

**THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY**

**MINUTES OF SPECIAL BOARD MEETING**

**Thursday, January 25, 2007**

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**MINUTES of a Special Meeting of The Port Authority of New York and New Jersey held Thursday, January 25, 2007 at 225 Park Avenue South, City, County and State of New York**

**PRESENT:**

**NEW JERSEY**

Hon. Anthony R. Coscia, Chairman  
 Hon. Angelo J. Genova  
 Hon. Raymond M. Pocino  
 Hon. Anthony J. Sartor  
 Hon. David S. Steiner

**NEW YORK**

Hon. Charles A. Gargano, Vice-Chairman  
 Hon. Bruce A. Blakeman  
 Hon. Christine A. Ferer  
 Hon. David S. Mack

Anthony E. Shorris, Executive Director  
 Darrell B. Buchbinder, General Counsel  
 Karen E. Eastman, Secretary

Gwendolyn Archie, Marketing Analyst, Aviation  
 A. Paul Blanco, Chief Financial Officer  
 John D. Brill, Director, Audit  
 Ernesto L. Butcher, Chief Operating Officer  
 Wilfred Chabrier, Director, Office of Regional and Economic Development  
 Joanne Ciccolello, Property Representative, Aviation  
 Arthur J. Cifelli, Deputy Chief of Staff  
 Steven J. Coleman, Public Information Officer, Public Affairs  
 John D'Amore, Deputy Director, Technology Services  
 William R. DeCota, Director, Aviation  
 Michael P. DePallo, Director, PATH  
 John C. Denise, Supervisor, Audio Visual/Photography, Public Affairs  
 Pasquale DiFulco, Senior Public Information Officer, Public Affairs  
 John J. Drobny, Director, Project Management  
 Marie M. Edwards, Senior Administrator, Aviation  
 Michael G. Fabiano, Deputy Chief Financial Officer/Comptroller  
 Ziomara Y. Foster, Senior Administrator, Office of the Secretary  
 James P. Fox, Deputy Executive Director  
 Michael B. Francois, Chief, Real Estate/Regional and Economic Development  
 Aaron Graham, Staff Property Representative, Aviation  
 Jessica L. Goldstein, Staff External Affairs Representative, Government and Community Affairs  
 Linda C. Handel, Assistant Secretary  
 Lawrence S. Hofrichter, Deputy General Counsel  
 George Johansen, First Deputy Superintendent of Police, Public Safety  
 Howard G. Kadin, Senior Attorney, Law  
 Victoria C. Kelly, Director, Tunnels, Bridges and Terminals  
 Louis J. LaCapra, Chief Administrative Officer  
 Marc LaVorgna, Senior Public Information Officer, Public Affairs  
 Richard M. Larrabee, Director, Port Commerce  
 Shawn K. Laurenti, Director, Government and Community Relations  
 Timothy Lizura, Director, World Trade Center Redevelopment  
 Francis J. Lombardi, Chief Engineer  
 Robert F. Lurie, Chief, Strategic Planning  
 Stephen Marinko, Attorney, Law  
 Michael G. Massiah, Director, Management and Budget  
 John J. McCarthy, Director, Public Affairs  
 James E. McCoy, Manager, Board Management Support, Office of the Secretary

Carlene V. McIntyre, Chief, Opinions and Appeals, Law  
Sanjay Mody, Advisor to Chairman  
Anne Marie C. Mulligan, Treasurer  
Lynn A. Nerney, Senior Administrator, Office of the Secretary  
Antoinette Peterson, Associate Board Management and Support Specialist, Office of the Secretary  
Steven P. Plate, Director, Priority Capital Programs  
Alan L. Reiss, Deputy Director, Aviation  
Andrea Roitman, Director, Procurement  
Stephen Sigmund, Chief, Public and Government Affairs  
Timothy G. Stickelman, Chief, Public Securities Law, Law  
Ralph Tragale, Client Manager, Government and Community Affairs  
Sheree R. VanDuyne, Manager of Policies and Protocol, Office of the Secretary  
Peter J. Zipf, Deputy Chief Engineer/Director of Engineering

Guests:

Sonia Frontera, Authorities Unit, Office of the Governor of New Jersey  
Andrew Rachlin, Invited Guest

The public session was called to order by Chairman Coscia at 10:43 a.m. and ended at 10:55 a.m. The Board met in executive session prior to the public session.

