

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES*

Thursday, June 28, 2012

Action on Minutes	132
Report of Committee on Finance	132
Report of Committee on Construction	132
Report of Committee on Operations	132
Report of World Trade Center Redevelopment Subcommittee	132
Chairman's Report	133
Report of Special Meeting of Committee on Operations	133
Newark Liberty International Airport – AirTrain Newark – Operation, Maintenance and Capital Asset Replacement Services – Award of Contract to Bombardier Transportation (Holdings) USA, Inc.	134
World Trade Center (WTC) Streets Program – Authorization of Supplemental Agreements to Existing WTC Transportation Hub Project Trade Contracts for Substructure Modifications on Fulton Street	136
World Trade Center Vehicle Roadway Network and Eastside Tour Bus Parking Facility – Authorization to Award a Construction Trade Contract for Fire Protection Systems	138
World Trade Center Vehicular Security Center and Tour Bus Parking Facility – Authorization to Award a Construction Trade Contract for Elevators	139
One World Trade Center – Agreement with The Durst Organization for Construction of an Interim Truck Loading Area	140
World Trade Center West Bathtub Vehicular Access – Increase in Planning Authorization and Award of Contract for Expert Professional Architectural and Engineering Services	142
One World Trade Center (WTC) – WTC Tower 1 LLC – United States of America, Acting by and through the U.S. General Services Administration – New Lease	144

* The actions set forth in these Minutes shall have no force and effect until the expiration of the statutorily required gubernatorial review period (currently expected to occur at Midnight on July 16, 2012), unless sooner approved by the Governors of both the State of New York and the State of New Jersey, or vetoed by either.

Brooklyn-Port Authority Marine Terminal – Brooklyn Cruise Terminal – Shore Power Installation – Project Re-authorization	146
Vehicular Crossings – New York/New Jersey Staten Island Bridges Program	148
Amendment to By-Laws – Governance of the Port Authority	150
Tribute to Virginia S. Bauer	151
Tribute to Henry R. Silverman	152

PENDING
GUBERNATORIAL
REVIEW

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MINUTES of the Meeting of The Port Authority of New York and New Jersey held Thursday, June 28, 2012 at 225 Park Avenue South, City, County and State of New York

PRESENT:

NEW JERSEY

Hon. David Samson, Chairman
Hon. Virginia S. Bauer
Hon. Anthony J. Sartor
Hon. William P. Schuber
Hon. David S. Steiner

NEW YORK

Hon. Scott H. Rechler, Vice-Chairman
Hon. H. Sidney Holmes III
Hon. Jeffrey H. Lynford
Hon. Jeffrey A. Moerdler
Hon. Rossana Rosado
Hon. James P. Rubin

Patrick J. Foye, Executive Director
William Baroni, Jr., Deputy Executive Director
Darrell B. Buchbinder, General Counsel
Karen E. Eastman, Secretary

Heavyn-Leigh American, Associate Board Management and Support Specialist, Office of the Secretary

Steven J. Coleman, Deputy Director, Media Relations

Stephanie E. Dawson, Acting Chief Operating Officer

Gerard A. Del Tufo, Assistant Director of Development and Operations, Real Estate and Development

John C. Denise, Audio Visual Supervisor, Marketing

Michael P. DePallo, Director, Rail Transit

Michael P. Dombrowski, Cinematographer, Public Affairs

John J. Drobny, Director, Security Projects, Office of the Chief Operating Officer

Michael G. Fabiano, Chief Financial Officer

Michael A. Fedorko, Director, Public Safety/Superintendent of Police

Michael B. Francois, Chief, Real Estate and Development

Ann M. Georgas, Manager, Legal Management Division, Law

Linda C. Handel, Deputy Secretary

Mary Lee Hannell, Director, Human Resources

Andrew T. Hawthorne, Director, Marketing

Anthony Hayes, Manager, Media Planning, Media Relations

Mark D. Hoffer, Director, New Port Initiatives, Port Commerce

Howard G. Kadin, Esq., Law

Kirby King, Director, Technology Services

Louis J. LaCapra, Chief Administrative Officer

Cristina M. Lado, Director, Government and Community Affairs, New Jersey

Richard M. Larrabee, Director, Port Commerce

John J. Liantonio, Senior External Relations Client Manager, Government and Community Affairs

Diana Lopez, Senior Advisor, Port Commerce

John H. Ma, Chief of Staff to the Executive Director

Lisa MacSpadden, Director, Media Relations

Stephen Marinko, Esq., Law

Daniel G. McCarron, Comptroller

James E. McCoy, Manager, Board Management Support, Office of the Secretary

Anne Marie C. Mulligan, Treasurer

Christopher J. Mohr, Executive Business Manager, Office of the Secretary
Mark F. Muriello, Assistant Director, Operations Specialist, Tunnels Bridges and Terminals
Patrick B. O'Reilly, Senior Advisor to the Chairman
Jeffrey P. Pearse, Deputy Director, Aviation
Hunter Pendarvis, Public Information Officer, Media Relations
Jared Pilosio, Staff External Relations Representative, Government and Community Affairs
Steven P. Plate, Deputy Chief, Capital Planning/Director, World Trade Center Construction
Richard J. Rebisz, Senior External Relations Representative, Government and Community Affairs
Alan L. Reiss, Deputy Director, World Trade Center Construction
Paul J. Richman, Director, Federal Affairs, Government and Community Affairs
Shane J. Robinson, Staff External Affairs Representative, Government and Community Affairs
Ken Shih, Manager, Interagency Agreements, World Trade Center Redevelopment
Brian W. Simon, Director, Government and Community Affairs, New York
Timothy G. Stickelman, Assistant General Counsel
Gerald B. Stoughton, Director, Financial Analysis
Robert A. Sudman, Director, Audit
Kevin J. Tomafsky, Staff Senior External Relations Representative, Government and Community Affairs
David B. Tweedy, Chief, Capital Programs
I. Midori Valdivia, Principal Financial Analyst, Executive Director's Office
Christopher M. Valens, Public Information Officer, Media Relations
Lillian D. Valenti, Director, Procurement
Sheree Van Duyne, Manager, Policies and Protocol, Office of the Secretary
David M. Wildstein, Director, Interagency Capital Projects, Office of the Deputy Executive Director
Peter J. Zipf, Chief Engineer

