program. First let me put the program in some context. This slide highlights key efforts that implement the sustainability policy adopted by the Board in 2008. Among other things, the Port Authority authorized staff to address climate change adaptation. It is interesting to note that most of the natural resource acquisitions that are the subject of today's presentation preserve critical wetland fringes that provide protection for inland properties and structures. The Hudson-Raritan Estuary Resources Program has sought to preserve important ecosystems and habitat and provide public access to the waterfront. To be eligible under this program, the site must be within the Port District and on a list of properties that need to be preserved and are in danger of development, as identified by the Harbor Estuary Program. The site must be privately held, the price supported by appraisals prepared by a Port Authority approved commercial real estate appraiser, and there must be an identified not-for-profit or public entity in which title will vest and which will manage and operate the site. This map indicates all acquisitions in New York and New Jersey that have been made with funding under this program since its inception in 2001. To date, the Port Authority acquired close to 400 acres and provided improvements for safe public access to the waterfront at River Barge Park in the New Jersey Meadowlands and at North Shore Marina in Staten Island. Three broad categories for characterizing accomplishments of this program are on the screen. Many acquisitions fulfill multiple objectives for the communities in which they are located for the larger New York-New Jersey region and for the environment. Representative examples of each category are on the next slides. Pictured on the left is William H. Pouch Scout Camp, the last remaining scout camp in New York City in the heart of Staten Island's 3000-acre protected Greenbelt ecosystem. This conservation easement provides public access to 94 acres of this historic camp and protects critical habitat, including wetlands and woodlands, for migratory birds and other wildlife. On the right is the 69-acre Texas Eastern site as well as the 10-acre Adams site. These are part of the Dismal Swamp which includes a rare and important forested wetland habitat and the headwaters of Bound Brook in Edison Township, New Jersey. Pictured on the left is Depot Place, which was a strategic acquisition in that it provides a critical link in the long planned Harlem River Promenade which will extend from Roberto Clemente State Park as well as providing river access to a community long underserved. Acquisitions that are integral parts of the Hackensack Riverfront Park in Jersey City and Riverbank Park in Essex County will enhance the quality of life for the residents of Jersey City and Newark and surrounding areas. The Port Authority funding allowed acquisition of 32 acres for the Hackensack Riverfront Park in 2010, providing a green oasis adjacent to one of New Jersey's most densely populated cities. The Port Authority provided funding for a 12-acre property in Newark for the Essex County Riverfront Park. The park provides the only public access along the lower Passaic to the Ironbound section of Newark and surrounding neighborhoods. A 2005 Memorandum of Understanding with the New Jersey Meadowlands Commission provides special focus on sites within the Meadowlands District, a 31 square mile area covering 14 municipalities in Hudson and Bergen Counties. The Port Authority has funded 4 key Meadowlands acquisitions providing meaningful public access to enjoyment of the waters there, which are protected and include wetlands and upland areas. The Murray Hill property is 10 acres of open space waterfront in East Rutherford. Its protected upland and fringe marsh maintain an important habitat for a variety of shorebirds. The Boulevard Tire site in Secaucus allows for public access

along the Hackensack River and provides a key piece in the previously missing segment of Hackensack River's greenway. The 90-acre Meadowlark site provides protection of a marsh and several freshwater ponds, and the 3 acres along the Hackensack River comprising the Barge Club property provides an opportunity for a public park and an environmental center. Before and after pictures are on the screen. The Port Authority funded improvements to create River Barge Park, which opened in the fall of 2011. The Hudson-Raritan Estuary Resources Program is considered an extraordinary success in that each of the properties acquired were priorities of the New York-New Jersey Harbor Estuary Program vetted and endorsed by multiple federal, state, and municipal agencies and not-for-profit organizations. The program has provided the public with additional access to coastal resources, established new parkland in coastal and underserved communities, protected important wildlife habitat, and provided ecological benefits that have helped reduce damage to private and public property from major storm events. The program demonstrates the Port Authority's commitment to its core mission of transportation and commerce in a way which is mindful of the need to balance development with preservation and access. It is a wonderful illustration of the Port Authority's dedication to not only support harbor-wide commerce but also contribute to preservation and a more resilient harbor and estuary to balance our mission. Michael Francois will now discuss the next phase of this program. Thank you.

[M. Francois] Thank you, Chris. Good afternoon, Commissioners. Today I am seeking authorization for additional funding totaling \$60 million for the Hudson-Raritan Estuary Resource Program, \$30 million in New York and \$30 million in New Jersey to fund property acquisitions and/or improvements within the Port District. And we also are requesting that the Board certify the program as an additional facility for the Port Authority as outlined to the Committee on Finance this morning. The proposed program would allow the Port Authority to continue to fund property acquisitions and/or improvements in both states above the existing \$60 million program amount in support of port development, economic development, and other Port Authority capital programs. The administration of the program would be consistent with the existing Hudson-Raritan Estuary Resources Program, including the identification, funding, and eligibility criteria for individual properties to be included under Phase II. Commissioners, your authorization of this program will allow for the continued preservation of open spaces suitable for conservation, ecological enhancement, public access and/or environmental mitigation within the Port District boundaries of the Hudson-Raritan in both New York and New Jersey. The proposed program will enable the Port Authority to continue to protect additional properties that provide public access areas to the community and protect a variety of wildlife and vegetation species. In addition, these acquisitions advance the Port Authority's sustainability goal of protecting 50 acres of land per year from development. An ancillary benefit may be that properties acquired under this program add to their regional resiliency by avoiding development in the flood plain and maintaining and enhancing wetland habitat, which buffers storm surge in low-lying areas. Commissioners, your approval of this action is requested.

[Board Vice-Chair S. Rechler] Thank you, Michael. Prior to making a motion on these items, I'd like to ask the Corporate Secretary to note any commissioner recusals on the program and related facility certification.

[K. Eastman] Thank you. There are no recusals required on these matters.

[Board Vice-Chair S. Rechler] Okay. Do any of the commissioners have any comments they'd like to make before we move forward?

[Comm. R. Bagger] Thank you, Chairman Rechler. I just wanted to share that we had a meeting together this morning of the Finance and Operations Committees where we had the opportunity to discuss this resolution. We had a good, robust discussion of this program as it relates to the regional mission of the Port Authority. And for myself, I will be supporting this today because I see it as very much linked to the infrastructure and transportation and economic development missions of the Port Authority and, in particular, as mitigating the environmental presence and footprint for the Port Authority's facilities across the region and across the bi-state area. Our historical impact, our current and future impact these environmental initiatives help on an ongoing basis to continue to mitigate our infrastructure impact in the region and help promote a stronger New York metropolitan area.

[Board Vice-Chair S. Rechler] Commissioner Schuber?

[Comm. W. Schuber] Thank you, Mr. Vice-Chair. I want to say that one of the issues that I mentioned in the hearing this morning— and I echo Commissioner Bagger's fine statements and the committee work that was done today—is the following, is that as we do this work and we take this proposal up and we take the work of the Special Committee, we're really getting to the point of looking at the Port Authority's identity and who we are. I mentioned that this morning. I mean, what do we stand for? What are we here for? I think that on the one hand—and this goes back to the issue of balance— I think on the one hand the issue for us is simply that we do stand for the issue of development. That's one of the key things that we do. And so therefore, the taking care of buildings or airports is extremely important to us. But I would like to think that there's a second part to that balance, which is the issue of where it is appropriate for us to do within our district, to appropriately preserve that part of the environment which has been—is part of our stewardship. I think this arrangement today does that. It fulfills what I think is still a core mission of ours in preserving that. So it's not just laying concrete on the part of the Port Authority but preserving green space. It's a cooperative effort between a public entity, the Port Authority, and some of the finest environmental organizations in the region, and I think it's a well worthy project that is furthering the mission of the Port Authority and I urge its support.

[Board Vice-Chair S. Rechler] Thank you. Any other commissioners want to comment? If not, can we request a motion on these items? Can I have a second?

[Comm. R. Pocino] Second.

[Board Vice-Chair S. Rechler] Okay. We actually have a member from the public who is registered to speak on this item, Marc Matsil. And we're asking that all speakers comply with the fixed time limit of 3 minutes. Marc?

[M. Matsil] Thank you, Mr. Chair. Good afternoon, Honorable Commissioners and Executive Director Foye. My name is Marc Matsil. I'm the New York State Director for the Trust for

Public Land. For more than 4 decades the Trust for Public Land has helped to preserve some of the region's most imperiled lands, from wilderness areas to riverfront greenways, watersheds, and urban parks for people. We are committed to making our region greener, healthier, and more resilient. An emphasis on land and water conservation and storm water management is at the core of every one of our programs. We're the only national land conservation organization focused on reinvigorating cities. In July 2001, as you know, the Port Authority authorized \$60 million Hudson-Raritan Estuary Resources Program to support efforts in the states of New York and New Jersey, \$30 million for each state, to acquire and preserve open space from throughout the New York-New Jersey Hudson-Raritan Estuary. New York and New Jersey's extensive system of interconnected bays, rivers, estuaries, and wetlands is one of the region's true treasures. As a dedicated steward of our harbor, the Port Authority has been instrumental in supporting both harbor-wide commerce as well as parks for people, coastal preservation, and pollution reduction to balance your diverse mission. The program has been an extraordinary success, and we thank the Port Authority for your deliberative and collaborative work on this program. Since 2002, as Chris Zeppie so wonderfully enunciated, the Port has acquired and preserved 400 acres of land in the New York-New Jersey Harbor Estuary. These properties have been transferred to New York City parks, New York State DEC, state parks, New Jersey County parks and others. Each of the properties acquired were acquisition priorities of the New York-New Jersey Harbor Estuary Program vetted and endorsed by multiple federal, state, municipal agencies and nonprofit organizations. The lands that were acquired are a great reflection of the Port's desire to strike a balance, to provide public access and protect the estuary's coastal edge. The unexpected benefits of the program include flood abatement. Many of the sites acquired are in FEMA flood zones and reduction of nonpoint source and sediment inputs into the harbor that help to reduce dredging costs. In fact, several of the sites served as critical buffers that absorbed flood surges and helped to reduce damage to residents and businesses from the Sandy storm and Irene flood events, including your own Teleport facility in northwest Staten Island. These resilient sites include the North Shore Waterfront Park and Pouch Camp in Staten Island, which now for the first time is open to the community, the entire community, Beach 88th Street and Jamaica Bay in Queens, Depot Place on the Harlem River in the Bronx, River Barge Park in the Hackensack Meadowlands and others. The sites that were acquired with the Port Authority funds were transferred to park agencies throughout the New York and New Jersey Harbor, and many are in fact, as I mentioned, in coastal flood zones. The Port Authority's Hudson-Raritan Estuary Program helps to protect the economic interests of several neighborhoods and communities that they front, providing flood abatement and other ecological services. Much work still needs to be accomplished, and several critical lands of the harbor should be protected. The Port Authority's Hudson-Raritan Estuary Resources Program underscores that maritime commerce coupled with environmental protection and community access to the waterfront can be achieved. Renewing the Hudson-Raritan Estuary Resource Program is a legacy that we applaud and one that you should all be proud of for our communities, for our businesses, and for our children. Thank you very much for your time.

[Board Vice-Chair S. Rechler] Thank you very much. Appreciate the comments. Now I'd like to have the secretary do a call for the roll for voting on the items.

[K. Eastman] Chairman Rechler.

[Board Vice-Chair S. Rechler] In favor.

[K. Eastman] Commissioner Bagger.

[Comm. R. Bagger] Yes.

[K. Eastman] Commissioner Pocino.

[Comm. R. Pocino] Yes.

[K. Eastman] Commissioner Moerdler.

[Comm. J. Moerdler] Yes.

[K. Eastman] Commissioner Lynford.

[Comm. J. Lynford] Yes.

[K. Eastman] Commissioner Schuber.

[Comm. W. Schuber] Yes.

[K. Eastman] Commissioner Rosado.

[Comm. R. Rosado] Yes.

[K. Eastman] Commissioner Lipper.

[Comm. K. Lipper] Yes.

[K. Eastman] Commissioner Steiner.

[Comm. D. Steiner] Yes.

[Board Vice-Chair S. Rechler] Thank you. The votes have it. The next item on our agenda are the airport workers' wages, and we have a presentation from our Executive Director and our Deputy Executive Director. Pat?

[Exec. Dir. P. Foye] Thank you, Chairman Rechler. Thank you, General Counsel. This afternoon Deb and I wanted to highlight a formal policy for adoption that has been drafted for the Board's consideration following discussion in the last two Board Meetings— a minimum wage policy for contract employees at Port Authority facilities. Given the vital role that contract employees play at Port Authority facilities, last month the Board spoke extensively and noted that a standard minimum wage policy at all the agency's facilities made sense, with the region's airports as the first to implement this policy. The agency policy proposed today will support the tens of thousands of dedicated airport workers working at JFK, LaGuardia, and Newark Liberty

Airports by providing a \$1 increase in wages as soon as practicable and phase to \$10.10 an hour by next year. Moreover, workers will have Martin Luther King Day as a paid holiday. Delta and American Airlines have already started increasing wages to this workforce. JetBlue has also directed its business partners that do not currently pay at this rate to begin wage increases in 2014 pursuant to an RFP process. Our non-trade labor contract force plays a critical role in the safety and security of our airports as well as providing quality customer service. They are also our eyes and ears at the airports. Yet too often these tens of thousands of workers are underpaid despite their important operational role at our airports. To achieve 21st century airports this is unacceptable. Over the next decade, the Port Authority alone expects to spend \$8 billion at our airports. To modernize these facilities, we also need a workforce that aligns with the quality of a 21st century airport. An increased minimum wage for contract employees will also ensure a more stable workforce at these facilities by reducing turnover. These workers clean the terminals, provide passenger ticketing services and other passenger-related security and mobility services. Most are screened to meet federal security requirements and work in post-screening areas. The Port Authority and the airlines at our airports pride themselves in providing quality, good paying jobs to its direct contract employees. It was time we extend these values to our airline contract workforce. Deb.