### **Action on Minutes**

The Secretary submitted for approval Minutes of the meetings of November 16, 2006 and December 14, 2006. She reported that copies of these Minutes were sent to all of the Commissioners and to the Governors of New York and New Jersey. She reported further that the time for action by the Governors of New York and New Jersey has expired.

Whereupon, the Board of Commissioners unanimously approved the Minutes.

### **Report of Audit Committee**

The Audit Committee reported, for information, on matters discussed in executive session at its meeting on January 22, 2007, which included discussion of matters involving external or internal investigations or audits, and the report was received.

### **Report of Nominating Committee**

During the course of the meeting, the Nominating Committee submitted its report, and the report was received and is included with these minutes.

### **Staff Reports**

Presentations were made by staff on the following matters: Acquisition of the Stewart International Airport Lease and Assets from SWF Airport Acquisition, Inc. and National Express Corporation; and The World Trade Center – Execution of Third Freedom Tower Amendment to General Contractor Agreement (Tishman Construction Corporation) and Placement of an Interim Insurance Program.

## **ELECTION OF OFFICER**

Chairman Coscia announced that, in accordance with the provisions of the By-Laws, an election was in order to fill the vacancy caused by the departure of Executive Director Kenneth J. Ringler, Jr.

Commissioner Mack, as Chair of the Nominating Committee, submitted the following report:

"On behalf of the Nominating Committee, I desire to report that at its meeting held earlier today, in accordance with the provisions of Article XIa. of the By-Laws, the Committee, by unanimous action, submits the nomination of Anthony E. Shorris as Executive Director of The Port Authority of New York and New Jersey. Mr. Shorris began his service on January 4, 2007."

Pursuant to the foregoing report, Commissioners Blakeman, Coscia, Ferer, Gargano, Genova, Mack, Pocino, Sartor and Steiner voting in favor, Anthony E. Shorris was unanimously elected Executive Director.

## **ACQUISITION OF STEWART INTERNATIONAL AIRPORT LEASE AND ASSETS FROM SWF AIRPORT ACQUISITION, INC. AND NATIONAL EXPRESS CORPORATION**

It was recommended that the Board authorize the Executive Director to enter into: (1) an asset purchase agreement with SWF Airport Acquisition, Inc., as seller (SWF), and National Express Corporation (NEC), as shareholder, for the Port Authority to acquire the lease for the operation of Stewart International Airport (Stewart Airport) and other Airport assets; and (2) an interim agreement to operate Stewart Airport for a period of up to one year, on a sole-source basis, with a qualified airport operator, until a new operator can be selected competitively.

At its meeting of November 16, 2006, the Board authorized a review of Stewart Airport as an opportunity to expand regional airport capacity. Regional airport demand has been robust and is expected to continue to grow strongly in the future. Even with proactive management and timely investments in facilities to meet these demand projections, the Port Authority's regional airport system likely will experience continuing aircraft delays, a greater number of days approaching peak capacity, and deteriorating levels of service during peak customer periods. Stewart Airport encompasses approximately 2,200 acres of land located near Newburgh, New York, and is ideally situated to handle some of the increased demand in the future that will occur on the periphery of the New York-New Jersey region. Developing Stewart Airport is considered a cost-effective means of expanding regional airport capacity to meet the needs of travelers in the mid-Hudson Valley, to divert some corporate and private activity from Teterboro Airport and to free up capacity at the region's major passenger airports.

SWF has an agreement with the New York State Department of Transportation (NYSDOT) to lease and operate Stewart Airport for a term of 99 years, beginning on April 1, 2000. NEC and its parent, National Express Group PLC, have expressed their willingness to sell the airport lease, and the related assets, to the Port Authority for the amount of approximately \$73.2 million. In addition, the Port Authority would assume certain liabilities not retained by SWF or NEC, and would be responsible for the payment of a letter of credit in the amount of approximately \$2.8 million that secures SWF's obligation to NYSDOT for the remaining lease payment, which was withheld by SWF pending transfer of additional parcels of land that NYSDOT is remediating environmentally. The Port Authority would be entitled to certain benefits related to the letter of credit, including the expectation of a return of \$1 million because one of these parcels may not be suitable for transfer as a whole. The Port Authority also would pay the net tax cost to SWF of structuring the transaction as an asset sale, rather than a stock sale, up to a maximum of \$3.5 million.