Guest:

Nicole Crifo, Assistant Counsel, Authorities Unit, Office of the Governor of New Jersey

Speakers:

Murray Bodin, Member of the Public
Michael Burke, Member of the Public
Margaret Donovan, Twin Towers Alliance
Richard Hughes, Twin Towers Alliance

The public meeting was called to order by Chairman Samson at 1:18 p.m. and ended at 1:42 p.m. The Board met in executive session prior to the public session. Commissioner Steiner was present for a portion of the public session.

Action on Minutes

The Secretary submitted for approval Minutes of the meetings of May 31, 2012. She reported that copies of these Minutes were delivered to the Governors of New York (in electronic form) and New Jersey (in paper form) on June 1, 2012. The Secretary reported further that the time for action by the Governors of New York and New Jersey expired at midnight on June 15, 2012.

Whereupon, the Board unanimously approved the Minutes of the meetings of May 31, 2012, including the Minutes of the special meeting of the Committee on Operations.

Report of Committee on Finance

The Committee on Finance reported, for information, on matters discussed in executive session and action taken in public session at its meeting on June 28, 2012, which included discussion of matters involving ongoing negotiations or reviews of contracts or proposals, the retention of brokerage firm services in connection with the Port Authority's Contractors' Insurance Program, and discussion on underwriting services for financing World Trade Center redevelopment costs, and the report was received.

Report of Committee on Construction

The Committee on Construction reported, for information, on matters discussed in public and executive sessions at its meeting on June 28, 2012, which included discussion of a project for the construction of a shore power facility at the Brooklyn Cruise Terminal, located at the Brooklyn-Port Authority Marine Terminal, and discussion of matters involving ongoing negotiations or reviews of contracts or proposals, and the report was received.

Report of Committee on Operations

The Committee on Operations reported, for information, on matters discussed in public session at its meeting on June 28, 2012, which included discussion of an item to authorize a lease with Discovery Retail Cafés LLC at the Port Authority Bus Terminal, and the report was received.

Report of World Trade Center Redevelopment Subcommittee

The World Trade Center Redevelopment Subcommittee reported, for information, on matters discussed in public and executive sessions at its meeting on June 28 2012, which included discussion of several contracts and agreements in connection with the continued development of the World Trade Center site, and discussion of matters involving ongoing negotiations or reviews of contracts or proposals, and the report was received.

Chairman's Report

On behalf of the Board, Chairman Samson welcomed Commissioners Rossana Rosado and James P. Rubin and congratulated them on their recent appointments to the Board.

Report of Special Meeting of Committee on Operations

In view of the absence of a quorum for the Board to act on certain matters to be considered at its meeting on June 28, 2012, consistent with the Port Authority's By-Laws, a special meeting of the Committee on Operations was held. At the meeting, the Committee acted for and on behalf of the Board on certain matters included on the agenda for the Board meeting. A copy of the minutes of the special meeting of the Committee on Operations held on June 28, 2012 is included with these minutes.

PENDING
GUBERNATORIAL
REVIEW

NEWARK LIBERTY INTERNATIONAL AIRPORT – AIRTRAIN NEWARK – OPERATION, MAINTENANCE AND CAPITAL ASSET REPLACEMENT SERVICES – AWARD OF CONTRACT TO BOMBARDIER TRANSPORTATION (HOLDINGS) USA, INC.

It was recommended that the Board authorize the Executive Director to enter into a contract with Bombardier Transportation (Holdings) USA, Inc. (Bombardier) for: (1) the operation and maintenance (O&M) of the AirTrain Newark system for a period of ten years, at an estimated amount of \$196.5 million, inclusive of a six-percent allowance for extra work, if necessary; (2) implementation of a capital asset replacement program over the same period of ten years, at an estimated amount of \$91.5 million, inclusive of a six-percent allowance for extra work, if necessary; and (3) performance of corrective maintenance on the guideway structure as may be required, on a “Net Cost” basis, at an estimated amount of \$27 million.

In December 1990, the Port Authority entered into Contract EWR-114.001 with Von Roll Transportation Systems, Inc. (Von Roll), for the design and construction of a monorail-based Automated People Mover to provide service between the Newark Liberty International Airport terminals and on-airport short-term parking lots, and rental car facilities, and concurrently executed Contract EWR-115.001 with the same entity for the subsequent O&M of AirTrain Newark upon commissioning. AirTrain Newark commenced operation in 1996.

In June 1996, the Board authorized a project to implement an extension of AirTrain Newark to the New Jersey Transit/Amtrak Northeast Corridor (NEC Extension). In December 1997, Contract EWR-304.301 was awarded to ABB Daimler-Benz Transportation (North America) Inc. (ADtranz), as the successor to Von Roll, for the design and construction of the NEC Extension. Contract EWR-305.502 for the O&M of the expanded system, upon commissioning of the extension, was awarded concurrently to ADtranz. Bombardier acquired ADtranz in June 2001, and in October 2001 AirTrain Newark commenced passenger operations on the expanded system.