[Dep. Exec. Dir. D. Gramiccioni] Thank you, Pat. It is important to emphasize here that this is not a policy issue we have taken lightly. At the April Board Meeting we discussed this issue extensively in the public session of the Operations Committee. The Board of Commissioners as well as senior management undertook a thoughtful process to understand the policy's impacts and review the substance of this policy. As you know, we serve over 110 million passengers a year and we are the largest airport system in the country. After much deliberation, the Port Authority recognized that the adoption of the minimum wage policy and guidelines is paramount as we work to modernize our airports. We are working closely with the airlines and other partners to develop and implement a policy that works for everyone. Addressing the issue of fair wages is about reaching a common goal as one agency. I want to highlight that for consistency this policy would apply to our airports in New York and New Jersey. We are only as good as the dedicated staff at our facilities. We believe these guidelines will ensure the continual success of the region's airports and, ultimately, all our facilities. Thank you.

[Board Vice-Chair S. Rechler] All right, Deb. Thank you for the presentations and your leadership on this subject. I think it's very important, and I'm proud of the Port Authority for taking such a leadership role. What I'd like now is prior to making any motion on this item, I'd like to ask the Corporate Secretary to note any recusals that are outstanding.

[K. Eastman] Thank you, Mr. Chairman. There are no recusals required on this matter.

[Board Vice-Chair S. Rechler] I'd like to ask any of my fellow commissioners if they have any comments they'd like to make. Commissioner Pocino?

[Comm. R. Pocino] All workers deserve respect and dignity. All workers who work at any job deserve living wages and benefits. I am proud and honored to support this resolution. I urge my fellow commissioners to do the same to recognize the workers that we have at our facilities—all workers. Thank you.

[Board Vice-Chair S. Rechler] Thank you, Commissioner Pocino. Any other commissioners care to comment on this matter? Okay. I'd like to now have a motion on this item.

[Comm. D. Steiner] So moved.

[Board Vice-Chair S. Rechler] Second?

[unidentified commissioner] Second.

[Board Vice-Chair S. Rechler] We have now some members of the community that would like to also speak on this item before we vote. Can we have Cesar Flores, please, as our first speaker.

[C. Flores] Good afternoon. Dear Port Authority Board and Staff, My name is Cesar Flores. I had an opportunity to be with you at the last Port Authority meeting you had. I'm a 4-year concession employee at the Newark Airport. As a proud member of Unite Here Local 100, we have been closely following the work and discussions about raising our wages and standards. I would like to thank everyone from New Jersey and New York for your hard work of—I'm sorry—for their hard work to make sure airport employees get a well-deserved raise, including Commissioner Ray Pocino. As a server, I make only \$3.13 an hour in regular pay. Some days are better than others. However, I know it's hard for some of my coworkers to make ends meet. So we look forward to hear more about this proposal today. Thank you for your time.

[Board Vice-Chair S. Rechler] Thank you. Our next speaker is Cherly Charles.

[C. Charles] Good afternoon. Dear Board and Staff, My name is Cherly Charles, and I have worked for the airport concessions program for just over a year. I am currently at a higher minimum of \$10.14 an hour, and I am here to support the wage increases for my fellow coworkers at Newark, JFK, and LaGuardia Airports so they can also make a similar minimum. After last month's meeting, many of us are hopeful that the Board and staff will continue to follow a path to fair wages at Port Authority airports. Thank you, New Jersey and New York commissioners and staff, for making sure all workers will benefit. We very much look forward to the proposal becoming a reality and to talk with you about other issues for airport workers. We enjoy our jobs very much and want to continue to serve our guests. Thank you.

[Board Vice-Chair S. Rechler] Thank you. Our next speaker is Hattie Greenhowe.

[C. Brandon] Good afternoon. My name is Cheryl Brandon. I'm here to speak on behalf of Hattie Greenhowe. I represent the Newark Airport workers. I'm a Unite Here Local 100 organizer. Hattie couldn't be here today because she's ill, but she asked me to thank you guys for considering the hard work that they do. She was also here on February 19th at this very room speaking about the long-term work that she put in at the airport and wanted you guys to consider the hard work, as you guys mentioned. So on behalf of Hattie Greenhowe, I thank you guys for supporting the airport workers and I thank the New York workers, JFK, LaGuardia, and Newark. Thank you.

[Board Vice-Chair S. Rechler] Thank you. Our next speaker is Mathew Falconer.

[M. Falconer] Hello, Port Authority Board and Staff. My name is Mathew Falconer, and I work retail at the Paradies Shops at the JFK Airport. I've had my job for about a year, and I've realized the importance of having friendly, smooth service at our airports. I'm here to support my brothers and sisters that also work in food service, retail, and catering at the airports. We are very happy that the Daily News and our brothers and sisters at SEIU were able to lead the campaign for fair wages and also very glad that the Port leadership has decided to propose wage increases to make sure that people that work at our airports don't have to live on very low wages. Thank you, and I look forward to discussing the wage proposal.

[Board Vice-Chair S. Rechler] Thank you. I'm sorry. Yeah, you did that. Sorry. I've got you twice. I'll learn to work with this list. Our last speaker on this topic is Luz Caraballo. Sorry if I flubbed the name. Luz.

[pronounced "lose"] Thank you.

[L. Caraballo] Good afternoon, everybody. My name is Luz Caraballo. I am from Astoria, Queens. I (inaudible) LaGuardia, Terminal B. Just last week thank you for the union (inaudible) and could raise my pay from \$8 in an hour and (inaudible) Thank you for (inaudible) to recognize our union and also to sit down and negotiate the contract. I want the union contract so I can improve my wages. I also can receive paid sick days and better healthcare, paid holidays and paid vacations. I want the union contract so I can have a better future. In other words, I will have the employment and the equality that I don't currently have. Thank you so much for everything.

[Board Vice-Chair S. Rechler] Thank you, Luz.

[applause]

[applause] So we have actually 2 more speakers that I missed on this topic. We have Mike Carey from Local 32BJ. Sorry about that, Mike.

[M. Carey] Good afternoon and thank you, Commissioners, for hearing our voice. My name is Michael Carey. I'm a security officer of JFK Airport, and I work \$8.50 an hour. I just want to thank the Port Authority and Mr. Patrick Foye for recognizing our struggles and coming aboard and trying to implement the changes that we need for better wages, for better medical benefits, and for the right to have a union and supporters. As the time winds down for the 90 days implementation of these agreements, there are some airlines that have not come aboard as yet. Some have honored the agreement and some have not. I just want to implore the Port Authority with Mr. Patrick Foye to just find the means necessary to let them come aboard and give us what we ask for. Thank you very much.

[applause]

[applause] Now for what I believe is really the last speaker on this topic is Brian Reyes. Not

here? Okay. We'll move forward. Now I'll request the Corporate Secretary to call the roll vote for voting on the item.

[K. Eastman] Thank you. Chairman Rechler.

[Board Vice-Chair S. Rechler] Yes.

[K. Eastman] Commissioner Bagger.

[Comm. R. Bagger] Yes.

[K. Eastman] Commissioner Pocino.

[Comm. R. Pocino] A resounding yes.

[K. Eastman] Commissioner Moerdler.

[Comm. J. Moerdler] Yes.

[K. Eastman] Commissioner Lynford.

[Comm. J. Lynford] Yes.

[K. Eastman] Commissioner Schuber.

[Comm. W. Schuber] Yes.

[K. Eastman] Commissioner Rosado.

[Comm. R. Rosado] An enthusiastic yes.

[K. Eastman] Commissioner Lipper.

[Comm. K. Lipper] Yes.

[K. Eastman] Commissioner Steiner.

[Comm. D. Steiner] Yes. About time.

[cheering and applause]

[applause]

[applause]

[applause]

[Board Vice-Chair S. Rechler] Thank you, everyone. That was nice. The next item on our agenda, we just wanted to provide a little overview of the Special Oversight Committee that we had, our panel meeting on Monday. For those who were able to attend, it was a very insightful session that really provided us with some good perspective of where this agency has been and where it could potentially go and how to get there. We had a great group of panelists, 5, I would say, real experts on the Port Authority. And frankly, even today for those who got to sit through the committee meetings, I think some of that feedback and energy and thoughtfulness that was shared with us during those sessions was felt and echoed in some of the dialogue and discussion in our subcommittees today. And a couple of things that Commissioner Bagger and I just wanted to reflect on. First, from my standpoint it was clear as you listened to the specialists that the key to this organization, which is a very unique structure, is finding the right balance—the balance between the 2 states, the balance between the Board and the staff, and the balance between the Board and the governors of each of these 2 states. It appears from recent events and over the last number of months and years that this balance has been thrown out of a state of equilibrium. And maybe that goes back 2 decades and maybe it was made worse by the horrific events and experience that this agency personally went through during the attack of 9/11. But it over time has gotten worse and worse out of balance, and now we're focused on bringing it back into balance as an agency and finding that equilibrium. It's interesting as you think about this balance and listening and reflecting on the comments, it's as much an art as a science. Some of this can come down and be written down in our by-laws and legislation that we could follow, and that's the science piece of the equation. But some of it is the behavior of the people and all the different actors that are involved in each agency in the state and the region to respect the importance of that balance. I think there were some clear findings relative to some suggestions on changing the governance, changing the organizational structure, and those things I think could be addressed in the by-laws. There was some discussion about ensuring that we as commissioners, which I assure you we do, but reaffirm our fiduciary responsibility as stewards to this agency as our primary responsibility. And while that's covered in our by-laws, can we make that something more apparent and something that's done on a regular basis? One of the things that we'd like to take away from that and before our next meeting, and we've already actually asked the general counsel to do this, is to actually take a shot at updating our by-laws to reflect some of these different ideas that were heard out there, whether that was the discussion about rotating chairs or co-chairs or the Executive Director and Deputy Executive Director relationships, that we have something tangible that we as a committee can look at and discuss those different alternatives as we go forward. So I would ask that the general counsel do that and as well, while he focuses on the by-laws, to think about if there's a way to reemphasize more regularly that fiduciary responsibility that we all hold so important but one that we want to make sure is prominent on a regular basis. Another thing I think that was some good discussion, and this is where we get a little bit to the art, is the balance and working with the governors. I think it's clear, and actually I think Governor Christie was interviewed the night afterwards and made the point, which is that we're not elected officials. They are the elected officials, the 2 governors. So their view and their perspective of the policies of this agency are important and need to be considered as we go forward on this. As a matter of fact, even in the design of how this agency was formed they were given the power of the veto right to reemphasize the importance of, as elected officials, being able to guide that policy. The counterbalance to that is it was also sort of meant as an agency and how we as commissioners were ultimately appointed to have some

sense of independence. And that's why we have 6-year terms and that's why the terms don't necessarily overlap with where the governors' terms are. And that focus of that independence was to try to insulate us from the political passions of the moment. And where there might be a desire from a political perspective to maybe make a short-term decision that we as an agency and as stewards and fiduciaries to this agency believe may not be the right thing for the long term, that we would be insulated to be able to make that long-term decision as we go forward. It was Marty Robins, Professor Robins, who called it we need sort of a mutual gubernatorial restraint, I think was the words he used, which I think was an important point. And that's part of this art. How do we find that balance embracing the views of the governor but also sharing with them our long-term visions as we go forward and make sure that happens. And I think the key when you think about where we are today is that we need to think about this in 2 steps. The most important thing for us, because there's a lot of big issues we need to think about as we think about this agency, is to get our own house in order. And getting our house in order, in my opinion, is dealing with the governance, is dealing with the organizational structure, and is reestablishing the science of that balance and the art of that balance. And then once that's done, I think we take that step back into Commissioner Schuber's point and comment before about what should our mission be. We now 100 years later as an agency, what should we be focused on? The things that worked in the past and where the region was and how important we were to the region 100 years ago, do they still apply today? Should we still be focused on them? But I think that's a longer-term process, and I think that's a process that we need to make in a very measured, thoughtful manner and without a lot of the political passions and pressures that might be flowing around at the heat of the moment today. So I think that that would be, in my opinion, the next step as we move forward, which is about thinking about the business model. We also at some point would like to get as we go through this process more public feedback. And so we actually have established a hotline, or an email hotline, I guess, where anyone in the public who has a thought about how we might reform ourselves as an agency can share those thoughts with us so that we can take that into account. Many people in the public email us anyway on a regular basis, but this is to encourage you to do it more frequently. So the email address is reform@panynj.gov. That's reform@panynj.gov. So I encourage you or anyone that you know that has some thoughts, please share that with us and we'll have outreach to other people to get additional insights as we go forward. Commissioner Bagger, would you care to make some comments?

[Comm. R. Bagger] Thank you. Thank you, Chairman Rechler. I echo your comments. I thought we had a very important meeting here in this room on Monday morning. It was a distinguished set of panelists who brought great experience and perspective to the discussion. We had 7 members of the Board in attendance, so we had really robust Board participation. We listened. One of my objectives for that meeting was to listen. We were challenged, and the panelists really helped frame some of the issues and helped frame our thinking and some of our plans going forward. And as Scott mentioned, I think you've seen some of that framing of our thinking even in some of the Board's comments today. We had good discussion on some of the issues relating to the Port Authority's mission, structure, governance, and finances. So even on the Harbor Estuary Program that we were talking about, is this consistent with our mission? I think it's a very important set of Board considerations. And so as we think about our mission, if there are things that are outside of our mission that we're involved in as an organization, should we exit them, and how do we exit them? But for those that are a part of our mission, what steps

do we take going forward to optimize both their effectiveness and their efficiency? With the panel on Monday there were some areas of differences, but there were substantial areas of consensus. I think they really provided a call to action to the Board in terms of really stepping up in our policy-making and oversight role, and they also provided recommendations for governance and management structure and some very important ones. So as Scott mentioned, the committee is now looking for public comment, and that public comment we now have the website and email and are looking for and will be carefully reviewing public comment and will also be developing recommendations. And so this is an iterative, real-time process. So as we discuss some recommendations, some we implement right away. Some perhaps are already visible. Other recommendations we as a committee will be sort of reporting to the full board and engaging with the governors in both states about those recommendations. One area we did discuss on Monday related to Port Authority finances, and this is an area where the Board's Finance Committee and the Chief Financial Officer and the financial professionals who work for the Port Authority have been actively engaged over the last 9 to 12 months, especially relating to our financial modeling and forecasting and how that links to our recently approved 10-year capital plan and our budgeting process. So I'd like to ask our Chief Financial Officer, Libby McCarthy, just to share with us a summary of some of the work that's taken place in this area. Libby?