The Port Authority would secure the services of a qualified third-party contractor to provide operation and maintenance services at Stewart Airport under the direction of a Port Authority manager and operations supervisor upon the closing of sale. The purchase agreement would contain a contingency provision calling for an interim operating agreement with SWF, in the event the Port Authority is not able to identify an alternate interim operator, for a period of up to one year. It is expected that the cost of the interim operating agreement, inclusive of all airport operating expenses, would not exceed \$10 million over a one-year period. It is also expected that, after acquiring the Stewart Airport lease and assets, the Port Authority would undertake an aggressive business development effort and make necessary and prudent investments to support the airport's growth and development.

There are several outstanding environmental issues pertaining to Stewart Airport that remain the responsibility of NYSDOT, except to the extent SWF assumed any obligations pursuant to its lease. The airport was a former military air base, and has several different types of contamination that NYSDOT continues to remediate. The contamination includes sub-surface fuel, military waste, hazardous waste, volatile compounds, such as explosives, and other matter. The lease of Stewart Airport in 2000 provided for dedicated funds to investigate and remediate contaminated areas and help transform the former air base into a commercial airport. To date, NYSDOT has honored its ongoing commitment to remediate areas requiring cleanup, and the New York State Department of Environmental Conservation has issued several “no further action” letters regarding certain portions of the airport.

There are four parcels that were excluded from the 2000 lease, consisting of filled areas bordering the southern boundary of the airport. The lease provided for the incorporation of these parcels, referred to as A, B, C and D, into the lease on a delayed schedule, to allow time to investigate and remediate them, as necessary, for industrial/commercial uses. SWF is negotiating an amendment to the lease that would clarify the conditions of the conveyance of Parcels A, B, C and D, as well as the remediation of areas adjacent to the two runways that are contaminated with ammunition and explosives waste. A portion of Parcel D may never be conveyed to SWF, due to the extent of environmental contamination. The asset purchase agreement would provide that the Port Authority will withhold \$2 million until such time as Parcels A, B, C and D have been conveyed to the Port Authority pursuant to the lease amendment currently under negotiation between SWF and NYSDOT. The Port Authority must obtain SWF’s agreement that the consent of the Port Authority would be obtained prior to the execution of such amendment.

The asset purchase agreement would provide that neither party is assuming any environmental liabilities that are currently liabilities of NYSDOT, or of any predecessor owner/operator of the airport to NYSDOT. Given the environmental condition of the property upon which the airport resides, it is possible that further investigation will determine that additional costs would have to be incurred in order to further develop the property.

The proposed asset purchase agreement would contain several conditions to closing, including the passage of appropriate legislation by the State of New Jersey, required approvals by the Federal Aviation Administration (FAA) and the Transportation Security Administration, approval of the assignment of the lease by NYSDOT, and third-party consents or certifications, including those of all major tenants/licensees. The language of the New Jersey legislation, in order to satisfy bi-State authorization requirements, would match legislation passed by the State of New York in 1967, and would authorize the Port Authority to establish one air terminal in the State of New York and one air terminal in New Jersey, with the site of each such air terminal to be approved by the Governor of the State in which such terminal is to be located.