The expiring O&M Contract, EWR-305.502, incorporated a five-year base term and a single five-year option period, which was exercised by the Port Authority in 2006 and effective in August of that year, as well as requirements for the contractor to overhaul various AirTrain Newark components at specified intervals, based on their contractually stated design lives, at an additional cost to the Port Authority. Six supplemental agreements for the overhaul or end-of-life replacement of sub-systems were negotiated and awarded under prior authorizations. Supplemental Agreement No. 4 also extended Contract EWR-305.502 for one year to August 2012, to accommodate the time required to complete and commission upgrades to the automatic train controls and communications equipment.

In anticipation of the upcoming contract expiration in August 2012, beginning in mid-2010 staff undertook an extensive outreach and publicly advertised Request for Expression of Interest to determine interest from other vendors to perform these services. Bombardier was the sole vendor to respond to the publicly advertised Request for Qualifications issued in January 2011 for the replacement contract.

Costs associated with this expenditure are fully recoverable through the Monorail Fee component of the Newark Liberty International Airport Master Lease.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bauer, Holmes, Lynford, Moerdler, Rechler, Rosado, Rubin, Samson, Sartor and Schuber voting in favor. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into a contract with Bombardier Transportation (Holdings) USA, Inc. for: (1) the operation and maintenance of the AirTrain Newark system for a period of ten years, at an estimated amount of \$196.5 million, inclusive of a six-percent allowance for extra work, if necessary; (2) implementation of a capital asset replacement program over the same period of ten years, at an estimated amount of \$91.5 million, inclusive of a six-percent allowance for extra work, if necessary; and (3) performance of corrective maintenance on the guideway structure as may be required on a “Net Cost” basis, at an estimated amount of \$27 million; and it is further

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

PENDING
GUBERNATORIAL
REVIEW

WORLD TRADE CENTER (WTC) STREETS PROGRAM – AUTHORIZATION OF SUPPLEMENTAL AGREEMENTS TO EXISTING WTC TRANSPORTATION HUB PROJECT TRADE CONTRACTS FOR SUBSTRUCTURE MODIFICATIONS ON FULTON STREET

It was recommended that the Board authorize the Executive Director to enter into supplemental agreements under existing World Trade Center (WTC) Transportation Hub (WTC Hub) Project construction trade contracts in connection with the modification of the existing Fulton Street support structure to permit utility installation and street reconstruction for the WTC Streets Program, including: (1) Supplemental Agreement No. 1 with Navillus Contracting (Navillus) for demolition, concrete and general condition services work associated with the Fulton Street support structure modifications, at an estimated amount of \$1,663,200, inclusive of an eight-percent allowance for extra work; and (2) Supplemental Agreement No. 2 with DCM Erectors, Inc. (DCM) for structural steel work associated with the Fulton Street support structure modifications, at an estimated amount of \$342,360, inclusive of an eight-percent allowance for extra work.

As part of the redevelopment of streets within and around the WTC site, Fulton Street (located between Vesey and Liberty Streets) will run through the site, intersect with Greenwich Street and continue to Route 9A. The existing Fulton Street support structure (located at the intersection of Fulton and Church Streets) must be demolished at its current elevation and re-constructed at a lower level, to allow for utility installation and street reconstruction to be performed under Phase II of the WTC Streets Program.

The scope of work under the proposed supplemental agreements includes removal of the existing pavement and demolition of the existing structural slab and supporting steel for the Fulton Street support structure, erection of new steel, concrete slab placement, waterproofing and backfill at the lower elevation, and general construction services.

Fulton Street's support structure sits above an existing corridor that survived the events of September 11, 2001. This corridor connected the WTC Port Authority Trans-Hudson rail system Terminal to the New York City Transit E subway line entrance, and is classified as having historical significance. Thus, a protective shield will be installed over this area, which will be reused later and aligned with the elevations of the WTC Hub.

In order to accommodate schedule considerations, logistical constraints and limited work-area access, bids for this work were solicited from contractors already mobilized in this area and performing similar work for the WTC Hub Project. Navillus and DCM were the lowest bidders in response to the solicitations.

This work complies with the Environmental Performance Commitments developed for the Lower Manhattan Federal Transportation Recovery Projects, including Sustainability Principles and Construction Environmental Protection Plan.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bauer, Lynford, Moerdler, Rechler, Rosado, Rubin, Sartor and Schuber voting in favor; Commissioners Holmes and Samson recused and did not participate in the consideration of, or vote on, this item. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into supplemental agreements under existing World Trade Center (WTC) Transportation Hub Project construction trade contracts in connection with the modification of the existing Fulton Street support structure to permit utility installation and street reconstruction for the WTC Streets Program, including: (1) Supplemental Agreement No. 1 with Navillus Contracting for demolition, concrete and general condition services work associated with the Fulton Street support structure modifications, at an estimated amount of \$1,663,200, inclusive of an eight-percent allowance for extra work; and (2) Supplemental Agreement No. 2 with DCM Erectors, Inc. for structural steel work associated with the Fulton Street support structure modifications, at an estimated amount of \$342,360, inclusive of an eight-percent allowance for extra work; and it is further

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

PENDING
GUBERNATORIAL
REVIEW

WORLD TRADE CENTER VEHICLE ROADWAY NETWORK AND EASTSIDE TOUR BUS PARKING FACILITY – AUTHORIZATION TO AWARD A CONSTRUCTION TRADE CONTRACT FOR FIRE PROTECTION SYSTEMS

It was recommended that the Board authorize the Executive Director to award an early-action construction trade contract, through construction manager Tishman Construction Corporation (Tishman), to Rael Automatic Sprinkler Co., Inc., for fire protection systems in support of the construction of the World Trade Center (WTC) Vehicle Roadway Network and Eastside Tour Bus Parking Facility (WTC Roadway Network), at an estimated total cost of \$2,257,200, inclusive of an eight-percent allowance for extra work.

