

The Port Authority of New York and New Jersey
Board Meeting Transcripts
May 18, 2010

[Chair. A. Coscia] Sorry for keeping you waiting. The Annual Board Meeting of the Port Authority of New York and New Jersey and its subsidiaries is now called ot order. Prior to today's meeting, the Committees on Governance and Ethics, Finance, and Construction met in Public Session. The Committees on Audit, Operations, and The World Trade Center Redevelopment Subcommittee met in both Public and Executive Session. And the Security and the Nominating Committees met in Executive Session. Their reports will be filed with the Official Minutes of today's Board Beeting. The Commissioners also met in Executive Session prior to today's Board Meeting to discuss matters related to the purchase, sale, or lease of real property or securities, where public disclosure would affect the value thereof or the public interest. Our first order of business today is the election of Officers. In accordance with the Bylaws of the Port Authority of New York and New Jersey, Port Authority Trans-Hudson Corporation, Newark Legal and Communications Center Urban Renewal Corporation, and the New York and New Jersey Railroad Corporation, the Nominating Committee met in Executive Session prior to today's meeting in connection with the annual election of Officers. Commissioner Sartor, who is the Chair of the Nominating Committee, will now provide his report-- Commissioner.

[Comm. A. Sartor] On behalf of the Nominating Committee for the Port Authority of New York and New Jersey, Port Authority Trans-Hudson Corporation, Newark Legal and Communications Center Urban Renewal Corporation, and The New York and New Jersey Railroad Corporation, I desire to report that at its meeting held earlier today, in accordance with the revision of Bylaw VII of the Bylaws--article VII of the Bylaws-- Committee by unanimous action submits the nomination of Anthony R. Coscia for election to the Office of Chairman and Stanley E. Grayson to the Office of Vice-Chairman, The Port Authority of New York and New Jersey. By unanimous action, the Committee also submits the nominations of Christopher O. Ward as Executive Director of The Port Authority of New York and New Jersey, William Baroni as Deputy Executive Director, and Darrell Buchbinder as General Counsel. By unanimous action, the Committee also submits the nominations of Karen E. Eastman as Secretary, A. Paul Blanco as Chief Financial Officer, Michael G. Fabiano as Comptroller, and Anne Marie Mulligan as Treasurer. The Committee by unanimous action also submits the nominations of Christopher O. Ward as President and Ernesto L. Butcher as Vice-President and Secretary of The Port Authority Trans-Hudson Corporation. In addition, the Committee by unanimous actions submits the nominations of Christopher O. Ward as President and Michael B. Francois as Vice-President and Secretary of the Newark Legal and Communications Center Urban Renewal Corporation. Lastly, the Committee, by unanimous action, submits the nominations of Christopher O. Ward as President and Ernesto L. Butcher as Vice-President and Secretary of the New Jersey and New York Railroad Corporation. Those are the nominations Mr. Chairman.

[Chair A. Coscia] Okay, I guess we need to vote on that. That would make sense. Okay, can I have a motion to approve?

[All Commissioners] So moved.

[Chair A. Coscia] Is there a second?

[All Commissioners] Second.

[Chair A. Coscia] Okay, all those in favor?

[All Commissioners] Aye.

[Chair A. Coscia] Any opposed?

[Chair. A. Coscia] Okay, thank you, thank you very much. As we've spoken of many times in the past, in 2007 we undertook a pretty substantial revision to the Port Authority's Bylaws. One component of that was the creation of a Governance and Ethics Committee, and today we'll provide that Committee's annual report. The Chair and/or the Vice-Chair of the Governance and Ethics Committee is required to report periodically on the activities of that Committee. At present the Committee consists of Commissioners Silverman, Bauer, Sartor, in addition to myself. Pursuant to Article VIII-G of the Port Authority's revised Bylaws, the Governance and Ethics Committee has oversight of questions relating to the development of and compliance with Governance and Ethics principles of the Port Authority. The Committee ensures that the Board and the staff are familiar with and committed to the ethics, principles, and programs that have been adopted by the Port Authority and assists the Board in fulfilling its oversight responsibilities relating to the Port Authority's compliance with legal and regulatory requirements. Since establishment of the Committee in late 2007, the Governance and Ethics Committee has met six times. Since its inception, the Committee has established a Committee Charter consistent with the Best Practices approaches for governance committees, which translates the Committee's Bylaw responsibilities into action plans for Committee activities and is divided into three broad areas of oversight, including governance, ethics, and compliance. Consistent with the Bylaw requirements, the Committee reviewed and discussed ethics policies for Commissioners and made recommendations to the Board which resulted in the adoption of a Code of Ethics replacing the 1988 Board Ethics Policy. The Committee reviewed financial disclosure compliance of the staff during the year and found the Agency to be fully compliant. The Committee also conducted a review of the statutory provisions pertaining to service as a Commissioner. The Committee also received a report from the Inspector General, Robert Van Etten, and is confident that the Office of the Inspector General continues to be independent and free from interference in the conduct of its responsibility. In accordance with the Bylaws, the Committee conducted a number of reviews, including a review and evaluation of the performance of the Board and its members, the effectiveness of the Board's Committees, and the Executive Director's performance, the review of ethical standards in the two States, as well as a review of independence and objectivity of the members of the Board and its Committees. The Committee is confident that the Board and its Committees are operating in an efficient and independent manner, and that the Executive Director is effectively managing the operations of the Port Authority consistent with policies established by the Board. The Committee is pleased to report that the Port Authority is operating efficiently and has programs in place that promote integrity and effectively identify and take immediate actions to remediate instances of wrongdoing, fraud, waste, or abuse by staff, Commissioners, or those with whom we do