The purchase agreement would require the Port Authority to place a “good faith” deposit into an escrow account, with the deposit to be applied to the purchase price at closing. In the event that the transaction does not close as a result of a breach by SWF of its obligations, or if SWF does not obtain certain releases from the FAA or any other governmental entity, then the full deposit would be returned to the Port Authority. In the event of failure of other conditions to closing, SWF would retain all or a portion of the deposit, depending on the nature of the condition. The purchase agreement would require SWF to use reasonable efforts to assist the Port Authority in obtaining any governmental approval required to close under the agreement.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Coscia, Ferer, Gargano, Genova, Mack, Pocino, Sartor and Steiner voting in favor; none against:

**RESOLVED**, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into: (1) an asset purchase agreement with SWF Airport Acquisition, Inc., as seller, and National Express Corporation, as shareholder, for the Port Authority to acquire the lease for the operation of Stewart International Airport (Stewart Airport) and other Airport assets, substantially in accordance with the terms and conditions outlined to the Board; and (2) an interim agreement to operate Stewart Airport for a period of up to one year, on a sole-source basis, with a qualified airport operator, until a new operator can be selected competitively; and it is further

**RESOLVED**, that the form of all documents necessary to effectuate the foregoing shall be subject to the approval of General Counsel or his authorized representative.

**THE WORLD TRADE CENTER – EXECUTION OF THIRD FREEDOM TOWER AMENDMENT TO GENERAL CONTRACTOR AGREEMENT (TISHMAN CONSTRUCTION CORPORATION) AND PLACEMENT OF AN INTERIM INSURANCE PROGRAM**

It was recommended that the Board authorize 1 World Trade Center LLC (1 WTC LLC) to: (1) enter into the Third Freedom Tower Amendment to the September 2003 General Contractor Agreement (Amendment) between Tishman Construction Corporation (Tishman) and 1 WTC LLC to provide construction management and general contractor services for the Freedom Tower, with Tishman's fee to perform such services estimated at \$26.5 million, and with general conditions work of approximately \$170 million to be managed by Tishman; and (2) purchase interim insurance coverage until placement of the World Trade Center (WTC) Insurance Program, including: (a) a \$200 million Commercial General Liability policy, at an annual premium not to exceed \$3,920,000; (b) a \$100 million Terrorism Program, at an annual premium not to exceed \$350,000; and (c) additional insured status for 1 WTC LLC and the 1 WTC Indemnity Group on Tishman's Pollution Legal Liability policy, with coverage limits of \$10 million per occurrence, at an annual premium not to exceed \$200,000; and (d) three-year Completed Operations coverage with limits of \$100 million, at an annual premium not to exceed \$320,000, for a total annual premium for such insurance not to exceed \$4,790,000.

Negotiations have been completed with Tishman on the Amendment to the existing General Contractor Agreement. Under the proposed terms, Tishman will act as 1 WTC LLC's Construction Manager for the construction of the Freedom Tower, with the actual construction work being performed by trade contractors under contracts entered into by Tishman as agent for 1 WTC LLC. Tishman's fee has been reduced from its previous general contractor fee of 2.5 percent to 1.5 percent of the cost of work, commensurate with its reduced scope of responsibility, for a net savings of approximately \$20 million. Tishman will not have authority to enter into contracts, change orders or construction change directives, or take any action that may result in additional time or money to any contract, without the prior written approval of 1 WTC LLC. Additionally, the Amendment would eliminate a number of preferential economic terms of the General Contractor Agreement, including: contractor control of contingency; sharing of contingency savings; fee on change orders (except for "cardinal" change orders); protective allowances in bid line items; lump-sum general conditions budget, and a limit of liability for Tishman and subcontractors of a 1.5 multiple of Tishman's fees.

In conjunction with the negotiation of the Amendment, the Port Authority has developed a form of contract for trade contractors, to be utilized by Tishman (the Trade Contract), which maintains, to the greatest degree possible, Port Authority policy and procedures for the work, including requirements for minority- and women-owned business enterprise utilization, confidentiality, security, and integrity monitoring, and provides for a competitive bidding process.

The Amendment also would make provisions for the subcontract agreements Tishman entered into prior to the November 16, 2006 closing date. The Amendment would require Tishman to use its best efforts to terminate certain existing subcontracts and cause those subcontractors to enter into the new Trade Contract. However, Tishman would continue to

act as a general contractor for the duration of some other subcontracts. In its role as general contractor, Tishman's fee would remain at 2.5 percent. The maximum premium associated with this limited arrangement is \$407,295.