The WTC Roadway Network is a sub-grade roadway network that will span the length of the East Bath tub and connect to the loading docks of Towers 2, 3 and 4, as well as to the WTC Transportation Hub. Once completed, the WTC Roadway Network will alleviate the need for tour buses to park or idle on local streets, accommodate delivery trucks, improve the operation and efficiency of the WTC complex, and enhance accessibility and circulation within Lower Manhattan. The WTC Roadway Network is critical for the redevelopment of the WTC site and will play an important role in the safe and efficient delivery of goods and services to the WTC site facilities, as well as provide for new tour bus parking areas that will accommodate approximately 46 buses.

The scope of work under the proposed construction trade contract includes the furnishing and installation of fire protection systems, including wet sprinkler, dry pipe, fire standpipe, and numerous stand-alone waterless fire suppression systems. The recommended award is to the lowest price qualified proposer, Rael Automatic Sprinkler Co., Inc., and was selected by Tishman following a publicly advertised Request for Proposals process.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bauer, Holmes, Lynford, Moerdler, Rechler, Rosado, Rubin, Samson and Schuber voting in favor; Commissioner Sartor recused and did not participate in the consideration of, or vote on, this item. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to award an early-action construction trade contract, through construction manager Tishman Construction Corporation, to Rael Automatic Sprinkler, Co., Inc., for the furnishing and installation of fire protection systems in support of the World Trade Center Vehicle Roadway Network and Eastside Tour Bus Parking Facility, at an estimated total cost of \$2,257,200, inclusive of an eight-percent allowance for extra work; and it is further

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

WORLD TRADE CENTER VEHICULAR SECURITY CENTER AND TOUR BUS PARKING FACILITY – AUTHORIZATION TO AWARD A CONSTRUCTION TRADE CONTRACT FOR ELEVATORS

It was recommended that the Board authorize the Executive Director to enter into a construction trade contract, through construction manager Tishman Construction Corporation (Tishman), with ThyssenKrupp Elevator, to furnish and install elevators associated with the construction of the World Trade Center Vehicular Security Center and Tour Bus Parking Facility (WTC VSC), at an estimated total cost of \$2,597,962, inclusive of an eight-percent allowance for extra work.

The WTC VSC Project is critical for the redevelopment of the World Trade Center (WTC) site, because it will improve vehicular circulation and access within Lower Manhattan. Once completed, the WTC VSC will accommodate off-street screening of vehicles that enter the sub-grade roadway and loading docks, as well as a new below-grade support for site-wide operations. The scope of work under the proposed construction trade contract includes furnishing and installing four hydraulic passenger elevators, one freight elevator and two wheelchair lifts, as well as preventive maintenance for a one-year term.

In July 2011, the Executive Director authorized a contract to furnish and install elevators at the WTC VSC, through Tishman, with Transel Elevator and Electric Inc., which was subsequently terminated for convenience. In order to minimize any impact to construction schedules, the Port Authority, through Tishman, directly solicited bids from firms performing similar work at the WTC site. The recommended awardee, ThyssenKrupp Elevator, is the lowest price technically qualified proposer.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bauer, Holmes, Lynford, Moerdler, Rechler, Rosado, Rubin, Samson and Schuber voting in favor; Commissioner Sartor recused and did not participate in the consideration of, or vote on, this item. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into a construction trade contract, through construction manager Tishman Construction Corporation, with ThyssenKrupp Elevator, to furnish and install elevators associated with the construction of the World Trade Center Vehicular Security Center and Tour Bus Parking Facility, at an estimated total cost of \$2,597,962, inclusive of an eight-percent allowance for extra work; and it is further

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

ONE WORLD TRADE CENTER – AGREEMENT WITH THE DURST ORGANIZATION FOR CONSTRUCTION OF AN INTERIM TRUCK LOADING AREA

In connection with the construction of One World Trade Center (One WTC), it was recommended that the Board authorize the Executive Director to provide for the final design, project management and construction services for an interim truck loading area for One WTC, and for the reimbursement to The Durst Organization (Durst) for such services, at an estimated amount of \$18.4 million, inclusive of \$900,000 in funds remaining from a previous Board authorization for pre-construction services for the interim truck loading area with Durst, consistent with the terms of the One WTC Interim Services Agreement between the Port Authority and Durst.

At its meeting of August 5, 2010, the Board authorized a transaction between the Port Authority and Durst for Durst to become a joint venture partner with the Port Authority in the net leasehold interest of One WTC and participate and/or advise in the construction, financing, leasing, management and operation of One WTC. Durst has since provided advise and other services to the Port Authority in support of interim facilities essential for the timely establishment of One WTC leasing and operations.

At its meeting of February 24, 2011, the Board authorized design and pre-construction services for an interim truck loading area for One WTC, at a total amount not to exceed \$2.5 million, to be provided by Durst. This work included design development and preparation of contract documents, estimating, schedule development and constructability for the interim truck loading area. It is expected that a total of \$1.6 million would be expended from the authorized design funds, and the balance would be used toward the construction of the interim loading area, resulting in a total cost of \$20 million for planning and construction of the truck loading access facilities.

Notably, in May 2011, the Port Authority finalized a lease agreement with The Conde Nast Publications (Conde Nast) for Conde Nast to lease approximately 1,000,000 rentable square feet of space at One WTC, including a commitment to provide truck loading areas by early 2014, to support tenant construction and enable tenant occupancy in 2015.