[E. McCarthy] Good afternoon, Commissioners. Earlier today we discussed with the Committee on Finance the improvements we've made to the financial management and our approach to financial management at the Port Authority, including the development of our integrated financial model. In addition, we reviewed several financing strategies that together with the financial model will support the investment in our assets while maintaining our credit quality. And now I'd like to give some broad highlights with regard to the steps we've taken to ensure discipline and transparency to financial management at the Port Authority. As you'll remember, we engaged in an extensive process in developing both our 2014 annual budget as well as our \$27.6 billion 10-year capital plan. Those were both developed with a long-range perspective in mind and a view of the capital capacity and fiscal conditions of the Port Authority and, following public comment, were adopted by the Board in February of this year. That resulted in 2 very comprehensive books that comprise our capital plan as well as our 2014 budget, and both of those are located on our website and available to the public. A modification that we did make this year with respect to our 2014 budget was also to include a 5-year forward look into our revenues and expenses going forward. So they're both posted under our Corporate Information section of our website. The integrated financial model that we've developed was used to support the development of the 10-year capital plan. The Committee on Finance has been closely involved in the development and the monitoring of this model. The model includes baseline assumptions about our lines of business as well as conservative financial metrics to determine the funds that we can invest in our assets while maintaining our strong credit profile. And the model is one that is being monitored on a quarterly basis as part of our newly adopted process of reporting not only actual results to the Finance Committee but the impact of that and a forward look. That's also done in coordination with the Capital Planning, Execution & Asset Management Committee. This next slide shows the broad financial strategies that we've adopted as well as those that we're focused on. They're all focused on that maintenance of our strong credit profile, and this is again a process that will continue to evolve and be reevaluated as we move forward. As I mentioned, the integrated financial model is a long-range finance

forecasting tool. It supports the alignment of our agency's financial management with its business and capital priorities, providing transparency to the planning process. We've implemented a number of conservative assumptions regarding the financing of our capital program. We are increasing the percentage of pay-as-you-go financing, lowering the percentage of borrowing over the next 10 years and not leveraging one-time revenues. We've also developed stress case scenarios that include certain risks to understand their potential impact on the financial health of the Port Authority as well as capital capacity, and the quarterly monitoring process allows us and the executive management and the commissioners time to react early enough to make changes to either spending or the capital plan as necessary. Finally, this graph shows our continued growth in investment. The green line shows that we have a compound annual growth rate of investment of 6.1% projected over the next 10 years while we're keeping our debt profile relatively flat. So again, these processes have been designed to balance both a need for investment in the capital as well as utilizing our pay-as-you-go strategy so that we can maintain that fiscal health going forward. And that concludes my remarks.

[Board Vice-Chair S. Rechler] Thank you, Libby. Any of the commissioners have any comments about the Special Oversight Committee before we move off of this topic? Sure.

[Comm. W. Schuber] Just to echo the comments that both the vice-chair and Commissioner Bagger have made with regard to the committee, I think I want to congratulate both of you for Monday's meeting as one of the most stimulating meetings that I've had involving an issue with regard to governance in a long, long time, and I want to thank you for that. I noticed that Professor Mitchell Moss is here too today from NYU. I wanted to thank him for making that discussion as stimulating as it was. I was glad to see he came back as a result of that.

[laughter] But having said that, I think one of the key things there is that one of the early things that had been mentioned in the issue with regard to our looking at ourselves was the issue of breaking this up and then farming out the various activities here into their respective states. And I think all of the speakers pretty much took that off the table as not being a viable alternative, and I think that speaks to the fact of what both you and Rich said, which is to try to restore the balance here. And I think we're well on our way to making some changes with regard to that. I think the issue is going to be codification too.

[Board Vice-Chair S. Rechler] Right, and I think the only thing I would just add to that, I think that at some point I think it's going to be healthy for us, as we talked about at that meeting as well, is to evaluate are there parts of our operations that there is some value in seeking synergies or efficiencies in conjunction with some of the agencies that the states have where there may be duplication of those different operations. But I think that that's Phase II, in my opinion, of the process. Any other commissioners that want to comment about that? Okay. Perfect. Thank you. The next item on our agenda is the— is the 3 World Trade Center. As everyone knows, we've been having a lot of dialogue on the restructuring of the 3 World Trade Center public support agreements that we have in place so that the project can move forward and be built with GroupM, a strong corporate citizen and fast-growing company in the region, as its anchor tenant for over 500,000 square feet. I'd like to ask Pat Foye to give a quick overview about that. Then we have some public comment and then we as commissioners can have some comment about that.

[Exec. Dir. P. Foye] Thanks, Vice-Chair. Commissioners, I'd like to update you on the status of negotiations between the Port Authority team and Silverstein Properties with respect to Tower 3. Since negotiations are not complete and we are not yet at a stage of recommending a completed transaction for your consideration and discussion today, I will not be asking for a formal vote on this matter this afternoon. I want to begin by saying that our sole focus in these negotiations has been to reach a commercial deal that is a good one for the Port Authority. I believe we have made substantial progress towards that goal that I will report on in a moment but that we have not yet received enough total value for the Port Authority to justify a vote today. The team does believe that the proposed amendments to the 2010 deal with SPI and resolution of a small handful of open but significant items will result in a fair commercial deal for the Port Authority and one which I believe is materially better than the 2010 agreements. A few points: first, SPI has already agreed to a significant increase in payments to the Port Authority an acceleration of existing payment streams; second, SPI has already agreed to a substantial increase in the Port Authority's rights in the event of underperformance and default; third, the Board will receive an opinion as to the fairness of a final transaction from a leading real estate advisory firm before proceeding; lastly, experts who have briefed the board have expressed optimism about the prospects of the downtown Manhattan market for Class A office space. While I too am optimistic about downtown, the city, and the region in general, I personally don't know what the vacancy rate will be downtown in 6 months— or 6 years, for that matter— or rental rates next year or beyond. So as a result, we have crafted a transaction which I believe provides the Port Authority fair upside participation but, as important, substantial new downside protection in the event the optimists are wrong or premature in their thinking. Jim, let's flip ahead on those. Thanks. Briefly, there is an existing agreement with Silverstein Properties and the Port Authority from 2010. That agreement requires certain achievements, certain targets be met before public support, including from the Port Authority, must be furnished. One of those targets is raising a \$1.3 billion plus or minus in Liberty Bonds to finance the transaction. One of the things that we've all been focused on is the good news that in December 2013 GroupM, a major media technology company and a subsidiary of the international marketing and advertising company WPP, signed a term sheet and then a lease for 515,000 square feet at above \$75 per square foot to become the anchor tenant in T3. This was the largest tenant relocation in the city of New York in 2013. Lastly, I'll note that Liberty Bonds are a valuable financing asset, and current market conditions don't allow issuance of required Liberty Bonds without credit enhancement. Jim, why don't we flip ahead. The proposed agreement that we've been discussing with the SPI team makes substantial improvements from the point of view of providing the Port Authority upside potential but also strong downside protections. Among them are that the capitalization is significantly more conservative. It's been reduced from 60% debt, 40% equity to a more conservative gearing of 50-50. There will be \$1.2 billion in total equity and mezzanine debt supporting the senior debt. SPI must increase the amount of mezzanine debt and equity contribution— in other words, securities that are junior to the senior debt. SPI has to increase that by 50%, from \$300 to \$450 million, including at least a \$50 million equity check for junior equity from SPI. \$75 million in Tower 2 insurance proceeds will be immediately advanced for construction. The city of New York and the state of New York will advance \$210 million in aggregate for construction. \$463 million of insurance proceeds will be invested in construction, and it is proposed that the Port Authority would become a co-obligor to \$1.2 billion in senior secured debt. And one of the things we're discussing with the

Board is risk mitigation strategies. The next slide shows that there are new and accelerated revenue opportunities along with significant protections to the Port Authority. Among the new revenue sources are \$100 million in credit enhancement fees which are not included in the existing 2010 agreement, an increased profit participation which is still under negotiation, also not included in the 2010 agreement, as well as the Port Authority in effect subleasing back to Silverstein space at Tower 4. Accelerated revenue includes \$230 million in retail condo proceeds which the Port Authority won't receive until the project advances—this would be accelerated— an additional \$70 million in additional net lease rent payments which decrease each year this construction delays through 2021, and nearly \$30 million in common area maintenance charges through 2028. Importantly, there is significant downside protection to the Port Authority, including the following: first, foreclosure rights which currently don't exist in the event of a foreclosure in which the Port Authority would take ownership at 50% of the cost of construction, one; two, only 90 days on the part of the SPI borrower to pay any past due Port Authority funds at an interest rate of 12½% per annum, also not included in the 2010 agreement; and importantly, the cash trap provisions of Tower 3 and Tower 4 would remain in place. They prevent SPI from taking any profit out of either project until the Port Authority has been repaid. Importantly, under the base case leasing assumption, the proposed agreement has no impact to the 10-year capital plan. This is important because we're not faced with the situation of having to choose either guns or butter. This proposed agreement as we have modified it will not have any impact on the 10-year capital plan that this Board previously approved in February. Lastly, a third party financial advisor will provide a fairness opinion to the Port Authority Board before it acts. The next slide indicates there's minimal downside risk to the Port Authority. Let me make 3 points. First, under base case leasing assumptions, the Port Authority's support will not be called on at any time. There are healthy debt service coverage ratios in the base case. Taking more conservative cases, more pessimistic assumptions, under a downside scenario where there's only 50% of the space at Tower 3 rented at average rents of \$75 per square foot, Port Authority credit support would not be drawn until 2032, literally 18 years from now. In addition, an alternative downside scenario indicates that senior debt service will be covered with stabilized occupancy at Tower 3 of 95%, with minimum average rents of \$46 per square foot for the spec space. I note that the GroupM lease is above \$75 per square foot for 515,000 square feet for this anchor tenant. Lastly, in conclusion, the restructured 3 World Trade Center transaction provides significant benefits to the Port Authority and includes significant upside potential and strong downside protection. As I said, we're discussing with the board and without external advisors further risk mitigation and risk reduction strategies, accelerated and incremental revenues to the Port Authority, stronger protections than the existing 2010 agreement, transactions subject to private market validation through the sale of \$450 million of mezzanine debt and equity, including \$50 million from SPI. All leasing conditions have been met from the point of view of the existing 2010 agreement in terms of the GroupM lease, and this would allow the Port Authority to finish what it started over a decade ago. Positive leasing momentum would continue at the World Trade Center site, 3000 jobs created downtown by GroupM alone. But as I said, we started and I believe we are near conclusion to a transaction which is a good, fair commercial deal for the Port Authority and in the best interests of the Port Authority. Vice-Chair?

[Board Vice-Chair S. Rechler] Thank you, Pat. Before we give comments as far as the commissioners, I thought it would be valuable to hear from the public. We'll start with the

people who have signed up to speak on this topic. Jessica Lappin is the first person.

[J. Lappin] Good afternoon. I'm Jessica Lappin, president of the Downtown Alliance. Members of the Board, a promise made must be a promise kept. Mayors, governors from both New York and New Jersey, United States Presidents, and the leadership of the Port Authority have all stood on the hallowed ground at the World Trade Center site and promised that our work is not done there until the building is done. And while great progress has been made, now is not the time to delay the completion effort which has already stretched on for more than a decade. This is not just any development project, this is the World Trade Center. Yes, we must build it to create jobs and continue the transformative progress downtown and build it so that a completed World Trade Center can realize its full potential as an economic driver for the region. But just as importantly, we must build it because completing the World Trade Center site is our collective duty. I want to make the point that we are at a moment where we have added an extraordinary amount of inventory to the Lower Manhattan market, and our vacancy rate is low and stable. Relocations into the district are outpacing relocations out of the district by a margin of 6 to 1. We have 13 hotels under construction, a million and a half square feet of retail coming online. So I hope that paints the picture, but I want to remind you that in addition to your very serious fiduciary duty you have other duties as well. And I believe that government's credibility is at stake. So is your ability to see through long-term commitments and your promise to heal the wounds of September 11th. And I want to remind you of some words that were spoken in your name. "The politics are over." "Working together with all of our partners, we now simply need to get it done." "Execute. Build. Will there be tough choices and trade-offs? Yes." "But we can't wait any longer because they're not going away." That was said by Port Authority Executive Director Chris Ward on July 1, 2008. "The people of this city and nation want us to move forward." "We're committed to doing that." "There will be obstacles, but we will get it done. There is no room for failure." Said by Executive Director Kenneth Ringler May 23, 2006. Finishing this job is both an economic and a moral necessity. Thank you.

[Board Vice-Chair S. Rechler] Thank you. Our next speaker is Paul Fernandes.

[P. Fernandes] Good afternoon, Commissioners. My name is Paul Fernandes. I'm the chief of staff of the Building and Construction Trades Council of Greater New York. We're an organization that consists of local affiliates of 15 national and international unions representing 100,000 working men and women in New York City. Thank you for the opportunity to testify today on 3 World Trade Center. As you know, New York City's building trades have been at the World Trade Center site since 9/11 working alongside our brothers and sisters in the uniformed services and other responders in rescue and recovery efforts. And in those terrible early days after 9/11 we all made a commitment, a commitment that was not only made by people in this city but throughout the country and around the world. We have kept our commitment with a worthy 9/11 memorial. Working with the Port Authority, Silverstein Properties, and other leaders in public and private life, we have also made great progress in rebuilding Lower Manhattan. But the commitment made to rebuilding is not done. We have a chance to take a big step forward finishing what we promised to do. Full development of 3 World Trade Center is a necessary part of fulfilling our commitment to rebuilding. The Lower Manhattan community deserves nothing less. It is not only the right thing to do for these reasons, but it is the right thing to do because it makes economic sense, as I believe was just illustrated by some of the

comments made by Director Foye. Full development of 3 World Trade Center will generate \$500 million to the Port Authority to invest in regional transportation infrastructure. If this project does not advance, this revenue will not materialize. Full development of 3 World Trade Center will create thousands of union construction jobs and hundreds of millions of dollars of contracting opportunities for minority and women-owned business enterprises. If this project does not advance, this opportunity will not occur. The Port Authority has the ability to keep the promise we've all made to this hallowed site. We urge the Port Authority's Board to approve an agreement that will let New York City's unionized building trades and all of our colleagues standing with us to finish the job. Let us rebuild 3 World Trade Center and let us build it now. Thank you.