In connection with the execution of the Amendment, and pending placement of the WTC Insurance Program, appropriate insurance coverage will be required to be in place for approximately one year, to allow construction work to continue on the site. Tishman's broker, Willis, has competitively marketed placement of a \$200 million project-specific Comprehensive General Liability (CGL) policy for the Freedom Tower Project. The expected annual premium for this policy will not exceed \$3,920,000. The Port Authority, 1 WTC LLC and Tishman will be named insureds under this policy. All trade contractors will be required to provide workers compensation (WC) coverage for their employees, and will provide the first layer of CGL coverage, with minimum liability limits (ranging from \$2 million to \$25 million) established by trade classifications. 1 WTC LLC and the WTC Indemnity Group will be included as additional insureds under these CGL policies. WC and CGL coverages will be bid as a deduct/alternate to allow for a credit to the contract, expressed on a percentage-of-work-completed basis, once the WTC Insurance Program is in place. The cost for WC and CGL coverage for all trades active on the Project through 2007 is estimated to be \$5.1 million. These expenditures are accounted for in the trade costs for the Project. Willis also has negotiated placement of a stand-alone Terrorism Program, with a \$100 million limit that includes both certified and non-certified terrorism coverage. The expected annual premium for this policy will not exceed \$350,000. The Port Authority, 1 WTC LLC and Tishman will be named insureds under this policy. 1 WTC LLC and the WTC Indemnity Group will be included as additional insureds on Tishman's Pollution Legal Liability policy, with coverage limits of \$10 million per occurrence. The expected annual premium for this policy will not exceed \$200,000. There will be three-year Completed Operations coverage, with limits of \$100 million. The expected annual premium for this policy will not exceed \$320,000. The total annual premium for such insurance therefore will not exceed \$4,790,000. There will be no Builders Risk policy until the WTC Insurance Program is in place.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Coscia, Ferer, Gargano, Genova, Mack, Pocino and Steiner voting in favor; none against; Commissioner Sartor recused:

**RESOLVED**, that 1 World Trade Center LLC (1 WTC LLC) be and it hereby is authorized to: enter into the Third Freedom Tower Amendment to the September 2003 General Contractor Agreement (the Amendment) between Tishman Construction Corporation (Tishman) and 1 WTC LLC to provide construction management and general contractor services for the Freedom Tower, with Tishman's fee to perform such general contractor and construction management services estimated at \$26.5 million, and with general conditions work of approximately \$170 million to be managed by Tishman; and it is further

**RESOLVED**, that 1 WTC LLC be and it hereby is authorized to: purchase interim insurance coverage for the Project until placement of the World Trade Center Insurance Program, including: (1) a \$200 million Commercial General Liability policy, at an annual premium not to exceed \$3,920,000; (2) a

\$100 million Terrorism Program, at an annual premium not to exceed \$350,000; (3) additional insured status for 1 WTC LLC and the 1 WTC Indemnity Group on Tishman's Pollution Legal Liability policy, with coverage limits of \$10 million per occurrence, at an annual premium not to exceed \$200,000; and (4) three-year Completed Operations coverage, with limits of \$100 million, at an annual premium not to exceed \$320,000, for a total annual payment for such insurance not to exceed \$4,790,000; and it is further

**RESOLVED**, that the form of all documents and agreements in connection with the foregoing shall be subject to the approval of General Counsel or his authorized representative.

**ALL AIRPORTS – AIRCRAFT NOISE ABATEMENT PROGRAM – YEAR 2007 –  
SCHOOL SOUNDPROOFING PROGRAM**

It was recommended that the Board authorize the Executive Director to expend an additional amount of \$35 million for the soundproofing of ten schools for which, under current legislation, up to 80 percent of the eligible costs at Newark Liberty International (EWR), John F. Kennedy International (JFK), and LaGuardia (LGA) Airports, and up to 95 percent of the eligible costs at Teterboro Airport (TEB) will be provided from grants under the Federal Airport Improvement Program (AIP). All ten schools have previously been included in the School Soundproofing Program (Program), but are following a phased funding approach to avoid exceptional peaks and valleys in the funds required each year. The name and location of the schools and the funding phase, current funding allocation and estimated total cost for each school are set forth in the attachment hereto.

This Program continues a 1983 Port Authority commitment to ensure that students have a quiet learning environment by significantly reducing noise levels within instructional areas of the schools.