The permanent truck loading areas for One WTC are located below grade; however, full access to the below-grade docks cannot be provided until after the removal of the current North Temporary Access (NTA) structure, which serves the existing Port Authority Trans-Hudson (PATH) World Trade Center (WTC) station. The NTA structure would remain in place until after the opening of the WTC Transportation Hub, scheduled for the end of 2014.

The interim truck loading area would be located immediately to the east of One WTC, and would be accessible from Washington Street and Fulton Street. This loading area would be designed to accommodate up to five truck dock bays and delivery handling facilities at street level, as well as interim modifications to the One WTC lobby to handle street-level deliveries. Durst previously retained the services of AECOM, via a competitive procurement process, for the design of the interim truck loading area, and said firm would assist with the final design of the truck loading area. Similarly, Durst would retain construction services necessary to implement the work, via one or more competitive procurement processes.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bauer, Holmes, Lynford, Rechler, Rosado, Rubin, Samson and Schuber voting in favor; Commissioners Moerdler and Sartor recused and did not participate in the consideration of, or vote on, this item. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to provide for the final design, project management and construction services for an interim truck loading area for One World Trade Center, and for the reimbursement to The Durst Organization (Durst) for such services, at an estimated amount of \$18.4 million, inclusive of \$900,000 remaining from a previous Board authorization for pre-construction services for the interim truck loading area with Durst, consistent with the terms of the One WTC Interim Services Agreement between the Port Authority and Durst; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to take any and all action to effectuate the foregoing, including the execution of contracts, agreements and other documents, together with amendments and supplements thereof, or amendments and supplements to existing contracts, agreements and other documents, and to take action in accordance with the terms of such contracts, agreements and documents, as may be necessary in connection therewith; and it is further

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

GUBERNATORIAL
REVIEW

WORLD TRADE CENTER WEST BATHTUB VEHICULAR ACCESS – INCREASE IN PLANNING AUTHORIZATION AND AWARD OF CONTRACT FOR EXPERT PROFESSIONAL ARCHITECTURAL AND ENGINEERING SERVICES

It was recommended that the Board authorize: (1) an increase, in an estimated amount of \$17 million, in planning work for the design and construction of the World Trade Center (WTC) West Bathtub Vehicular Access (WBVA) Project, which includes Parcel 1B-Structure-to-Grade work; and (2) the Executive Director to award a contract for expert professional architectural and engineering services to WSP Cantor Seinuk (the retention of which would include the use of subconsultants Jaros, Baum & Bolles and Hellmuth, Obata & Kassabaum by WSP Cantor Seinuk) to: (a) support the final design (Stage III) and construction (Stage IV) of the WBVA Project, in the estimated amount of \$10,756,833, inclusive of an eight-percent contingency allowance; and (b) perform, at the sole option of the Port Authority, certain additional architectural and engineering services to support planning for the demolition and removal of the North Temporary Access for the existing WTC Port Authority Trans-Hudson Rail System (PATH) Station, in the estimated amount of \$1,604,389.

The WBVA is a helix to be used as an emergency exit for vehicles, located within Parcel 1B, and is the last component of the Vehicular Roadway Network. The scope of work includes a below-grade common West Ramp that connects the East Bathtub service roadway with the permanent loading docks for One WTC, the Performing Arts Center (PAC) and the WTC retail. The Structure-to-Grade scope of work consists of core and shell construction for Parcel 1B, which is necessary for the operation of the One WTC loading dock ramp.

At its meeting of February 22, 2007, the Board authorized \$2 million for planning and preliminary design of the WBVA Project. At its meeting of November 6, 2008, the Board authorized an additional \$2 million in planning for early-action final design of foundations and other structural work to support the WBVA and the PAC.

It is essential to begin final design of the WBVA Project, including Parcel-1B-Structure-to-Grade work, in order to assure that commitments made to adjacent Port Authority projects and stakeholders (including One WTC) are met, namely the One WTC loading dock ramp. The proposed award of contract to WSP Cantor Seinuk, on a negotiated basis, is the most cost-effective and time-efficient method to procure design services, because the consultant has been, and is currently, performing architectural and engineering services to support other Port Authority projects and stakeholders at the WTC site, and would optimize design coordination with the other projects. In addition, at the Port Authority's sole discretion, WSP Cantor Seinuk may be requested to perform additional architectural services to support planning for demolition and removal of the North Temporary Access for the WTC PATH Station, which is directly adjacent to the WBVA Project area.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bauer, Holmes, Lynford, Moerdler, Rechler, Rosado, Rubin, Samson, Sartor and Schuber voting in favor. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that an increase, in an estimated amount of \$17 million, in planning work for the design and construction of the World Trade Center (WTC) West Bathtub Vehicular Access (WBVA) Project, which includes Parcel 1B-Structure-to-Grade work, be and it hereby is authorized; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to award a contract for expert professional architectural and engineering services to WSP Cantor Seinuk (the retention of which would include the use of subconsultants Jaros, Baum & Bolles and Hellmuth, Obata & Kassabaum by WSP Cantor Seinuk) to: (1) support the final design (Stage III) and construction (Stage IV) of the WBVA Project, in the estimated amount of \$10,756,833, inclusive of an eight-percent contingency allowance; and (2) perform, at the sole option of the Port Authority, certain additional architectural and engineering services to support planning for the demolition and removal of the North Temporary Access for the existing World Trade Center Port Authority Trans-Hudson Rail System Station, in the estimated amount of \$1,604,389; and it is further