[Board Vice-Chair S. Rechler] Thank you. Our next speaker will be Margaret Donovan.

[M. Donovan] Good afternoon. The latest infomercials in the press on why the public should give Silverstein another massive loan are very clever and persuasive if one suffers from amnesia. But we have been listening to the cheerleaders' rosy forecasts and dire predictions for a decade now and can see them for what they are: efforts to justify past mistakes with new ones. We should all know by now those voices can't be trusted. The World Trade Center has been undermined by wishful thinking, headstrong conceit, and the nasty belief that the ends justify the means. You did not need a panel of experts to tell you what we have been stating for 3½ years. The governors wield too much sub rosa power over the Port Authority, and you need to come clean. If you approve this loan, we will know that you have really not learned anything and will keep paying hush money to try to avoid embarrassment. Meanwhile, a second or third tier developer in 2001 has leveraged his WTC credentials into a global empire with \$50 billion in development in the pipeline but keeps whining about how much the WTC is costing him. If you had given us a straight answer 2½ years ago when the Twin Towers Alliance asked for the records that might explain why Larry Silverstein is still in control at Ground Zero when he appears to be little more than a squatter, the public would know what it needs to know now. But the fact that you stonewalled our Freedom of Information request and forced us to bring suit earlier this month should tell honest-minded people all they need to know. The public can't trust the Port Authority, and we cannot trust Silverstein. I hope you have all received the letter we sent to Silverstein last night inviting him to provide straight answers to straight questions. Among them: What have you received through all public sources and what have you disbursed? How was the insurance money spent and what remains? Why did public officials allow you to take back your down payment from the insurance money that was provided to rebuild the towers? What entitled you to those proceeds once you had taken back the money you paid for the property and failed to perform on your contractual duties? Why did officials saddle the public with billions of dollars that were your responsibility? Why were all the negotiations done in secret? If, as has been reported, you have made direct payments of \$3 billion to the Port Authority out of the \$4.5 billion in insurance money you received, how do you account for the remaining \$1.55 billion? Why would your rent be paid with funds that were meant for rebuilding a public asset? Exactly how much equity has Silverstein Properties invested in Park Place, Warsaw, China, Israel, and Disney World at the same time that it is lobbying for increased public assistance at Ground Zero? Until someone can tell us exactly how he has spent what he has already received, you have no business giving him any more. Mr. Silverstein loves to compare the World Trade Center to Rockefeller Center, oblivious to the fact that John D.

Rockefeller, Jr, risked his and his family's money in the depths of the Great Depression to build the complex, not the public's. Since contracts are now up for renegotiation, this is as good a time as any to revisit the terms of the 2006 Master Development Agreement. After all, wouldn't the most obvious solution for the WTC's 2 half-empty towers be for the Port Authority to move into the Freedom Tower, the city officials to stay where they are, and GroupM to anchor 4 WTC? If you vote to keep draining the public to prop up this master manipulator, I have a prediction of my own. You will be sorry. Thank you.

[Board Vice-Chair S. Rechler] Thank you. Our next speaker is Richard Hughes.

[R. Hughes] Richard Hughes, Twin Towers Alliance. We at the Twin Towers Alliance are very happy to see that Mr. Sartor recently resigned, following Mr. Samson. And it would please us greatly if a number of the rest of you would resign as well and follow them into wherever they've gone. All except for you, Mr. Lipper. You are a breath of fresh air. You are the first person in the years that I've been coming here who has actually stood up for the public and the public's interest. So I hope you will have a long tenure here. Mr. Sartor was a big part of what has been wrong at the Port Authority. He's a big reason why billions of dollars were wasted at the new World Trade Center and why the Port Authority is in so much financial trouble. If the Port Authority had stayed out of the real estate business after 9/11, Larry Silverstein would have had to rebuild the Twin Towers, our skyline would have been restored, the Port Authority would have had \$8 billion or more to spend on renovating LaGuardia Airport, the 42nd Street Bus Terminal, the George Washington Bridge, and a host of other projects and might have been able to raise the wages of some of these good airport workers we heard from earlier. Instead, the Port Authority is years behind and billions of dollars in the hole. And now we have Mr. Rechler here, a man from the real estate world, who wants to lend Larry Silverstein \$1.2 billion so he can finish a building that apparently nobody wants. We ought to call Mr. Rechler Mr. Reckless. He is going to leave the Port Authority in even worse shape than it already is if he gets his way. Larry Silverstein doesn't deserve a public dime. As Margaret Donovan has pointed out, he has \$50 billion worth of projects in the pipeline all around the world. If anybody can get money, he can. He's got a tower going up 2 blocks from Ground Zero. Why should the public be on the hook when he never did what he was supposed to do in the first place, which was rebuild the office space that was lost on 9/11— with his own money. Not the Port Authority's money, not the public's money, with his own money. He was required to rebuild the World Trade Center, not us. That was by the terms of his contract. As far as we can tell, he has little or no skin in the game at Ground Zero and yet he's the developer of record. Nobody knows how he got out of his obligations and what deals he's cut with the Port Authority. You refuse to tell us, which is why we've had to file a lawsuit against you, because we're tired of your failure to comply with our Freedom of Information requests. Until we know what's really going on behind the closed doors— and all your talk of openness is a nice charade, but it's not an open meeting— Larry Silverstein deserves nothing. You've already wasted \$8 billion of the public's money at Ground Zero. You have no business wasting any more. Unless you're in Silverstein's pocket, you'll vote no on this loan proposal. Thank you.

[Board Vice-Chair S. Rechler] Thank you. Next speaker is Mitchell Moss.

[M. Moss] Thank you, Mr. Chairman. I want to take this opportunity to briefly amplify 2 points

I made on Monday. One was the importance of the World Trade Center site to New Jersey. As you may recall, I pointed out that 30% of the people who died on September 11th were from New Jersey. And what I want to point out is that the World Trade Center site actually is far more important to the state of New Jersey than to any single county in New York. Now let me point out why. For reasons of history, and we have to thank Governor Hughes of New Jersey, the site is above what was then the Hudson and Manhattan Tubes— I remember riding them— and now called the PATH. The incomes—I just got this about 2 hours ago— the average household income in Essex County is \$82,574, and in Hudson County it's \$81,426. I am not going to go into the Bergen County and Morris County, which we know have much higher income. Those 2 counties are growing rapidly, and part of it is because the average household income in Manhattan is \$124,000. Simply put, the incomes of households in Manhattan, the income earned in Manhattan is about 40% higher than that earned in Essex and Hudson. And so the property values are going to go better in New Jersey counties, the houses are going to be better, and of course you're getting more people living there because it is so easy to commute to. That's why 49,000 people take the PATH to the World Trade Center site every day. So I thought I would document why I pointed out that New York depends far more today on people than on blueberries and beefsteak tomatoes. Let me make one other point. I got up this morning, and I couldn't help but open the Daily News, and then I looked at yesterday's Times. And if you read the editorials of the New York Times and Daily News, you saw they have one thing in common. They call the development of 3 World Trade Center an example of glut. I want to point out that if this advice had been taken, if the New York Times were guiding, we would never have had Rockefeller Center because when John Rockefeller built it, they said it was a glut. If we had listened to the New York Times, we would not have had Battery Park City because Albert Reichmann built 4 towers at the same time. I advise you today to join Reichmann and Rockefeller and ignore the New York Times. They may know how to advise you on invading Poland, but they do not know anything about New York City. They sell 300,000 papers in New York City. They have the lowest household penetration of any newspaper in its hometown in the United States. Thank you very much.

[laughter]

[Board Vice-Chair S. Rechler] Thank you. Our next speaker is Edward Sheffe.

[E. Sheffe] Thank you, Mr. Chairman. I am Reux Sheffe. I am chairman of the Financial District Committee for Manhattan Community Board 1, and I'm here today speaking on behalf of our Board Chair, Catherine Hughes, who has to be in Albany today. I only have 2 issues to discuss, so I'll make it very brief to emphasize what I consider the importance of them. One is that we enthusiastically concur with everything that President Lappin of the Downtown Alliance had to say about Tower 3. It's critical that that tower be expedited for reasons that I won't go into now. But we've done a resolution on it which you will receive probably next Tuesday, and you will see all the reasons which I'm sure you're well aware of. But we wanted to make you aware of that. Secondly, as I'm sure you know, the best performing greenmarket prior to September 11th was on the grounds of the World Trade Center. So we've lost that for 12 years. We'd very much like it back. So please consider doing that. Thank you very much.

[Board Vice-Chair S. Rechler] Thank you. Our next speaker is James Heyliger.

[Board Vice-Chair S. Rechler] Heyliger. Sorry about that.

[J. Heyliger] Although this is billed as a testimony, I'd like you really to consider it as a community plea. Good afternoon, Mr. Chairman, Commissioners, industry colleagues, and members of the public. My name is James Heyliger. I'm the president of the Association of Minority Enterprises of New York. It's a 38-year-old minority and women-owned business advocacy trade association. I wanted to thank the board for this public meeting today and for the opportunity to testify. Rebuilding the World Trade Center is an historic mission that must be fulfilled for many reasons, including the economic future of the region and the Port Authority itself. 9/11 was a tragedy for our city both emotionally and financially. The city's business lost 15 million square feet of office space in an instant. Twelve years later, less than a half has been replaced while our region continues to grow rapidly. This project is critical to the New York-New Jersey MWB community. Given the tragedy of 9/11 and the onslaught of Sandy, our disadvantaged communities that you are primarily in response to and located in is in dire need of this project. It is undeniable that the Port Authority financial interest is to see that 3 World Trade Center finish as well as the entire World Trade Center site. Under the deal negotiated by the Port Authority Chair Scott Rechler, completion of 3 World Trade Center would generate some half a billion dollars of new money to the Port Authority over the next 15 years and would entitle them to receive another \$131 million from Westfield, a company that controls the retail space. Those are numbers. Those are figures that you keep talking about. I want you to consider the lives—the lives in the communities that are generally reflected by the lack of not having this kind of work available to us. I represent many small business and women-owned businesses in New York. I'm also the co-chair of the New York City Minority Business Leadership Council of New York, which is 15 of the largest black, Hispanic, and Indian trade associations in this city. And this is an appeal for us. The 3 World Trade Center project would keep many companies and businesses in hiring. I am here today to ask you to support New York-New Jersey based minority and women-owned businesses and workers by finalizing a plan to immediately refinance and finish the World Trade Center. This project represents a lifeline to our respective communities. I implore you. It is a lifeline to our respective communities. And it is a dual responsibility of all those in positions such as yours to take under consideration that these dollars which you are generating, which to a large degree come from our tax burdens, should be given back to us as a way of saving our homes and our families and putting our children through school. This is an incredible project that's worth about 40% to minority and women-owned businesses. That's about \$440 million. The track record of Silverstein justifies and shows you how much it means to us. Today I call the Port Authority to do the right thing and finalize an agreement with Silverstein Properties to finish 3 World Trade Center. It makes sense for the many majority of minority businesses that will employ thousands. It makes sense for the tens of thousands of people in New York-New Jersey who will work, play, and live in this downtown area. And the most, it makes financial sense for the Port Authority. The future enhance the prestige of America. Again, this project will enhance the prestige of America and help save our disadvantaged communities. I thank you for this opportunity and am available for any further comments.

[Board Vice-Chair S. Rechler] Thank you very much. Our next speaker will be Raymond Rivera. He may not be here. We'll move on. Our next speaker is Frank Hussy.

[F. Hussy] Good afternoon, Mr. Chairman and members. My name is Frank Hussy, and I began working at World Trade Center September 12, 2001. I've been working there every day since. I worked on 7 World Trade Center, which Larry Silverstein opened in 2006. I worked on 4 World Trade Center, which Larry Silverstein opened on November 1st. I also worked on 1 World Trade Center, and that opens later this year. Now I am working on 3 World Trade Center. This is one of the last pieces of the puzzle to be completed. It will employ over 3000 union construction workers like myself. It will also keep many companies in business and hiring. I need this job. I need to continue to support my family as well as other construction workers. I urge the Port Authority Board to approve this deal with Silverstein so I can continue working at 3 World Trade Center with my colleagues. And we all need the Port Authority to finish what we started on September 12, 2001. Don't let the terrorists win. Rebuild the World Trade Center now. Thank you.

[Board Vice-Chair S. Rechler] Thank you. Our next speaker is David Stankey. Okay. Our next speaker is Jordan Isenstadt.

[J. Isenstadt] Good afternoon. My name is Jordan Isenstadt. I'm deputy director of the Association for a Better New York. Apologies that I have to read my testimony off my phone. As you know, ABNY has been working to support the redevelopment and revitalization of Lower Manhattan for decades. Today downtown is not only the city's premier live-work community, it's a tremendous driver of economic activity for the city and the region. Recent leasing activity led by GroupM and Condé Nast demonstrates that Lower Manhattan has moved far beyond its historic concentration of financial services and insurance firms. Today it is a lively and diverse commercial district with growing concentrations of media, advertising, tech, arts, and educational businesses of all sizes. Lower Manhattan is a robust and dynamic part of the city's economy, and we at ABNY believe it's critically important that we continue the momentum of rebuilding now. I hope the Port Authority will swiftly approve the renegotiated deal to finance the construction of 3 World Trade Center. The terms that have been outlined for the new deal provide substantially more public benefit while also protecting the Port Authority's tremendous investment in the site. The provisions for additional private capital to be raised, foreclosure rights, and the financing fees to be paid to the Port Authority all make this a compelling public investment. Additionally, the \$1.2 billion investment in Tower 3 will itself be a huge economic driver creating hundreds, actually thousands, of construction jobs and generating substantial tax revenue for the city and the state. We applaud the Port Authority team for their efforts in renegotiating the deal and ensuring that the public interest is both maximized and protected as part of the new deal. We think that this represents the best opportunity for the World Trade Center site's successful rebuilding. We at ABNY are confident with this financing in place the World Trade Center will once again be the centerpiece of our city's premier business district and ensure that Lower Manhattan continues to be a substantial driver of our regional economy. We hope that the Port Authority will authorize the new agreement without delay. Thanks very much.