business. The Governance and Ethics Committee is dedicated to working with the Audit Committee to ensure that the matters and trends identified in the audit reports in the Office of Investigations are addressed in a way that fosters compliance with legal and regulatory requirements. The Committee believes that reasonable processes and controls are in place to ensure the integrity of the staff and the Board and that there is a reasonable basis for the Board to have a high level of confidence in the professional and ethical conduct of Port Authority personnel and that the Port Authority is conducting its business in a manner that ensures public confidence. And that, fellow Commissioners, represents our Committee's report. No action is necessary on that report, and we will now move to our first item of business.

[Comm. A. Sartor] The Audit Committee.

[Chair. A. Coscia] Excuse me, the Audit Committee, I'm sorry. I'm sorry. I'll revert back to Commissioner Steiner for the Audit Committee.

[Comm. D. Steiner] In accordance with the Bylaws --(inaudible) --reports periodically on the activities of the Audit Committee. At the present time the Committee consists of Commissioners Grayson, Holmes, Pocino, in addition to myself. Since last April, the Audit Committee has met five times with Senior Port Authority, Financial, Investigative, Governance, and Legal staff, as well as representatives of the Audit Committee's outside counsel and our independent auditors. They regularly attend these meetings. Consistent with our policy that the independent auditors and members of the Audit Committee have direct and unrestricted access to each other, a portion of each meeting is held with only outside counsel and the independent auditors present. The Audit Committee is responsible for the retention of the Authority's independent auditors, and consistent with Best Practices, the Committee has reviewed and determined to be satisfactory Deloitte and Touche's performance with respect to the 2009 audit process. The Audit Committee also reviews reports of audit results prepared by the Audit Committee, as well as reports prepared by the Inspector General's office and accounts receivable reports prepared by the Treasury Department. Our Committee reviews in detail the Authority's audited financial statements prior to their release and makes such other inquiries in connection with the audited financial statements as it considers appropriate. Our independent auditors have advised that they encountered no difficulties during the course of their audit, including restrictions on a scope of work or access required information, and that there were no disagreements with staff in connection with preparation of the 2009 consolidated financial statements. We appreciate the leadership efforts in this context provided by the Chief Financial Officer, Paul Blanco, and Deputy Chief Financial Officer/Comptroller, Michael Fabiano. We're also pleased to learn that for the twenty-fifth consecutive year, the Port Authority has been awarded the Certificate of Achievement for Excellence in Financial Reporting for its 2008 comprehensive annual financial report. This is the highest form of recognition in governmental accounting and financial reporting. The Committee continues to be actively engaged with staff in ongoing development and implementation of a formal agency-wide enterprise risk management program to identify and address various business risks. We have been very pleased with the progress to date and commend the staff for the proactive manner in which enterprise risk management is being implemented and business risks are being identified and managed. In addition, as the Chair of the Audit Committee, I've reviewed the expense reports of the Executive Director and members of the Board for conformance with established

Agency expenditure and reimbursement guidelines. The Committee recognizes the strengths, talent, and commitment of our financial investigative professionals who facilitate the Audit Committee's oversight of the quality and integrity of the Port Authority's framework of internal controls, compliance systems, and accounting, auditing, and financial reporting processes. The Committee believes that reasonable processes and controls are in place to mitigate business risk and there is a reasonable basis for the Board to have a high level of confidence in the professional and ethical conduct of the Port Authority personnel. Thank you, Mr. Chairman.

[Chair A. Coscia] Thank you, Mr. Steiner. And I apologize for switching our order. Our first order of business will be our Director of World Trade, Steven Plate, will discuss the status of an innovative safety system being installed at the World Trade Center site, as well as other matters as part of our continuing redevelopment--Steve.