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

PENDING
GUBERNATORIAL
REVIEW

ONE WORLD TRADE CENTER – WTC TOWER 1 LLC – UNITED STATES OF AMERICA, ACTING BY AND THROUGH THE U.S. GENERAL SERVICES ADMINISTRATION – NEW LEASE

It was recommended that the Board authorize: (1) WTC Tower 1 LLC (WTC 1 LLC) to: (a) enter into a lease agreement (GSA Lease) with the United States of America, acting by and through the U.S. General Services Administration (GSA), under which GSA would lease approximately 270,104 rentable square feet (rsf) of office space in One World Trade Center, for an initial term of 20 years, with up to four, 15-year renewal options; and (b) enter into an agreement for real estate brokerage services pertaining to the GSA Lease; (2) the Executive Director, for and on behalf of the Port Authority, to: (a) enter into a mutual release between the Port Authority and the GSA with respect to certain claims arising out of the previous lease with the GSA for the former Six World Trade Center building, related to the Port Authority's property damage insurance program applicable to the events of September 11, 2001; (b) enter into a new agreement(s) or an amendment(s) to the Port Authority's existing Joint Venture agreement with The Durst Organization as necessary to effectuate the GSA Lease transaction, including, but not limited to, certain GSA compliance items; and (c) take all actions necessary to implement a One World Trade Center Marketing, Leasing and Base Building Improvements Capital Project budget in connection with the GSA Lease, inclusive of a base and supplemental tenant improvement allowance, in the amount of approximately \$42,516,580.

In 1970, the Port Authority and the GSA entered into an agreement for the construction of the approximately 750,000-square-foot U.S. Customs House building (Six World Trade Center) and for the letting of the building by the GSA, for an initial 20-year term and 16, 5-year renewal options. The current term of the Six World Trade Center lease extends through December 31, 2013. In the aftermath of September 11, 2001, the GSA waived its right to have the Six World Trade Center building rebuilt on its original site, in exchange for the replacement of that space with a new leasehold at One World Trade Center. The currently proposed GSA Lease represents the agreed upon replacement space.

The term of the GSA Lease would commence upon the substantial completion by WTC 1 LLC of the GSA's tenant improvements at One World Trade Center. The rent commencement date would coincide with the lease commencement date. The total aggregate rental over the initial 20-year lease term is estimated at \$351.4 million.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bauer, Holmes, Lynford, Rechler, Rosado, Rubin, Samson, Sartor and Schuber voting in favor; Commissioner Moerdler recused and did not participate in the consideration of, or vote on, this item. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that WTC Tower 1 LLC be and it hereby is authorized to enter into: (1) a lease agreement (GSA Lease) with the United States of America, acting by and through the U.S. General Services Administration (GSA), for the letting of approximately 270,104 rentable square feet of office space and mechanical and below-grade storage space in One World Trade Center; and (2) a brokerage agreement with Studley, Inc. for professional real estate brokerage services in connection with this transaction, in the amount of approximately \$4.4 million; each substantially in accordance with the terms outlined to the Board; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to (1) enter into a mutual release between the Port Authority and GSA with respect to all claims arising out of the previous lease with the GSA (Lease No. GS-02B-15370) for the former Six World Trade Center building, related to the Port Authority's property damage insurance program applicable to the events of September 11, 2001; (2) enter into a new agreement(s) or an amendment(s) to the Port Authority's existing Joint Venture agreement with The Durst Organization as necessary to effectuate the GSA Lease transaction, including, but not limited to, certain GSA compliance items; and (3) take all actions necessary to implement a Marketing, Leasing and Base Building Improvements Capital Budget for One World Trade Center in connection with the GSA Lease, inclusive of a base and supplemental tenant improvement allowance, in the amount of approximately \$42,516,580; all substantially in accordance with the terms outlined to the Board; and it is further

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

PENDING
GUBERNATORIAL
REVIEW

BROOKLYN-PORT AUTHORITY MARINE TERMINAL – BROOKLYN CRUISE TERMINAL – SHORE POWER INSTALLATION – PROJECT RE-AUTHORIZATION

It was recommended that the Board re-authorize a project to construct a shore power facility to deliver landside electrical power, in lieu of ship-board diesel-generated power, to cruise ships calling at the Brooklyn Cruise Terminal (BCT), located at Pier 12 at the Brooklyn-Port Authority Marine Terminal (BPAMT), at a total estimated cost of \$19.3 million, of which \$4.3 million would come from the Port Authority's Comprehensive Bi-State Dredging and Disposal Plan commitment, at the request of the State of New York, and \$2.858 million would be provided through a United States Environmental Protection Agency (USEPA) American Recovery and Reinvestment Act - National Clean Diesel Funding Assistance Program Grant (Grant), and the Port Authority would provide the remaining amount of approximately \$12.1 million.

In support of the Port Authority's policy of continuing environmental sustainability initiatives to reduce port-related emissions, the Board, at its meeting of August 5, 2010, authorized the project for the installation of landside electrical infrastructure to enable cruise vessels making calls at the BCT to connect to a landside electrical grid that will deliver electrical power to the vessels while at berth. The project was authorized at a total project cost of \$15 million, with \$2.858 million in funding to be provided through the USEPA Grant, and the Port Authority to provide the remaining amount of approximately \$12.1 million.

The project consists of: (1) the construction of three isolation transformers and switchgear to provide utility-required short-circuit protection for Consolidated Edison Company of New York's (Con Edison) three feeders; (2) the routing of power via duct bank to a new substation; (3) the construction of the new substation, which includes step-down transformers and switchgear; and (4) the routing of power and communication lines from the new substation to the vessel interface equipment, which includes the cable-handling equipment. The details of the vessel interface, including cable sizes and connectors and data communications, must conform with specifications for vessel connection developed by Carnival Corporation (Carnival), which has committed to retrofit with shore power equipment, at a minimum, its two primary vessels that call at the BCT, at a total cost to Carnival of approximately \$3 million to \$4 million.