The Program is based on a Letter of Agreement between each school and the Port Authority. All subsequent contracts for each project are then between the schools and their consultants, building contractors, etc. Because funding is not being requested presently for any schools that were not previously authorized to receive funding by the Board, no new Port Authority agreements would be required under the proposed authorization.

In order for the Port Authority's airports to continue to operate effectively in the most densely populated region in the nation, the Port Authority must do everything necessary to win the support of the communities it serves, including reducing the impact of noise on students in the schools most directly affected.

The Program is a joint effort of the Port Authority and the Federal Aviation Administration (FAA), and continued action on these schools is contingent upon the availability of corresponding federal funds. In order for a school to be eligible for inclusion in the Program, it must meet the federal criteria established by the FAA. These schools must either be within the latest 65 DNL noise contour around the airport, as measured by FAA's Noise Model, or the interior noise levels of educational space within the school must exceed 55 decibels using band limited average noise level (dB(A)), which is a different measurement criteria.

The total scope of the Program, from inception through the current authorization, entails 77 schools, 24 in the vicinity of JFK, 21 in the vicinity of LGA, 26 in the vicinity of EWR and 6 in the vicinity of TEB. Soundproofing of 48 schools has been completed, while 29 schools are in various stages of design or construction. Additional funding is currently required for ten of those schools.

The projects for the listed schools started individually over a long period. The earliest started in the 1990s. Each is progressing at a pace unique to that school's circumstances. Estimated completion dates range from 2007 through 2010.

The Board has authorized funding for the Program every year since 1983, except 1998, when it was found that additional funds were not required to move schools to the next phases of the Program. Most recently, at its February 23, 2006 meeting, the Board authorized \$37 million for the Program. The total aggregate amount authorized through 2006 is \$356.3 million.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Coscia, Ferer, Gargano, Mack, Pocino, Sartor and Steiner voting in favor; none against; Commissioner Genova recused:

**RESOLVED**, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to expend an additional amount of \$35 million for the soundproofing of ten schools through the School Soundproofing Program, of which, under current legislation, up to 80 percent of the costs for schools in the vicinity of Newark Liberty International, John F. Kennedy International, and LaGuardia Airports, and up to 95 percent of the eligible costs for schools in the vicinity of Teterboro Airport, will be provided from grants under the Federal Airport Improvement Program.

**ADDENDUM****YEAR 2007 SCHOOL SOUNDPROOFING PROGRAM - SCHOOLS**

<b>School</b>	<b>Location</b>	<b>Phase</b>	<b>Amount Being Allocated</b>
H.P. Becton HS	Crlst-E.Ruthf'd, NJ	IV	\$100,000
Kearny HS	Kearny, NJ	VII	15,700,000
Lincoln Elementary	Kearny, NJ	VII	2,000,000
Sylvan	Rutherford, NJ	IV	300,000
Beach Channel HS	Rockaway Pk, NY	VII	13,050,000
IS 180Q	Rockaway Pk. NY	VII	3,200,000
Lawrence #2	Inwood, NY	VII	100,000
St. Athanasius	Bronx, NY	VI	100,000
St. Pius V	Bronx, NY	VI	350,000
Vaughn Coll. of Aero & Tech	Flushing, NY	VI	100,000
		<b>Total</b>	<b>\$ 35,000,000</b>

**E-ZPASS INTERAGENCY GROUP OPERATING AGREEMENT – AMENDMENT**

It was recommended that the Board authorize the Executive Director to: (1) approve an amendment to the E-ZPass Interagency Group (IAG) Operating Agreement which would create a new IAG membership class of “Full Member Companies” for private companies involved in toll operations, and would adjust IAG governance procedures to protect public agencies and their interests accordingly; (2) approve Appendix D to the IAG Operating Agreement, which would establish the terms and conditions of IAG Full Member Company membership; and (3) execute such documents as may be necessary to effectuate the foregoing.

The IAG was established in 1990 to advance regionally interoperable electronic toll collection. The IAG’s charge has been to ensure the effective and efficient operation of the E-ZPass system for the benefit of the region, through the mutual cooperation and coordination of agencies engaged in E-ZPass electronic toll operations. Currently, the IAG is composed of 22 public agencies that offer electronic toll collection with E-ZPass in eleven states.