[S. Plate] Thank you, Chair. Good afternoon, Commissioners. Last month, the Board authorized the installation of a state-of-the-art perimeter protection system, more commonly known as a Cocoon, at One World Trade Center to be constructed and installed by DCM Erectors. Today, I am here to update you on the installation of that system. The Cocoon is the first of its kind to be used on a steel superstructure in New York City. Worker's safety and the protection of the general public has and continues to be our primary objective. The One World Trade Center Cocoon System provides protection to the men and women working on the tower and to the general public traveling around the perimeter of this site. The Cocoon encapsulates the tower and will move up as the building construction progresses. Last week, the Commissioner of New York City's Department of Buildings visited One World Trade Center and commented that our Agency has raised the bar for New York City steel and concrete superstructures' construction safety. The Tower One Cocoon System encapsulates 20 floors in total. At the top of the Cocoon, steel frame surrounds the work area where iron workers erect and connect steel members. This protection around the uppermost two floors provides secure perimeter work platforms for the iron workers. Below the two floors of steel frame, protective netting is draped and spans an area of 18 floors. This tight weave, fire resistant fabric mesh is designed to capture materials, equipment, or worker's tools. The mesh is tapered at the bottom and is securely fastened back into the building. As Tower One rises, the Cocoon will be lifted by the tower cranes and protective fabric mesh resecured. These images provide you with an overview of the Cocoon component installation and the finished steel frame. Work is now ongoing to install the mesh below the steel frame. The primary role of the One World Trade Center Cocoon is to protect our workers and the general public in the proximity of the site. As One World Trade Center rapidly rises above the World Financial Center, Seven World Trade Center, and the skyline of lower Manhattan, the Cocoon will present a unique communications opportunity. One World Trade Center will be clearly visible from communities in both New York and in New Jersey. Placement of an informational banner on the Cocoon system would take advantage of this strategic platform. In this rendering, the Cocoon was used as a platform to highlight the Port Authority logo and the World Trade Center site progress website. The opportunity exists for banners on all four sides of the Cocoon system. Commissioners, thank you for your unwavering support of the efforts of the men and women redeveloping the World Trade Center, and your guidance in moving all of our projects forward. Lastly, as discussed in this morning's World Trade Center Redevelopment Subcommittee meeting, we are seeking your approval on the following items. Award to Skyline Steel Corporation for aluminum lining

work at One World Trade at a total cost of 3.4 million dollars, including extra work. Secondly, a Memorandum of Understanding providing for reimbursement to the MTA Capitol Construction Corporation for certain remediation work needed at the R-Line Courtland Street Station as a result of work performed by the Port Authority on the east side of the World Trade Center site an amount of 10.5 million dollars. A supplemental agreement to the existing PATH Hall contract with Skanska Granite for performance of work in the southeast corner of the West Bath tub in support of the scheduled opening of The World Trade Center Memorial on 9/11/11, at a total cost of 5.5 million dollars, including extra work. And lastly, authorization to reimburse Silverstein Properties for early action design and construction at World Trade Center Tower Two, an amount up to 2.8 million dollars. This amount represents initial costs incurred by SPI to move forward with foundation work in accordance with The World Trade Center Hub project schedule pending finalization of The World Trade Center framework agreement. Commissioners, I request your approval of these items. Thank you.

[Chair. A. Coscia] Thank you, Steve. Can I have a motion to approve?

[Comm. S. Grayson] Moved.

[Chair A. Coscia] Is there a second?

[All Commissioners] Second.

[Chair A. Coscia] Second, all right, anyone have any questions or comments? Okay, all those in favor?

[All Commissioners] Aye. Any opposed? Thank you. Okay, there being no speakers on specific matters on the agenda, we will now provide an opportunity for members of the public in attendance at today's meeting to present their views on matters pertaining to the Port Authority. It should be noted as part of this process that Commissioners will not engage in dialog with any of the presenters. Our first presenter is Paul Nunziato from the Port Authority PBA--Mr. Nunziato.