[Board Vice-Chair S. Rechler] Thank you. Our next speaker is Joseph Clift.

[J. Clift] Good afternoon. I'm not speaking on World Trade Center 3. I don't know if I should be

speaking now or not.

[Board Vice-Chair S. Rechler] Why don't we call you back up then if you don't mind?

[J. Clift] Thank you.

[Board Vice-Chair S. Rechler] Thank you. Sorry about that confusion. Our next speaker is Gary Alterman.

[G. Alterman] Good afternoon. My name is Gary Alterman. I'm a licensed real estate broker and have been a retail leasing broker in New York City for 36 years doing a lot of work in the financial district. I'm with a company called Robert K. Futterman & Associates. I believe that 3 World Trade Center will enhance the retail values by eliminating a void and creating a finished product. This space will help in the leasing of the adjacent spaces at 4 World Trade Center and 1 World Trade Center and throughout the entire financial community. There is a growing demand and a very big demand since 9/11 by the retail community to be in the financial district. The old World Trade Center had some of the highest sales volumes of stores in the entire country, and a lot of these retailers have wanted to come back to this neighborhood since that time. As you can all see, there are constant announcements in the press by Westfield and Brookfield about the demand for retail space in the area, and this completion of 3 World Trade Center alongside 4 World Trade Center and the PATH Transportation Hub will make the area more appealing to tenants for all the buildings, including 1 World Trade Center. Westfield has identified top retail tenants that would go into the retail space at 3 World Trade Center. The critical mass of street-level retail, finished streetscape, and a sense of place that a completed 3 World Trade Center will provide is exactly what Lower Manhattan has been waiting for since 9/11. Thank you.

[Board Vice-Chair S. Rechler] Thank you. Our next speaker is Sheldon Cohen.

[S. Cohen] Good afternoon, Commissioners. My name is Sheldon Cohen. I am a senior management director at CB Richard Ellis. CBRE is the largest publicly traded real estate firm in the world and has the largest market share of leasing in the downtown market. We have had an office downtown for 30 years, 30 consecutive years, and I say that only to inform the commissioners of the unique perspective we have about the history of the downtown market. We see today's ratification as a need to continue the momentum of all the planning and rebuilding that has occurred. All real estate experts, CBRE as well as other firms that study the market, agree that downtown has tremendous leasing momentum and there is no risk of glut with 3 World Trade Center being completed. The facts bear this out. March's downtown leasing activity is the ninth month in a row and the first quarter of 2014 is the twelfth consecutive quarter in a row of leasing activity exceeding the average leasing activity in our statistics. In fact, this year the first quarter is the strongest leasing activity for a quarter to start the year since 2002. Downtown has been attractive to tenants from outside the market. There has been over 6 million square feet of tenant relocations from outside the downtown market since 2011. Many of these are household names that find the downtown market attractive, like Jones Day, Revlon, Macmillan, Condé Nast, and most recently Institute of Culinary Education. Consistent with the explosion of technology, advertising, media, and information services, the so-called TAMI

sector, 47% of the relocations downtown have been from the TAMI sector. When we speak to these tenants, and we do that on a daily basis, we learn that they are seeking prime office space, modern amenities, and an easy commute for their employees, just to name a few. We see this relocation trend unabated, and in fact, the need for modern office space will continue as Midtown and Midtown South rents continue to rise. I'm reminded that the Port Authority as one of the aligned tenants that will be moving downtown by the end of the year. For example, when the Port Authority vacates this building and the neighboring 233 Park Avenue South, the confirmed asking rent for this building is between \$75 and \$85 a square foot. This compares to published asking rent starting at 4 World Trade Center at 75,000 square feet. These buildings are vastly different. The columns here compared to the open floor plans are a very, very different product. Today's modern tenants are looking at their real estate needs as a way to support their business. They're looking at recruiting top talent, building collaborative work environments, and that's all what new, modern office space provides. And finally is we expect the demand to continue, and we have yet to see the infusion of new retail tenants, hotel rooms, and the like. In our view, it appears counterproductive to put a break on office development while all the supporting development is taking place. Thank you. We urge the support of the continued building of 3 and 4 World Trade Center.

[Board Vice-Chair S. Rechler] Thank you. Our last speaker on this topic is Frank Wallach. Is Frank Wallach here? Okay. We appreciate that public comment. We as a Board have had a lot of discussions, deliberations, briefings on many of the things we've heard today about where the market is going, some of the issues. I think the Executive Director's presentation did an excellent job of summarizing the state as to where we are and what we are seeking to accomplish. I think when we view this and some of the comments about Silverstein Properties, whether we should be rebuilding this or not is out of focus as to where we should be thinking about. Most of us here were not around in 2006, as an example, or 2010 when these negotiations took place and when we as an agency decided that we were going to rebuild the World Trade Center site. But that decision was made, and as stewards of this agency it's our job to finish it. And as coming in as Board members in 2011, finishing it didn't mean just following the program that was set in negotiations that took place in either 2006 or 2010, because in many of those negotiations the terms, in retrospect, in hindsight, in the benefit of the current state of affairs were not necessarily the best terms or ones that were even feasible based on where we were. So we set out at that point to go out and renegotiate wherever we could renegotiate to finish the project regarding with the memorial that was at a standstill in 2011 where we went through and negotiated an agreement with the Memorial Board to ultimately fund it and create the appropriate governance structure, and then now we'll have the memorial opened in May of 2014, of this year, so May 15th it's going to be opened. Again, that was recognizing that what was negotiated before didn't work today. Let's resolve it. Same thing with the retail. There were disputes with Westfield. We sat down, we rolled up our sleeves, we were pragmatic, and we figured out a solution that worked, and we were ultimately able to sell the retail to Westfield at a value of over \$1.6 billion and got our first check, I think, last month of about \$600 million or \$500 million for the last phase, money that was then able to be monetized and reinvested into other economic development infrastructure projects around the country. Same thing with St. Nick's, the only house of worship that was destroyed in 9/11. In 2011 there was a litigation, nothing was happening, and now by the end of this year they're going to be starting construction on the World Trade Center site to build a new St. Nicholas Church for the Greek Orthodox

community and the community at large. And 1 World Trade Center. Back in 2011 there was no clear timeline when it was going to be completed, there was no budget when it was going to be completed. We subsequently have been in the situation where we have topped it out. We're in the process now of moving in its first tenant, Condé Nast, which is going to move in in the fourth quarter of this year, and have signed a tremendous deal with Legends to run the observation deck, which is going to bring in over \$850 million of revenue to this Port Authority. These are all examples of as stewards our job is to understand the facts, get as briefed as possible, and then try to move forward in a way that finishes the project but at the same time benefits the public and this agency. And I think the effort that we've made with 3 World Trade Center is similar to that. It's our view that this project getting built has a tremendous amount of benefits to Lower Manhattan and a tremendous amount of benefits to the Port Authority from a financial standpoint and from completing our mission of rebuilding the World Trade Center site so we can focus our resources—our people and our capital— back on our core mission. And you can't do that unless you finish building it. Now, as we've gone through this process, our deliberations have been anything but reckless. It's been a 7-month process that we've been going back and forth and studying, and I think it's been a healthy process. It's not maybe the way the Port Authority has acted in the past, but it's been a healthy process because it's forced us to face issues, it's forced us to think about what structures, what risks we have, what is the appropriate returns or values that we should be getting in exchange for what we were giving up, and trying to negotiate the best possible deal that we could negotiate. And I applaud the agency and the Executive Director, Deputy Executive Director, and all of the commissioners for the effort that everyone has put in in terms of educating ourselves and trying to creatively come to a conclusion and move this forward. As the Executive Director said in his comments, we're very close. I think that we are very close in finalizing a negotiation. There's a handful of issues that have got to be resolved, and there's some risk mitigation strategies that we've been as a Board considering that would again further enhance this transaction. But we have to recognize that we don't live in a vacuum. There is a corporate citizen out there called GroupM that has 3000 employees that are right now sitting in a state of abeyance waiting for us to make a decision. And as stewards here, the worst thing we could do is not act and lose this important tenant that's making a commitment to Lower Manhattan and our World Trade Center site. And so it's imperative that we do it. We need to do it in a thoughtful, conscious way, and we need to do it in a way that we have the appropriate consensus of this board and comfort that we thought through all the issues and have dealt with it and are not reactionary. And I think that we have taken that approach. But what I'd like to try to do today is I'd like to ask each of the commissioners to share their views and try to get a sense of the Board about moving forward to authorize the Executive Director, Deputy Executive Director, and the staff to work on resolving those open issues, helping us better understand some of those risk mitigation situations that we discussed earlier, as well as putting together the appropriate resolutions so that we have something to vote on at our next meeting so that the GroupM and their 3000 employees know for sure, with some level of certainty, what's happening. And I for one, based on where we are, would want to see that move forward. So with that, I would like to turn it over to Commissioner Bagger.

[Comm. R. Bagger] Thank you. As I think about this issue, and it's one we've been looking at for a series of months— I think I remember discussions of this dating back to November— throughout that time the issues have evolved, and I think we're in a much better place today as

we consider it than we would have been then. The thing about this is there are 2 dimensions. First is mission and the second is financial. So with respect to mission, from my perspective, commercial real estate in and of itself is not part of the mission of the Port Authority, but development of the World Trade Center site is and WTC 3 a part of the site and therefore brings these issues within our mission. So I turn to the financial analysis, and there we have sort of 3 broad goals. Goal number 1, that it's a positive to complete this building and completing this building has positive financial implications for the Port Authority as an institution as well as the benefits to the site; second, we should be looking to achieve additional financial benefit to the Port Authority over the status quo and over the 2010 agreement; and third, we should be looking to mitigate risk, mitigate our financial risk and any financial exposure to the Port Authority through any participation in this transaction. So I today would think that we should direct our executive staff to negotiate a firm proposal for the Board's consideration at our next meeting and a firm proposal that would represent an immediate financial benefit to the Port Authority, the potential upside benefit in the event that the forecast is more positive than the baseline and looking for ways to mitigate our financial risk to the greatest extent possible if the actual performance is lower, is below the baseline. And I think there is a precedent for that. The Westfield retail agreement that was negotiated last year, brought an immediate financial benefit to the Port Authority that was considerable, includes the potential for upside financial benefit if the success exceeds the forecasts and was not a transaction that involved financial risk for the Port Authority. So that's a 3-part framework. I would support directing or asking our executive staff to do the work necessary to negotiate a firm and final agreement for the Board's consideration at our next meeting.

[Board Vice-Chair S. Rechler] Thank you. Commissioner Moerdler? I was just going to give everyone a chance to speak.

[Comm. J. Moerdler] Thank you. First, I endorse everything Vice-Chairman Rechler and Commissioner Bagger have said. I went into this process several months ago looking at this transaction with significant concern. And we as a Board have spent a tremendous amount of time, and the staff has spent way more time, looking at the concerns each of us had, including my concerns, and we've spent a tremendous amount of time meeting with consultants and experts advising us and parsing through the issues and parsing through the structure of the transaction and looking at ways to modify it from what exists today based on the 2010 agreement and what was originally proposed. I feel a thousand percent more comfortable today with what's being discussed than I did several months ago. I still have some concern about timing issues and of additional space being put on the market, but I'm being convinced by the experts in the market that I'm being a little too conservative in how I'm looking at it. And I think that it is tremendously important to continue the positive progress at the World Trade Center site resulting from the Condé Nast deal, the Legends deal, and now the GroupM deal, and that is a process going forward that we can't impair. So I think it is part of our mission to move forward with good economic development projects, and this I think in the long term is an excellent economic development project and I look forward to the staff finalizing a proposal and coming back to us at next month's Board Meeting.

[Board Vice-Chair S. Rechler] Thank you, Commissioner Moerdler. Commissioner Steiner?

[Comm. D. Steiner] I don't understand all those fancy words. I'm just a broken-down old real estate developer. But I tell you, I would not be in favor of this deal the way it's presently constructed. Silverstein has too good a deal. We're not getting the right kind of deal from them. Unless the deal is improved that we make a substantial, better return with very little or no risk, I am not in favor of the project.

[one person applauds] At least I have one supporter.

[laughter]

[Board Vice-Chair S. Rechler] Commissioner Lipper?