As the design progressed and agreements between key stakeholders advanced, certain unforeseen conditions and requirements were identified that resulted in design scope changes and increased estimated construction costs. These included: increased structural costs associated with enhancing the load-bearing capacity of Pier 12 to support the shore power substation; Con Edison requirements for additional conduit and cable; relocation of the outdoor substation and the shore power substation; and an unanticipated increase in market-driven costs for equipment and materials. In addition, Port Authority staff recommended an increase in project contingency, due to the high proportion of electrical equipment as a percentage of construction cost, as well as to anticipated continued volatility in material costs and their potential impact on bids. Lastly, the design scope changes and extended technical engineering negotiations with stakeholders regarding additional requirements resulted in increased planning and engineering costs. The State of New York would fund the \$4.3 million in increased costs associated with the shore power installation project by utilizing Port Authority Comprehensive Bi-State Dredging and Disposal Plan monies.

Completion of the shore power installation project, which would reduce emissions from cruise ships, would demonstrate the Port Authority's leadership as an environmental steward in the region. Given the BCT's location immediately adjacent to a densely populated residential area, the completion of the project is of utmost importance to the local community. Pursuant to the lease agreement with the New York City Economic Development Corporation for Piers 11 and 12 at the BPAMT, authorized by the Board at its meeting of May 28, 2009, the Port Authority is obligated to have the shore power infrastructure operational and commissioned by May 1, 2015.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bauer, Holmes, Lynford, Rechler, Rosado, Rubin, Samson and Schuber voting in favor; Commissioners Moerdler and Sartor recused and did not participate in the consideration of, or vote on, this item. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that a project to construct a shore power facility to deliver landside electrical power in lieu of ship-board diesel-generated power to cruise ships calling at the Brooklyn Cruise Terminal, located at Pier 12 at the Brooklyn-Port Authority Marine Terminal, at a total estimated cost of \$19.3 million, with \$4.3 million to come from the Port Authority's Comprehensive Bi-State Dredging and Disposal Plan commitment, at the request of the State of New York, and \$2.858 million to be provided through a United States Environmental Protection Agency American Recovery and Reinvestment Act - National Clean Diesel Funding Assistance Program Grant, and the Port Authority to provide the remaining amount of approximately \$12.1 million, be and it hereby is re-authorized; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to take action with respect to construction contracts, contracts for professional and advisory services and such other contracts and agreements related to the foregoing project as he deems in the best interest of the Port Authority, pursuant to authority granted in the By-Laws or other resolution adopted by the Board; and it is further

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

VEHICULAR CROSSINGS – NEW YORK/NEW JERSEY STATEN ISLAND BRIDGES PROGRAM

In connection with the Toll Increase for Vehicular Crossings, adopted by the Board on August 19, 2011, as adjusted on December 8, 2011 with respect to the Port Authority New York/New Jersey Staten Island Bridges Plan (Plan), it was recommended that the Board authorize a further adjustment to the Plan to reduce trip requirement thresholds to allow more customers to take advantage of this discount.

The Plan is currently available to E-ZPass[®] individual account holders with accounts through an E-ZPass[®] customer service center in New York or New Jersey. The Plan currently allows enrolled Class 1 vehicles with non-commercial plates to make 10 New York-bound trips at any of the Port Authority's three Staten Island Bridges within a 30-day period at a current cost of \$47.50. Unused trips are billed to the customer's E-ZPass[®] account. It was recommended that the thresholds for the Plan be adjusted to reduce the number of trips required from ten to three, which must be used within a calendar month, and that three trips must be completed in order to receive the Plan's discounted per-trip rate. Therefore, the current toll for enrolled E-ZPass[®] users with non-commercial plates would be the prevailing E-ZPass[®] toll rate for Class 1 vehicles for the first two trips in any given calendar month, with all qualifying trips in the month charged at the discounted rate (currently \$4.75) per trip after the third trip is completed at the Goethals Bridge, Outerbridge Crossing and/or Bayonne Bridge. The discounted Plan rate is \$5.25 per trip after three trips effective the first Sunday in December 2012; \$5.50 per trip after three trips effective the first Sunday in December 2013; \$6.00 per trip after three trips effective the first Sunday in December 2014; and \$6.25 per trip after three trips effective the first Sunday in December 2015. Customers participating in the 10-trip Plan would be automatically enrolled in the three-trip Plan on its effective date, and there would be no charges for unused trips under the 10-trip Plan in connection therewith.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bauer, Holmes, Lynford, Moerdler, Rechler, Rosado, Rubin, Samson, Sartor and Schuber voting in favor. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that the resolution adopting a toll schedule applicable to Port Authority vehicular crossings, recently revised by the Board of Commissioners on August 19, 2011, as amended, be further amended, without additional public hearings, to include the following paragraph providing for an adjusted New York/New Jersey Staten Island Bridges Plan, as follows:

The New York/New Jersey Staten Island Bridges Plan: The toll for enrolled E-ZPass[®] users with non-commercial plates shall be \$4.75 per trip after three trips are completed within a calendar month at the Goethals Bridge, Outerbridge Crossing and/or and Bayonne Bridge; \$5.25 per trip after three trips effective the first Sunday in December 2012; \$5.50 per trip after three trips effective the first Sunday in December 2013; \$6.00 per trip after three trips effective the first Sunday in December 2014; and \$6.25 per trip after three trips effective the first Sunday in December 2015; and it is further

RESOLVED, that all other terms and conditions set forth in the resolution of the Board of Commissioners establishing tolls for the use of vehicular crossings, adopted on August 19, 2011, as amended, shall remain in full force and effect; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to exercise any discretion or judgment, and to take all action necessary or appropriate or which may be or is required to be exercised or taken to immediately implement the provisions of this resolution.