[P. Nunziato] Good afternoon, Chairman Coscia and Board of Commissioners. The PBA has addressed this Board in March and April warning you of glaring safety issues at various Port Authority facilities, and yet we have received not one phone call from anyone on the Board of Commissioners. I can only assume that you are being told by Executive Director Ward the same things he told the press in the back of this room after last month's meeting. I would like to address some of those comments. Executive Ward stated, "Let me be clear. We have spent 4 billion dollars, 3 billion dollars to bring enhanced security to all our facilities." Well, I am the only a Police Officer here, and I know of at least three quarters of a billion dollars spent on security that does not work. I guess this is the same enhanced security that allowed a lost motorist to drive deep into a restricted area of The Port Authority Bus Terminal undetected by surveillance cameras and drive by unmanned police posts that haven't been covered in over a year. This incident occurring only a week after the bomb was placed in Times Square, on a Friday morning, when the terminal is filled with thousands of commuters. The Executive Director went on to state, "We have the largest number of Police Officers, at any time,

historically." I know of a little history, too, because on May 1, 2010, the same day the bomb was placed in Times Square, the Port Authority had no police coverage at the Bayonne Bridge for 16 hours. This is the first time in the history of the Bayonne Bridge that this has happened. The Executive Director has constantly stated to the media that we have enough Police Officers. Then why were there no police officers assigned to patrol the Bayonne Bridge? If the Bayonne Bridge is destroyed and we lose the waterway below the Bayonne Bridge, this will be a devastating impact to the region and our nation. I ask the PA for their impact study. Last Thursday, the 18-year-old daughter of a recently retired Port Authority employee stopped her car at mid-span of the George Washington Bridge, got out and walked over two separate railings, climbed them, and then jumped to her death. I don't know if having the two Police Officers patrolling the walkway would have prevented this tragedy, but we will never know. We do know that we used to patrol there and now we do not. On Saturday, a Police Officer on motor patrol at the George Washington Bridge came across a vehicle parked mid-span with a suicide note. Both vehicles stopped mid-span on the bridge. The occupants exited their vehicles. This went undetected by the Port Authority's surveillance equipment. Since the bomb was placed in Times Square, we are not beefing up our patrols as reported to the press. We are actually cutting more patrol posts. Once again, the Port Authority is jeopardizing the public's safety, along with the men and women who proudly serve as Port Authority Police Officers. This Board of Commissioners needs to start looking at safety studies and demand the Port Authority properly staff its police patrols. The Executive Director's statements to the press--I'll be right down.

[beeping] The Executive Director's statements to the press, "We are in, obviously, contract negotiations with the police union and we will bring a contract forward." Let me be clear, I will never stand before this Board or the media and alarm the public to the glaring failures of the Port Authority to properly protect its patrons and Police Officers as a negotiations ploy. The Port Authority has successfully silenced Chiefs, Captains, and Inspectors of our department by removing the last Chief of the Department for documenting the cuts that Park Avenue was making. They, along with facility managers, complained to the PBA about the lack of police patrols. The Port Authority always presents a glossy image for the Commissioners at these meetings, as I witnessed last month with 850 million dollars spent on brand new PATH train cars. Weren't you told, as of today, 20 percent of those cars are out of service with defects, and the manufacturer has taken over a large portion of the PATH repair yard trying to fix brand new train cars that don't work? I urge you to look deeper into the facts and protect the public and the Police that serve for the Port Authority, thank you.

[Chair. A. Coscia] Thank you. Mr. Ken Pashkar?

[K. Pashkar] Good afternoon, Commissioners. At the last board meeting, I stood before you and thanked Chris Ward and the Port Authority for your vision to reconstruct La Guardia's main terminal. I'm here today to thank the Port Authority again for being the only organization that has opposed the Northshore Marine Transfer Station, a facility which the New York City Department of Sanitation plans to dump thousands of tons of garbage on the final approach path to La Guardia's Runway 31. The Federal Aviation Administration and the U.S.D.A. have commissioned several studies which suggest the transfer station would not attract birds. In light of U.S. Airways 1542, and several other bird strikes affecting La Guardia flights, it's

incomprehensible that the City of New York would build such a facility which would be an actual bird magnet and create such a hazard to aviation. Although the FAA and the U.S.D.A. studies suggest that the risk could be mitigated, these hazards cannot be eliminated. I agree with the experts that this facility should not be constructed and then mitigated when hazards to flight can be eliminated altogether. I met earlier today with representatives of the Port Authority to brief them on a new study which I commissioned by one of the Country's leading experts on bird strikes. The study concludes that this facility is a hazard and should not be built. I applaud the Port Authority's opposition to the transfer station, and urge you to help stop this facility from being built. Thank you, Commissioners.

[Chair. A. Coscia] Thank you. There are several items on the consent calendar. Can I have a motion to approve the consent calendar?

[All Commissioners] Moved.

[Chair A. Coscia] Is there a second?

[All Commissioners] Second.

[Chair A. Coscia] Okay, all those in favor?

[All Commissioners] Aye. Okay, can I have a motion to adjourn?

[All Commissioners] So moved.

[Chair A. Coscia] Thank you. Good afternoon, everyone.