[Comm. K. Lipper] I think everybody here is in favor of having Tower 3 built and I'm confident that inevitably it will be built. The real question here is, with whose money and who takes the risk? This is at the heart of the debate on Tower 3. The Port Authority's core mission is to build the transportation infrastructure. The Port Authority is a highly constrained agency, such as all other government agencies are nowadays, in that it has more critical transportation projects that it must build than it has money to build it. This is despite the fact that we have a \$28 billion capital budget that was put forward. So the real question here is whether we triage a bus station in Midtown Manhattan that serves 65 million people a year or JFK which serves 100 million people a year in order to build another building that will stay empty in the World Trade Center. That is really what we're trying to discuss. And I'm not going to get into a numbers discussion with my friend Pat as to whether it's safe or unsafe to do it from the Port Authority's point of view. We discussed this in the executive session. But having had 40 years of investment banking experience and 3 tours in government, I would just conclude that it is not appropriate for a public agency using public money gained through tolls and through airport fees and other things to build our balance sheet to use that balance sheet to finance a speculative real estate development no matter how patriotic our goals are, no matter how intense our feelings are, and I respect those feelings. But at some point we have to face the fact that common sense, core mission, and how we use the public's money takes precedence over patriotism or the project becomes a vanity project that we're doing for our self-satisfaction. The Port Authority has more vital transportation projects to build, as I said, than it has money. I think there is absolutely no dispute about that. We say that it won't jeopardize our current \$28 billion capital program for the next 10 years, but that is not true either. If this \$1.2 billion has to be collected on through foreclosure, which everyone speaks lightly here, but it would be an enormous multi-year diversion of Port Authority staff, professionalism, and balance sheet if there is a foreclosure. So it's hardly a technical side issue that we're talking about if we have to start hiring hall porters, plumbers, electricians, and all the things that go into making office buildings work. So we're just not here to endorse some abstract wish that we want to recognize the terrible disaster of 9/11. We've recognized it already by putting \$7.7 billion into the World Trade Center site. There's no doubt that we're patriotic and that the buildings are built already. It's building another building that we're talking about. We have the museum, we have Tower 1, we have Tower 4, there's Tower 7. So we're talking about building another building, not the building. And therefore, it's really at the essence a commercial deal. It's for private people to do, not the government with taxpayers' money. We talk lightly about a guarantee. What is a guarantee? A guarantee simply says that if this guy doesn't pay, you're going to pay. That's the

same as making a loan. We're building the Goethals Bridge in effect through a lot of different legal and financial interests. We're basically saying we're guaranteeing a private developer of a bridge, builder of a bridge, so that he can get the money to build the bridge. So we would be taking money from building a Port Authority bus terminal or a new facility at the JFK Airport that we can easily guarantee the builder and have him build it. So there's no question that it's a tit for tat. So we're really saying, what is the mission of the Port Authority? It's not a question whether Tower 3 will be built, it's only a question of when Tower 3 will be built. So that gets to the point of why aren't the public debt markets willing to put up the money for Tower 3? Why are the public debt markets saying, "Not now"? "Not now." The reason they're doing that is because there's a 13% vacancy rate downtown right now. The reason they're doing that is that Chase Manhattan Bank is vacating Chase Manhattan Plaza and putting another million square feet onto the market, which we renovated into Class A space. They're saying that because if we build this building with GroupM as an initial tenant, which is great, for 20% of the square feet, we would be adding another 2 million square feet to an already vacant 2 million square feet at the Port Authority or World Trade Center which hasn't leased and there has been not one private tenant that's come into those buildings in the last 3 years. But for the New York City and the Port Authority generously supporting it by taking 1.2 million square feet, there would be even more vacancy down there. To add this building puts us at a 17% vacancy rate downtown. That's equivalent to the darkest days in 2008 and 2009 during the recession. That's why they're not giving the money. The private sector is saying, "No. Wait." It doesn't mean that a speculator won't go into that kind of a market, which is clearly a tenant market any time it's over 9% vacancy. It's not that it's not doable, but people do that with their own money, not with money raised from individual citizens. We had Jones Lang LaSalle, a very noted real estate broker, advise the Port Authority on this matter. As Scott said, we had an expert in. What did Jones Lang say? They said, "Well, this deal is technically okay and the numbers all add up." But they didn't say it was wise public policy. They carefully said, "We can't opine on wise public policy on this." "We're numbers people." What did their numbers say? The numbers said that today everybody who builds an office tower even uptown where it's a strong market doesn't finance it with debt, they finance it with their own money. They say that Hines, who is building a building at 7 Bryant Park, used its own balance sheet to build the building. They put up 100% equity. They say that Boston Properties, that is building a building at 250 West 55th Street, put up a billion dollars of its own money. They say that Related Properties, that's building 10 Hudson Yards and 30 Hudson Yards, one being a \$2.8 billion project, the other a \$1.8 billion project, the Related Company, which is a comparable project to the World Trade Center in building up the Hudson Yards, the Related Company sold the equity to pension funds, and they're only getting a development fee of about 10%, say. So the question is, why is the government, why are the taxpayers, the toll payers, the airport users, why are they paying to finance Larry Silverstein when every one of his peers is financing its projects in much better market areas of the city with 100% equity? So what is really going on here? The commissioners are being asked to take tolls and fees that are going to our balance sheet that provides the capacity of credit that is supposed to go for building transportation. They're being asked to take these tolls from plumbers and clerks and doctors and lawyers who are coming across the Hudson crossings every day to man our offices and stores, and they're asking those people to subsidize a multi-billionaire developer so he doesn't have to give up his equity in order to finance it, the same as all of his peers are doing in every other project that is being built in New York City. So I'm saying it's this simple. It's this obscene. I urge the commissioners to reject this scandalous

overreach into the public cookie jar. I am 100% certain that this building will be built with private money if Silverstein is willing to give up his equity and take a developer's fee or pay for a big portion of it himself. He's in the same financial condition as the Port Authority. He could put up his buildings just the way Macklowe put up his buildings when he built the GM Building. Of course he lost the buildings when the GM Building didn't succeed as he wanted it to. But he could put up his own buildings. He doesn't need the taxpayer to come in here and put up its money instead of building a bus station or an airport. This makes absolutely no sense. This will be done in the private sector as soon as the Port Authority steps out of giving handouts to Silverstein Properties. He's a noble man to devote his life to building this, but it doesn't mean that every electrician and school teacher and everybody else has to pay a toll to support a billionaire getting more billions of dollars. I'm all for billionaires. I'm all for people being rich. I guess I aspire to that myself. But there is absolutely no logic at all, no rational basis at all—and I have never been able to say this during 3 terms in government—for this money to be given by the Port Authority to Silverstein. Let him get in the market by surrendering a portion of his equity or paying for a guarantee from an outside pension fund. It's all out there. It's not a question. It's only a question of how much money he's willing to sacrifice to do it. Thank you.

[applause]

[Board Vice-Chair S. Rechler] So obviously Commissioner Lipper and I disagree on the fundamentals of this.

[laughter] I would say just a couple things. I'm going to let the—I don't really want to respond because I want the other commissioners to—

[Comm. K. Lipper] We'll find the middle ground, Scott. No problem.

[Board Vice-Chair S. Rechler] There were, in my view, some sense of misstatements and some simplifying some of the feedback that we've gotten from our advice. But let's let each of the commissioners go through and then we'll hear any additional feedback.

[Comm. R. Pocino] Thank you, Mr. Chairman. I just want to say that I agree that over the course of the months with our discussions that we've had on this issue, they've yielded a lot of valuable information that for this commissioner has gone a long way in allowing me to formulate an opinion going forward in terms of this project. Obviously, as Executive Director Foye pointed out, there is much work to be done. There are some unfinished points and areas that need to be worked out. And as you have also pointed out, Mr. Chairman and also Mr. Bagger, that we need to follow through with that. And I'm for having the Executive Director, Deputy Executive Director move forward and work out some details to come back to us with an agreement, a written agreement that we could look over and read and satisfy ourselves that this is the right way to go and the right thing to do and that the deal is actually good for the Port Authority and that we do our due diligence. So that's my feelings.

[Board Vice-Chair S. Rechler] Thank you, Commissioner Pocino. Commissioner Lynford?

[Comm. J. Lynford] Thank you. Thank you, Scott. Chairman Rechler. We as commissioners are

fiduciaries with a duty of care and loyalty to the organization. This duty of care transcends any one individual decision. We as commissioners must provide independent, reasonable, and conflict-free oversight. The process and the discussions should not be based on sound bites, and our decisions should be made without fear or favor. They should be based upon a thoughtful and rational process. And I am happy to report that what you have seen today is part of that process. Nevertheless, to obtain commissioner approval next month, I believe the Port Authority must receive significant incremental compensation for the additional financial support that the PA has been asked to provide, and I think our chair or vice-chairman, Mr. Rechler, is doing an outstanding job in representing all the constituencies of the Port Authority in these areas. He is persevering, he is creative, he is nimble, and I don't know how he does it. But I want to close with a word of caution. This is not a consummated transaction. The deal is not done. Scott has his work cut out for him. But whatever the outcome of this process, please be assured that the commissioners have come together to deliberate in good faith and hope to come to an acceptable conclusion that is good for everyone involved. Thank you for all you do for us.

[Board Vice-Chair S. Rechler] Thank you. Commissioner Schuber?

[Comm. W. Schuber] Sitting here listening to the debate and the debate that's been ongoing over the last, I guess, maybe month and a half, 2 months with regard to this issue, before I indicate my thoughts with regard to the deal itself, let me say what an extraordinary moment this is. I guess if we were to list the top 10 extraordinary moments in the Port Authority's history, the fact that we're having this debate in public with obviously contending opinions is extraordinary, I think. And if there is any doubt that the Authority has not changed, I think this should go a long way to indicating that it has changed. Let me talk about the agreement itself or the concept of the potential deal with Larry Silverstein. I could easily say that I wasn't here when this was originally negotiated. And that's true. I could easily say, "Look, I'm not going to support this." That would be a way out. My visceral opinion is I'm not a fan of Larry Silverstein, and my opinion would easily be, "Look, I'm not going to support anything to him, not one more dime." But the fact of the matter is we do have a duty here with regard to the Authority and the things that it does as to making sure that we do the best possible thing. I would say that at the present time I have significant problems with this deal and would not be able to support it. I think that there are ongoing discussions, and I want to thank Commissioner Rechler particularly for the work he's been doing on trying to forge a deal here with regard to that and also Commissioner Lipper for giving the contrary view with regard to this and having the thing, as Commissioner Bagger has indicated, evolve over the course of time. But there are ongoing discussions with regard to the potential of continuing to provide for us, as Commissioner Lynford has indicated, a greater comfort with regard to revenue for us and mitigating our risk. And I'm prepared to wait that out to see how that plays out before deciding finally with regard to what my vote would be here. But it is not a done deal, and there is a lot of work yet to be done with regard to it. We'll have to see how that happens. But I think we should take just a step back and see what an extraordinary period of time— It's actually even—it's 4:15. I think it's the longest we've ever been here, actually. So I thank you for allowing the debate here.

[Board Vice-Chair S. Rechler] Thank you. Commissioner Rosado? Last but not least.

[Comm. R. Rosado] Last but not least. Very little that has not already been said by my

colleagues. But just 2 things I want to share is number 1, I support the incredible work that Scott has done to bring everyone to the table on this, and I hope to continue that support as we move into next month. And in principle I support the completion of 3 World Trade Center and the creation of jobs for residents of the region. Thank you.

[Board Vice-Chair S. Rechler] Thank you. So I think we've done a good job of laying out where we are right now. The sense to me is that we've got to continue our negotiation, try to finalize some level of documentation and resolution for the commissioners to consider at our Board Meeting next month. We will continue to work to get that done, and I will also agree with Commissioner Schuber that this is a new day at the Port Authority and it's been felt through the committees and felt through this discussion today.

[R. Hughes] About time.

[Board Vice-Chair S. Rechler] So that's a good way to go. With that we're going to just move on with the balance of our— We have our speakers. We will now provide an opportunity for other members of the public who haven't spoken yet to comment on other Port Authority matters. Again, this public comment period, which may be 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 is Murray Bodin. This is probably going to be the first Port Authority meeting we needed bathroom breaks.

[laughter]

[M. Bodin] I'll wait.

[Board Vice-Chair S. Rechler] Go ahead, Murray. Go ahead, Murray. You're up.

[M. Bodin] We bought a new car on Monday. Let me back up a little bit. My wife bought a new car on Monday. Over the past 50 years I must have bought 50 cars or light trucks, most of them white, like my father always had a white car. My wife never bought a car before. She wanted a 4-wheel drive car. We've been driving a Prius because I supported that. We stopped on the way back from Albany on Monday. We heard some discussion on the radio about empowering women. We stopped into a dealer, she looked at the cars, she picked the model, she picked the color. I've always had white or light gray. She picked bright orange. She negotiated with the dealer; I sat in the front. Didn't know what to do with myself. I had never been in this position in my life. And why is it important? Because between the 2 of us we have 7 granddaughters. This is a lesson for our granddaughters that they can do what they need to do in today's world. How does that affect this organization? Am I proud of not letting my wife buy a car for the 40 years we've been married? No. Is there anything I can do about going back and changing it? No. Knowing what I know today, would I have done it differently? I can't go back and do that. You're in the same position. What happened is the past. Would you do it today with what you know? Absolutely not. You've just demonstrated a new world. You have a wonderful staff. Most of the people that work for you get it. But some of them don't. I had some discussions

with some of them, some quite successfully and some not quite successfully. Hey, people out there, you work for a new organization over here. You're doing it differently. And my fellow speakers over here, if you said it once, you don't have to repeat it. They remember what you said last month. Yes, Jim, I will wrap this up quickly. You don't have to come. No, this is important because no other speaker acknowledged the fact that he was going to come up here. They didn't consider. They just kept going on and on. They were so wrapped up in what they said they didn't acknowledge the time limit. I acknowledge the time limit, and I will wrap it up. This is a demonstration that the world has changed. Some of you need to look at how you conduct your organizations and your departments. Pay attention. They've changed, you've changed, people over here, time for you to change. Thank you.

[Board Vice-Chair S. Rechler] Thank you. Our next speaker is Andrew Mancini. They may be gone. Yuki Endo? Okay. Neile Weissman?