Given recent trends in the toll industry for private organizations to own and operate toll facilities, the IAG has recognized the need to consider the appropriate means to extend participation to private toll operators. At its Executive Committee meeting on December 14, 2006, the IAG determined it was necessary and in the best interest of IAG members to establish a new class of membership in the IAG for private companies. The recently privatized Indiana Toll Road plans to operate the toll road with an electronic toll collection system, and has requested membership in the IAG.

Currently all IAG members are public agencies engaged in toll operations. The proposed amendment to the IAG Operating Agreement provides for private toll operators to join the IAG in a newly established membership class of “Full Member Companies.” The Full Member Company membership status is for entities engaged in toll operations that are not public agencies under the laws of the state or states in which they were created or in which they conduct toll operations. The proposed amendment also adjusts IAG governance procedures to protect public agencies and their interests, including certain veto rights granted to public agency members but not to private company members.

The new Appendix D to the IAG Operating Agreement establishes the terms and conditions of Full Member Company membership for private companies. The Appendix permits public agency members to charge transaction fees to private company members for processing tolls occurring on privately operated facilities for customers with public agency E-ZPass accounts. If a public agency member chooses to so charge a private company member, then the private company member may charge that public agency member for processing tolls on facilities operated by that public agency for customers with E-ZPass accounts with the private company. This Appendix also establishes financial obligations and integrity and conflict of interest standards for private company members.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Coscia, Ferer, Gargano, Genova, Mack, Pocino, Sartor and Steiner voting in favor; none against:

**RESOLVED**, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to: (1) approve an amendment to the E-ZPass Interagency Group (IAG) Operating Agreement, which would create a new IAG membership class of “Full Member Companies” for private companies involved in toll operations and would adjust IAG governance procedures to protect public agencies and their interests accordingly; (2) approve Appendix D to the IAG Operating Agreement, which would establish the terms and conditions of IAG Full Member Company membership; and (3) execute such documents as may be necessary to effectuate the foregoing; and it is further

**RESOLVED**, that the form of any such documents necessary to effectuate the foregoing shall be subject to the approval of General Counsel or his authorized representative.

## **NEW YORK CONSTRUCTION PRE-APPRENTICESHIP TRAINING PROGRAM – PARTICIPATION AGREEMENTS**

It was recommended that the Board authorize the Executive Director to: (1) enter into an agreement to extend the Port Authority's participation in the Construction Skills 2000 program with the Building and Construction Trades Council of Greater New York (BCTC), the Building Trades Employers Association of New York City (BTEA), the Department of Education of the City of New York and Construction Skills 2000, a non-profit organization of the State of New York, for a three-year period; and (2) enter into an agreement with Construction Skills 2000 for the Port Authority to contribute up to \$100,000 per year for a period of three years in connection with the Construction Skills 2000 program.

Since 1995, the Port Authority has participated in the development of pre-apprenticeship programs in both New York and New Jersey. Construction Skills 2000 is a non-profit organization established by the BCTC and BTEA to address training and employment issues for the future workforce of New York City's building and construction industry. It administers a preparatory training course for high school students in their senior year, under which, if they successfully complete the course and receive their diploma, participating students receive preferred access to apprenticeship programs in the building and construction industry. Since its inception in 2001, Construction Skills 2000 has placed over 650 New York City public high school students in BCTC affiliate apprenticeship programs. One hundred eight of these individuals have graduated from apprenticeship programs and received journey person status. The program reaches out to a diverse population of students from the five boroughs of New York City, and over 85 percent of the students who participate in the program graduate from high school.

Construction Skills 2000 also arranges summer construction internships with private firms and public agencies for the high school seniors and coordinates their placement into participating apprenticeship programs. As participants in the program, various unions have agreed to reserve a percentage of openings in each of their apprenticeship programs for program graduates.