[N. Weissman] Chairman Rechler, Commissioners, good afternoon. I agree it's a privilege to have been part of that, listened in to that conversation. I'm going to talk about expanding the bike path on the George Washington Bridge. But before, condolences on Commissioner Paterson. I'm going to refer you to a federal highway handout that your staff was kind enough to distribute. After the announcement on the Ammann & Whitney proposal last month, I decided to go out to the bridge. I wanted to do 2 things. First I wanted to verify that the users were tripping the 300 per hour AASHTO threshold for high use. So I did a count, 4 hours. We were up to 382 per hour, about 85% cyclist. I also wanted to verify that the spans were actually 8 feet wide. They are 6 foot 9 inches. There is a Federal Highway Administration spreadsheet. It's a complement to the AASHTO protocol. I was able to download it, plug in some numbers, and right now the facility as is on a scale of A to F is an E and with some F sections. The photos that you have are literally cyclists—it's low-speed stuff but cyclists and walkers just going into each other. That's going to deteriorate to an F at a 5% rate of growth between now and 2024 when your new facilities come online. So I figured let me look at the new facility, let me look at the Ammann & Whitney, which I'm going to call ADA. And what's going to happen is the north path is going to get ramped out, the south entrance is going to get redone, but the spans are going to stay 6 foot 9 inches. The chief upside of ADA is that there's now going to be 2 paths, ideally one for cyclists, one for pedestrians, and that means a lot. That really jumps up the level of service. But even so, we're still starting ADA with a level D, which is nearing functional capacity already. We drop down to an E by 2038 and an F by 2042. We're 10 years below, which would be a 30-year horizon. And worse, when one side is closed, which you're going to have to do for re-paintings or repairs, that's going to plummet down to F immediately. And also runners, believe me, they don't want to be with walkers. They're going to come over to the cyclists' side. So the level of service is already going to be from the get-go. You're going to debut this thing and there's going to be a lot of disappointment. The AASHTO protocol, which is to cantilever out to a pair of 6 foot 9 paths starts life as a strong B, continues through a B through 2038 and even ekes out a C level through 2053. I commend the Authority for recognizing that the paths have become indispensable assets to the community. The question is at what level? AASHTO gives you a sixfold increase in cyclist capacity, it guarantees pedestrians and runners each a viable right of way and maintains reserve capacity for single-side operation or civil emergency through mid century. So it would appear the federal highway guidance complements AASHTO in that each give you clear guidance on how to build a house

that won't be obsolete before the mortgage is due already. Thank you so much.

[Board Vice-Chair S. Rechler] Thank you. Christy Guzzetta?

[C. Guzzetta] Thank you for this time. I'm Christy Guzzetta, also to speak on the topic of the pedestrian-bicycle pathways across the George Washington Bridge. I have been a member of the New York Cycle Club for upwards of 35 years now. I've been a past president of the club and have been active for pretty much throughout that time. The bicycle has been sort of a primary mode of transportation for me throughout my time in this city. I've been born and raised in New York City. It's also been a primary outlet for recreation as well. When I first joined the club 35 years ago, I was sort of one of a kind, commuting on my bicycle. I was unique and somewhat different. Today not so much. Back then I lived in Brooklyn and I commuted over the Brooklyn Bridge. When I commuted over the Brooklyn Bridge at 8:00 or 9:00 in the morning, I was the only bicycle up there. Oftentimes, practically all the time, I would wait for other people to come along so that I wouldn't be alone on the Brooklyn Bridge. It was the same going home at 5:00, 6:00 in the evening. I would always wait at the bottom so people would come. I was always a little nervous about traveling across that bridge alone. Today no matter what time you go down to the Brooklyn Bridge, at 8:00 or 9:00 in the morning or Saturdays or Sundays, it is packed with throngs of people who are bicycling and walking across the bridge. It's virtually impossible to bicycle across the bridge because there are so many people out there. Over the past 20, 25 years that has become a major thoroughfare for pedestrians and cyclists alike. I will say over the past 5 years or so you're probably well aware of the bicycle lanes that have been created in New York City. I understand from what I've been reading there's approximately 300 miles of bicycle lanes that were created in New York City over the past 5 years. Anybody who walks around New York City and goes out in New York City can see very clearly that those lanes are used. They are populated. They were created to both promote and accommodate the cycling population. And in fact, they are used. The Bike Share program, which we've all heard a lot about, I think we've all heard a lot about it, was created 1 year ago in May of 2013. From what I read, they started with 4300 bicycles. In February of 2014, less than 1 year later, there were 100,000 annual subscriptions to the Bike Share program. 100,000 in 1 year. The most recent information I could find about usage is going back to October of 2013, which stated that on a daily basis there are 42,000 bicycle share rides each and every day for the month of October. 42,000 a day. The point being that bicycling has become a— sorry—a primary means of transportation. And I think of the George Washington Bridge like I think about the Brooklyn Bridge, and I wonder that the 6 foot 9 inches that are planned for today sounds great, it is great, we're very grateful for it, both sides of the bridge, the north side and the south, but I wonder in 25 years from now when I'm riding across that George Washington Bridge am I going to be asking myself, "What were we thinking back then "to build only 6 feet 9 inches when there are thousands and thousands of people using it?" So I hope that we'll take this opportunity when the bridge is being renovated to look to the future, learn from what's going on around us today, and perhaps accommodate what we see is going to be a growing need for bicyclists and pedestrians to cross the bridge.

[Board Vice-Chair S. Rechler] Thank you.

[C. Guzzetta] Thanks for the time. Sorry to go over.

[Board Vice-Chair S. Rechler] Ellen Jaffe?

[E. Jaffe] Good afternoon. My name is Ellen Jaffe, and I thank you for this opportunity to speak on the same subject. I'm also a past president of New York Cycle Club. And New York Cycle Club, for those of you who don't know, is the largest all-volunteer recreational cycling club in the country. It was my honor to be club president in 2011 when NYCC celebrated its 75th anniversary year. We're almost as old as the George Washington Bridge. From 800 members in 1975 to 1600 members in 1998 to 2200 members today, clearly the trajectory for bicycling is up. More and more New Yorkers and New Jerseyans looking for a low-impact, exhilarating, healthy, and inexpensive means of recreation and transportation are getting on their bicycles. On any given spring or summer weekend morning, one only look as far as the overcrowded pathways of the George Washington Bridge to see that this is so and that we badly need an infrastructure that can handle this phenomenal growth going forward. Therefore, I urge the Port Authority to take advantage of a rare opportunity that we won't see again for many, many decades and to raise the standard for the cycling-pedestrian walkway plan on the George Washington Bridge. I urge you to build a wide, robust, AASHTO-compliant pedestrian and cycling pathway that will meet this need for the next 80 years, one that is commensurate with the singularly dynamic metro area in which we most fortunately live. I thank you.

[Board Vice-Chair S. Rechler] Thank you. Our last speaker is Christine Berthet.

[C. Berthet] Thank you.

[Board Vice-Chair S. Rechler] Thank you. Thanks for your patience. Two more?

[C. Berthet] Dear Commissioners, my name is Christine Berthet. I am the the chair of Community Board 4, but I'm not speaking in that capacity today. I am also the founder of the CHEKPEDS, a pedestrian safety organization on the West Side. Today I've heard you talk a lot about commitment. Well, in 2005 there was a commitment by the City and the Port Authority to build a bus garage for the West Side of Manhattan. And we have been since then waiting very patiently because indeed, the World Trade Center was the priority and all the money was tied there and therefore we were very patient to getting that commitment realized. However, I have to say that at this point the situation has become completely unbearable. I'm showing you this, and I will send you a copy. We have miles of buses waiting on our streets every day between 4:00 and 8:00 in the afternoon to the point where they are idling all the time. And some property owners, maybe people you know, cannot even use their property and rent them out parking because the parking doesn't have an entrance anymore. You have a gas station on 10th Avenue where for 4 hours of the day cannot have a customer because the buses are lined up in front of it. The pedestrians. Now the area has been rezoned, and all the buildings are coming up, residential buildings, and now the residents cannot cross the street because the buses are blocking the intersection. This is not meant to be as a criticism for the Port Authority and the staff which is running that operation. They have an impossible job. How can you put 900, 8000 buses on our streets and get them into that single Port Authority? So you have 300,000 people coming in and out of that organization every day, and they are critical to the development of the whole City. We have the third highest asthma rate in Manhattan. And so all of that, every day

there is a parking lot that gets converted to a residential tower. Therefore, this is a parking lot getting away from being a bus parking lot. That situation has reached crisis proportion, and I am begging you—begging you— to really move funds into the bus garage, into a cohesive plan, and into an even larger and more ambitious project of cross-Hudson transportation because we cannot just wait any longer. This city is going to collapse, and the economy is going to really stop if we cannot transport workers. So we really appreciate your thoughtfulness and the way you all deliberate and now listening to the public. The Port Authority has been a very, very good neighbor of the neighborhood, so we want to acknowledge that, and we are ready to work with you to really make it happen. Thank you.

[Board Vice-Chair S. Rechler] Thank you. I did miss 2 people. Did Janna Chernetz speak yet? Okay. Please. I apologize about that.

[J. Chernetz] Hey, I waited this long.

[chuckling] Thank you, Commissioners. It's actually good timing because my organization met with Christine's this morning in front of the Port Authority Bus Terminal to discuss the fact that these much-needed capital bus improvements are nowhere in the capital program. And Tri-State Transportation Campaign, which is the organization I work for, I'm the New Jersey advocate, we are urging the Port Authority to increase spending for bus infrastructure in its capital program. Nearly 2.6 million buses carry over 900 million passengers through the Port Authority Bus Terminal, the George Washington Bridge Bus Station every year, yet the Port Authority has not allocated any capital funds in its new approved \$27.6 billion capital program to improve these facilities. Five years ago the Port Authority postponed a bus garage, and that postponement lingers on today. The postponed bus garage, once estimated at \$1 billion, would have provided for indoor parking for hundreds of transit and private buses, sparing dozens of communities on Manhattan's West Side from the dominating presence of buses on their residential streets. The project cost is a seemingly massive impediment to the project— that is until you compare it with other projects with a similar price tag that deliver fewer immediate direct transit benefits. One such project is the \$1.5 billion PATH extension from Newark Penn Station to Newark Liberty International Airport. Given that buses actually move more people between New York and New Jersey than trains, roughly the population of Mercer County in New Jersey daily, and the fact that there is already existing transit service to Newark Liberty Airport, the \$1.5 billion of limited funds would be better spent on improving cross-Hudson bus service. Bus service continues to be neglected by the Port Authority with no serious attention given to capital improvements despite significant growth in bus travel. Buses make it possible for people of all different means, abilities, and preferences to access jobs between New York and New Jersey. The road and rail infrastructure are at capacity, and with the proposed Gateway Tunnel far off into the future, the most fiscally responsible, environmentally sustainable, and common sense solution to improving transit in the short term is for the Port Authority to make serious capital investments in bus service. Thank you.

[Board Vice-Chair S. Rechler] Thank you. Now I think our last speaker is Joseph Clift. Sorry about that.

[J. Clift] That's quite all right. Good late afternoon. I want to comment briefly on the Lincoln

Tunnel park-and-ride lease amendment. I haven't seen any paperwork. In fact, you all don't provide much paperwork before these Board Meetings for the public. But if you raise their lease there, it's going to cost New Jersey Transit riders eventually. My understanding is that part of the reason the lease originally was a good lease is you raised your tolls for buses. If you're in the business with the core mission of promoting transportation, it's not clear to me why you would be raising tolls on commuter buses. If the offset is this good lease, then my recommendation is keep that. Keep that lease. Don't increase the cost to New Jersey Transit that eventually comes back to the riders. Let me just comment today on the facilities here. I know this isn't a new building, so you've got these columns. But you've got TV monitors on the opposite side here. If you had TV cameras set up, we could actually see the board members that are— Effectively, we can't see them because of the columns. And also I note that Patrick Foye cannot see who is speaking here. So using some monitors set up—New Jersey Transit has actually done a pretty good job in their boardroom—but putting more TV cameras in and using the monitors would help greatly. Second item, on the website when you go to the PDF and you click on it for today, all you get is a 2-page, a 3-page agenda, no resolution information. And I would like to see if you all are going to pass a resolution today, it would be nice if the public could click on that the day before, preferably earlier than that but at least the day before, and see it. And also if you had a timer here—you do have a timer; it's right over here— that keeps us from going over. And a last comment on the World Trade Center 3. It seems to me if the market is great, the market should run the show. I would like to see clear financials. People talk about different pieces, Liberty Bonds, this and that. It would be nice to see scenarios—worst case, base case, private sector case— and that would be very helpful. Remember sunk costs are irrelevant. Anybody that's been to business school, that's one of the first things you learn. Whatever is done in the past should not materially affect what's done in the future. And last, if you're going to negotiate a really good deal with Larry Silverstein, I would take Mr. Lipper with you to negotiate.

[laughter] Thank you.

[Comm. K. Lipper] I come cheap.

[laughter]

[Board Vice-Chair S. Rechler] Thank you. Okay. Now on to the other items that are on our agenda today. Each committee chair will be asked to provide a brief report prior to the matter being considered by the board for a vote. As chair of the Committee on Capital Planning, Execution & Asset Management I will now submit 2 items for the board's consideration. The first item provides for a \$66 million investment to renew electrical and other infrastructure at Newark Liberty International Airport. This project would capitalize on planned investment by PSE&G in a new electrical switching station which would provide for additional electrical capacity to meet the future needs at the airport. The project would result in 140 total job years, \$8 million in wages, and \$83 million in economic activity. Prior to making a motion on this matter, I'd like to ask the Corporate Secretary to note any recusals.

[K. Eastman] There are no recusals on this matter.

[Board Vice-Chair S. Rechler] Okay. I'd now like to request a motion.

[unidentified commissioner] So moved.

[unidentified commissioner] Second.

[Board Vice-Chair S. Rechler] Okay. Anyone have any comments they'd like to add to this? If not, I'd like to ask the Corporate Secretary to call for a roll call vote.

[K. Eastman] Chairman Rechler.

[Board Vice-Chair S. Rechler] Yes.

[K. Eastman] Commissioner Bagger.

[Comm. R. Bagger] Yes.

[K. Eastman] Commissioner Pocino.

[Comm. R. Pocino] Yes.

[K. Eastman] Commissioner Moerdler.

[Comm. J. Moerdler] Yes.

[K. Eastman] Commissioner Lynford.

[Comm. J. Lynford] Yes.

[K. Eastman] Commissioner Schuber.

[Comm. W. Schuber] Yes.

[K. Eastman] Commissioner Rosado.

[Comm. R. Rosado] Yes.

[K. Eastman] Commissioner Lipper.

[Comm. K. Lipper] Yes.