The Port Authority's continued participation in Construction Skills 2000 ensures a pipeline of skilled and motivated workers over the next several years to support the region's unprecedented capital development. It also provides an opportunity for the Port Authority to continue its participation in a program that achieves several important workforce objectives including: expanding the pool of minority and female apprenticeships from which Port Authority contractors may draw to help them attain Port Authority contractual workforce goals; increasing the availability of skilled construction apprenticeship positions in future years for New York City high schools graduates; and supporting a program that is designed to make institutional changes in the way the skilled trades select candidates for their apprenticeship programs.

Pursuant to the agreement, the Port Authority will continue its policy of requiring that its contractors and subcontractors working on New York construction projects in excess of \$1 million participate in an apprenticeship program registered with the New York State Department of Labor.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Coscia, Ferer, Gargano, Mack, Pocino, Sartor and Steiner voting in favor; none against; Commissioner Genova recused:

**RESOLVED**, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to: (1) enter into an agreement to extend the Port Authority's participation in the Construction Skills 2000 program with the Building and Construction Trades Council of Greater New York, the Building Trades Employers Association of New York City, the Department of Education of the City of New York and Construction Skills 2000, a non-profit organization of the State of New York, for a three-year period; and (2) enter into an agreement with Construction Skills 2000 for the Port Authority to contribute up to \$100,000 per year for a period of three years in connection with the Construction Skills 2000 program; and it is further

**RESOLVED**, that the form of all agreements in connection with the foregoing shall be subject to the approval of General Counsel or his authorized representative.

## **NEW JERSEY CONSTRUCTION PRE-APPRENTICESHIP TRAINING PROGRAM – PARTICIPATION AGREEMENT**

It was recommended that the Board authorize the Executive Director to enter into an agreement with the New Jersey Institute for Social Justice (NJISJ) to extend the term of the Port Authority's participation in the Newark/Essex County Construction Careers Program (N/ECCC Program) for a three-year period and contribute up to \$100,000 per year during that period in connection with the N/ECCC Program.

Since 1995, the Port Authority has participated in the development of pre-apprenticeship programs in both New York and New Jersey. The N/ECCC Program, a model program administered by NJISJ, is a formal collaboration involving six public school districts, the Essex County Building and Construction Trades Council, the Building Contractors Association of New Jersey and community-based organizations. This six-to-ten week program is designed to prepare recent high school graduates and urban residents to join the 18 construction and building trade unions represented in Essex County. The N/ECCC Program provides academic preparation, industry exposure and support services. More than 250 graduates have been placed in various apprenticeship programs. The State of New Jersey has presented the N/ECCC Program as a model of best practice, and NJISJ has provided technical assistance to other State-funded programs being developed throughout New Jersey.

In February 2001, the Executive Director entered into agreements with the NJISJ and the Construction Industry Advanced Program (CIAP) of New Jersey to develop pilot workforce programs designed to recruit New Jersey residents for apprenticeship programs. Although the CIAP program has done an excellent job of exposing New Jersey high school students to opportunities available in the skilled trades, the Port Authority has decided to focus its workforce development support on emphasizing apprenticeship training and placement in union trades, in order to meet the unprecedented demand for skilled labor generated by the public and private sector's anticipated capital investments in the region. N/ECCC Program is better suited to meet these needs through its building trades and apprenticeship programs.

The Port Authority's continued participation in the N/ECCC Program ensures a pipeline of skilled and motivated workers over the next several years to support the region's unprecedented capital development. It also achieves several important minority and women workforce objectives, including: expanding the pool of minority and female apprenticeships from which Port Authority contractors may draw to help them attain Port Authority contractual workforce goals; increasing the availability of skilled construction apprenticeship positions in future years for New Jersey residents; and supporting programs designed to make institutional changes in the way the skilled trades select candidates for their apprenticeship programs.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Coscia, Ferer, Gargano, Mack, Pocino, Sartor and Steiner voting in favor; none against; Commissioner Genova recused:

**RESOLVED**, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into an agreement with the New Jersey Institute for Social Justice to extend the term of the Port Authority's participation in the Newark/Essex County Construction Careers Program (N/ECCC Program) for a three-

year period and to contribute up to \$100,000 per year during that period in connection with the N/ECCC Program; and it is further

**RESOLVED**, that the form of all agreements in connection with the foregoing shall be subject to the approval of General Counsel or his authorized representative.

Whereupon, the meeting was adjourned.

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Secretary