[Board Vice-Chair S. Rechler] Okay. As the votes are in order, the item is approved. The second item that we discussed this morning that we're bringing for a vote provides for \$5 million in planning to provide for the final design of 5 projects that support flood mitigation and storm resilience at LaGuardia Airport, all of which are eligible for funding through the Federal Emergency Management Agency. The future of implementation of these projects are expected

to result in 70 total job years, \$3.5 million in wages, and \$45 million in economic activity. Prior to making a motion, I'd like the Corporate Secretary to note if there are any commissioners that require recusal.

[K. Eastman] There are no recusals required on this matter.

[Board Vice-Chair S. Rechler] Do any of the commissioners have any comments? Make a motion?

[unidentified commissioner] Motion.

[Board Vice-Chair S. Rechler] Second?

[unidentified commissioner] Second.

[Board Vice-Chair S. Rechler] May I ask for a roll call vote, please?

[K. Eastman] Chairman Rechler.

[Board Vice-Chair S. Rechler] Yes.

[K. Eastman] Commissioner Bagger.

[Comm. R. Bagger] Yes.

[K. Eastman] Commissioner Pocino.

[Comm. R. Pocino] Yes.

[K. Eastman] Commissioner Moerdler.

[Comm. J. Moerdler] Yes.

[K. Eastman] Commissioner Lynford.

[Comm. J. Lynford] Yes.

[K. Eastman] Commissioner Schuber.

[Comm. W. Schuber] Yes.

[K. Eastman] Commissioner Rosado.

[Comm. R. Rosado] Yes.

[K. Eastman] Commissioner Lipper.

[Comm. K. Lipper] Yes.

[Board Vice-Chair S. Rechler] Okay. As the votes are in order, the item is approved. Next up we have several matters concerning the World Trade Center site which are under the purview of the World Trade Center Site Redevelopment Subcommittee. The first item authorizes is a \$25.1 million project, the development of a bollard protection system prototype to protect 1 World Trade Center from future severe storm events. The system, which consists of a series of removable panels, will be deployed on an as-needed basis in advance of a storm in order to make the facility more resilient. The project will result in 60 total job years, \$3.6 million in wages, and \$31 million in economic activity and obviously ensure the safety of the World Trade Center in the case of another storm. Prior to making the motion, I'd like to ask the secretary to note any necessary recusals.

[K. Eastman] Commissioner Moerdler is recused on this matter.

[Board Vice-Chair S. Rechler] Do any of the other commissioners have any comments on this project? If not, I would like to request a motion.

[unidentified commissioner] So moved.

[unidentified commissioner] Second.

[Board Vice-Chair S. Rechler] I'd like to have the Corporate Secretary now note the roll call voting.

[K. Eastman] Chairman Rechler.

[Board Vice-Chair S. Rechler] Yes.

[K. Eastman] Commissioner Bagger.

[Comm. R. Bagger] Yes.

[K. Eastman] Commissioner Pocino.

[Comm. R. Pocino] Yes.

[K. Eastman] Commissioner Moerdler.

[Comm. J. Moerdler] Recused.

[K. Eastman] Commissioner Lynford.

[Comm. J. Lynford] Yes.

[K. Eastman] Commissioner Schuber.

[Comm. W. Schuber] Yes.

[K. Eastman] Commissioner Rosado.

[Comm. R. Rosado] Yes.

[K. Eastman] Commissioner Lipper.

[Comm. K. Lipper] Yes.

[Board Vice-Chair S. Rechler] As the votes are in order, the item is approved. The second item would authorize additional expenditures totaling \$18.8 million for construction contracts to repair and replace facilities and equipment at the World Trade Center site that were damaged or destroyed by Hurricane Sandy and its associated storm surge. Prior to making a motion, are there any recusals necessary on this?

[K. Eastman] Commissioner Moerdler is recused on this matter.

[Board Vice-Chair S. Rechler] Thank you. Do any commissioners have any comments? Okay. I'd like to request a motion.

[unidentified commissioner] So moved.

[Board Vice-Chair S. Rechler] Second?

[unidentified commissioner] Second.

[Board Vice-Chair S. Rechler] Now I'd like to request a roll call vote from the Corporate Secretary.

[K. Eastman] Commissioner Rechler.

[Board Vice-Chair S. Rechler] Yes.

[K. Eastman] Commissioner Bagger.

[Comm. R. Bagger] Yes.

[K. Eastman] Commissioner Pocino.

[Comm. R. Pocino] Yes.

[K. Eastman] Commissioner Moerdler.

[Comm. J. Moerdler] Recused.

[K. Eastman] Commissioner Lynford.

[Comm. J. Lynford] Yes.

[K. Eastman] Commissioner Schuber.

[Comm. W. Schuber] Yes.

[K. Eastman] Commissioner Rosado.

[Comm. R. Rosado] Yes.

[K. Eastman] Commissioner Lipper.

[Comm. K. Lipper] Yes.

[Board Vice-Chair S. Rechler] As the votes are in order, the item is approved. The third item would authorize additional expenditures totaling \$1.1 million for architectural and engineering design, construction support and other consulting services to effectuate the ongoing repair and replace facilities and equipment at the World Trade Center site that were damaged or destroyed by Hurricane Sandy and its associated storm surge. Corporate Secretary, are there any recusals required?

[K. Eastman] Commissioner Moerdler is recused on this matter.

[Board Vice-Chair S. Rechler] Do any of the commissioners have any other comments? Can I have a motion?

[unidentified commissioner] So moved.

[Board Vice-Chair S. Rechler] Second?

[unidentified commissioner] Second.

[Board Vice-Chair S. Rechler] Can you give us a roll call vote, please?

[K. Eastman] Chairman Rechler.

[Board Vice-Chair S. Rechler] Yes.

[K. Eastman] Commissioner Bagger.

[Comm. R. Bagger] Yes.

[K. Eastman] Commissioner Pocino.

[Comm. R. Pocino] Yes.

[K. Eastman] Commissioner Moerdler.

[Comm. J. Moerdler] Recused.

[K. Eastman] Commissioner Lynford.

[Comm. J. Lynford] Yes.

[K. Eastman] Commissioner Schuber.

[Comm. W. Schuber] Yes.

[K. Eastman] Commissioner Rosado.

[Comm. R. Rosado] Yes.

[K. Eastman] Commissioner Lipper.

[Comm. K. Lipper] Yes.

[Board Vice-Chair S. Rechler] The fourth item would provide for an aggregate increase and authorization of \$8.4 million to several existing construction trade contracts to support the completion of the World Trade Center Vehicular Security and Tour Bus Parking Facility. There's no net impact on the project budget as a result of these actions, as offsets have been identified via unspent funds on other construction contracts which will be reduced in an equal amount. Prior to making a motion, are there any recusals that we need to note?

[K. Eastman] Commissioner Moerdler is recused on this matter.

[Board Vice-Chair S. Rechler] Thank you. Are there any comments from any of the commissioners? Can I have a motion?

[unidentified commissioner] So moved.

[unidentified commissioner] Second.

[Board Vice-Chair S. Rechler] Can you please give us a roll call.

[K. Eastman] Chairman Rechler.

[Board Vice-Chair S. Rechler] Yes.

[K. Eastman] Commissioner Bagger.

[Comm. R. Bagger] Yes.

[K. Eastman] Commissioner Pocino.

[Comm. R. Pocino] Yes.

[K. Eastman] Commissioner Moerdler.

[Comm. J. Moerdler] Recused.

[K. Eastman] Commissioner Lynford.

[Comm. J. Lynford] Yes.

[K. Eastman] Commissioner Schuber.

[Comm. W. Schuber] Yes.

[K. Eastman] Commissioner Rosado.

[Comm. R. Rosado] Yes.

[K. Eastman] Commissioner Lipper.

[Comm. K. Lipper] Yes.

[Board Vice-Chair S. Rechler] As vice-chair of the Committee on Operations, I'd like to submit an item for the board's consideration which went under the purview of that committee this morning. The first item would authorize an agreement with Sheltair Aviation to manage the fixed base operations serving the general aviation activity at LaGuardia Airport. The agreement, which was procured via a competitive bid process, is expected to generate approximately \$15.5 million in fixed and variable revenue over the initial 5-year term, which is over \$500,000 more annually as compared to the existing agreement. Prior to moving forward, can we note any recusals?

[K. Eastman] There are no recusals on this matter.

[Board Vice-Chair S. Rechler] Do any commissioners have any comments? Can I have a motion?

[unidentified commissioner] So moved.

[Board Vice-Chair S. Rechler] Can I have a second?

[unidentified commissioner] Second.

[Board Vice-Chair S. Rechler] Can we have a roll call vote, please?

[K. Eastman] Chairman Rechler.

[Board Vice-Chair S. Rechler] Yes.

[K. Eastman] Commissioner Bagger.

[Comm. R. Bagger] Yes.

[K. Eastman] Commissioner Pocino.

[Comm. R. Pocino] Yes.

[K. Eastman] Commissioner Moerdler.

[Comm. J. Moerdler] Yes.

[K. Eastman] Commissioner Lynford.

[Comm. J. Lynford] Yes.

[K. Eastman] Commissioner Schubert.

[Comm. W. Schubert] Yes.

[K. Eastman] Commissioner Rosado.

[Comm. R. Rosado] Yes.

[K. Eastman] Commissioner Lipper.

[Comm. K. Lipper] Yes.

[Board Vice-Chair S. Rechler] I'd like to make a motion to close the—

[K. Eastman] We have one more item, the last item, if you want to go to that first. It would be the Vehicular Security Center item. The very last.

[Board Vice-Chair S. Rechler] The very last. Okay. I don't have it on my page. You may have swiped my page. I will now request that the chairman of the Committee on Security, Commissioner Schubert, provide his report. Commissioner Schubert?

[Comm. W. Schubert] Thank you, Vice-Chairman Rechler. As chairman of the Security

Committee, I have a resolution to submit for the board's consideration as a result of our committee meeting this morning and the work that's been done by our security

[inaudible] staff and team. This would authorize the award of a contract to MSA Security for the management of vehicles, logistics, and operation of specialized screening equipment at the World Trade Center Vehicular Security Center— I'm sorry— for an annual term of 6½ years at an estimated contract amount of \$48.35 million, with an option to extend for up to three 1-year periods and a furtherance of some of the other work we've done there as the work on that area starts to come down to its final aspects. Prior to making the motion on the nominations, I would first of all ask if anybody is— have the Corporate Secretary note any commissioner's recusal on this matter.

[K. Eastman] There are no recusals required on this matter.

[Comm. W. Schubert] Do any commissioners have any questions or points they would like to make with regard to this? Seeing none then, I will request a motion for this item.

[unidentified commissioner] Motion.

[unidentified commissioner] Second.

[Comm. W. Schubert] Roll call.

[K. Eastman] Chairman Rechler.

[Board Vice-Chair S. Rechler] Yes.

[K. Eastman] Commissioner Bagger.

[Comm. R. Bagger] Yes.

[K. Eastman] Commissioner Pocino.

[Comm. R. Pocino] Yes.

[K. Eastman] Commissioner Moerdler.

[Comm. J. Moerdler] Yes.

[K. Eastman] Commissioner Lynford.

[Comm. J. Lynford] Yes.

[K. Eastman] Commissioner Schubert.

[Comm. W. Schubert] Yes.

[K. Eastman] Commissioner Rosado.

[Comm. R. Rosado] Yes.

[K. Eastman] Commissioner Lipper.

[Comm. K. Lipper] Yes.

[Comm. W. Schuber] As the votes are in order, the item is approved.

[Board Vice-Chair S. Rechler] Very well done. So in view of the fact that as a result of prospective recusals there would not be a sufficient number of commissioners present to consider an item on the agenda of today's Board Meeting, I hereby call for a motion to adjourn the Port Authority Board Meeting and then open what we call the Special Committee of Operations to act on the item for and on behalf of the board. This was something historically that was done in a manner that was not visible through the process and was done automatically at the end. As part of our reforms, we have now chosen to make sure that we make the distinction when there is something when there is not enough of a quorum to vote in the full Board Meeting and when we go into the Special Committee on Operations to act. So can I have a motion to close the full Board Meeting?

[unidentified commissioner] So moved.

[Board Vice-Chair S. Rechler] Second?

[unidentified commissioner] Second.

[Board Vice-Chair S. Rechler] All in favor?

[all] Aye.

[Board Vice-Chair S. Rechler] We're good with that. Now we're going to— One motion of item to deal with in the Special Committee on Operations is an item to authorize an automotive manufacturers incentive program to encourage the use of Port Authority Marine Terminal facilities as a port of call over a 5-year period in an effort to attract new automobile cargo to our port. Under the program, auto manufacturers would be provided with certain financial incentives based on actual increases in activity that exceed pre-established thresholds. Prior to making this motion, I'd like to see if there are any recusals required.

[K. Eastman] Commissioner Schuber is recused on this matter.

[Board Vice-Chair S. Rechler] Do any of the other commissioners have any comments they'd like to make? Seeing none, I'll call for a motion.

[unidentified commissioner] So moved.

[Board Vice-Chair S. Rechler] Second?

[unidentified commissioner] Second.

[Board Vice-Chair S. Rechler] I'll ask for a roll call vote.

[K. Eastman] Chairman Rechler.

[Board Vice-Chair S. Rechler] Yes.

[K. Eastman] Commissioner Bagger.

[Comm. R. Bagger] Yes.

[K. Eastman] Commissioner Pocino.

[Comm. R. Pocino] Yes.

[K. Eastman] Commissioner Moerdler.

[Comm. J. Moerdler] Yes.

[K. Eastman] Commissioner Lynford.

[Comm. J. Lynford] Yes.

[K. Eastman] Commissioner Schubert.

[Comm. W. Schubert] Recused.

[K. Eastman] Commissioner Rosado.

[Comm. R. Rosado] Yes.

[K. Eastman] Commissioner Lipper.

[Comm. K. Lipper] Yes.

[Board Vice-Chair S. Rechler] With that, I'd like to make a motion to close the Special Committee on Operations.

[unidentified commissioner] Second.

[Board Vice-Chair S. Rechler] All in favor?

[all] Aye.

[Board Vice-Chair S. Rechler] Job well done, Commissioners. I think we deserve some extra bonuses today.

[laughter] Thank you, everyone. Thank you. Well done.