PENDING
GUBERNATORIAL
REVIEW

AMENDMENT TO BY-LAWS – GOVERNANCE OF THE PORT AUTHORITY

As part of the Board's continuing review of governance enhancements that improve accountability and transparency of Port Authority activities, the Chairman and Vice Chairman recommended that the By-Laws of the Port Authority (and its wholly owned subsidiary corporations) be amended to address the following general areas:

- requirement for annual independent audits/retention of independent auditors
- expression of Board members' fiduciary duty / duty of loyalty to the entity
- requirement of the establishment of Committees of the Board
- procedural requirements for certain public hearings, including a requirement that Commissioners attend tolls hearings
- ethics training for Commissioners

The proposed By-Laws revisions would build on the agency's commitment to financial discipline and accountability, codify certain practices currently in place and provide for enhanced governance of the Port Authority's agenda. Together, these changes are intended to strengthen the Board's oversight responsibilities and accountability of the agency to the public that it serves.

Conforming changes will be made to the By-Laws of each of the Port Authority's wholly owned subsidiary corporations.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bauer, Holmes, Lynford, Moerdler, Rechler, Rosado, Rubin, Samson, Sartor and Schuber voting in favor. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that the proposed amended By-Laws of the Port Authority presently before the Board of Commissioners (a copy of which is annexed to these Minutes) be and they hereby are approved; and it is further

RESOLVED, that the By-Laws of the Port Authority's wholly owned subsidiary corporations be and each hereby is amended consistent with the foregoing.

BY-LAWS OF
THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

I. SEAL

The official seal of The Port Authority of New York and New Jersey (hereinafter referred to as the “Port Authority”) shall be a design bearing a combination of the seals of the State of New York and of the State of New Jersey, and bearing the words “THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY — ESTABLISHED BY COMPACT BETWEEN NEW YORK AND NEW JERSEY — APRIL THIRTIETH — 1921.”

II. OFFICERS

The officers of the Port Authority shall be a Chairman, a Vice-Chairman, an Executive Director, a Deputy Executive Director, a General Counsel, a Chief Financial Officer, a Treasurer, a Comptroller, and a Secretary.

III. DUTIES

A. Board of Commissioners — The Board of Commissioners shall establish the policies of the Port Authority and shall be responsible for reviewing and monitoring whether Port Authority procedures and regulations and executive staff’s financial, management, and operational decisions and controls are in compliance with such overall policies. The Board of Commissioners shall receive from the Executive Director reports on a regular basis, and shall cause the Executive Director to provide such reports, in order for the Commissioners to perform their oversight duties described herein. The Board of Commissioners shall also be responsible for adopting the Strategic Plan, Capital Plan, and Budget of the Port Authority. In serving as a Commissioner of the Port Authority, each Commissioner shall act in a fiduciary capacity with a duty of loyalty and care owed to the Port Authority.

B. Chairman — The Chairman shall preside at all meetings of the Board of Commissioners; communicate to the Executive Director and, where appropriate, executive staff, the policies of the Port Authority established by the Board of Commissioners; and be responsible for advancing the mission and promoting the objectives of the Port Authority to members of the general public.

C. Vice-Chairman — The Vice-Chairman shall perform the duties of the Chairman in the event the office of Chairman is vacant, or in the event that the Chairman is unable to perform such duties by reason of illness, disability, or absence.

D. Executive Director — The Executive Director shall manage the operations of the Port Authority in compliance with the agency's policies as established by the Board of Commissioners. The Executive Director shall prepare proposals for presentation to the Board of Commissioners which carry out approved policies or which propose policies for adoption and implement such proposals after presentation to and approval by the Board of Commissioners. In furtherance of these duties, the Executive Director shall hold executive staff responsible and accountable for making financial, management, and operational decisions in compliance with the policies established by the Board of Commissioners, and shall consult with the Board of Commissioners, as necessary, to enable the Commissioners to perform their oversight duties described above. The Executive Director shall sign all deeds of conveyance when authorized by resolution of the Board of Commissioners.

E. Secretary — The Secretary shall prepare the minutes of the meetings of the Board of Commissioners; keep the official records and the seal of the Port Authority; certify, when required to, copies of records; be responsible for administering the Freedom of Information Code providing for access by the public to records of the Port Authority; and perform such other duties as may be assigned by the Chairman.

F. General Counsel — General Counsel shall be legal counsel to the Port Authority and shall also furnish such legal opinions, advice, counsel, and representation as shall, from time to time, be required by the Board of Commissioners. In the performance of these duties, General Counsel is authorized to use Port Authority staff and, with the approval of the Executive Director, to retain outside counsel in accordance with policies established by the Board of Commissioners and guidelines adopted by General Counsel from time to time.

G. Chief Financial Officer — The Chief Financial Officer shall, under the supervision of the Executive Director, act as chief financial officer of the Port Authority and supervise the activities of the Treasurer and the Comptroller.

H. Comptroller — The Comptroller shall, under the supervision of the Chief Financial Officer, be in charge of the books of account of the Port Authority and be responsible for all payments to and expenditures by the Port Authority.

I. Treasurer — The Treasurer shall, under the supervision of the Chief

Financial Officer, have custody of all funds and be responsible for investments of the Port Authority.

J. Inspector General — The Inspector General, under the general direction of the Chairman and the Executive Director, shall be charged with the responsibility of receiving and investigating, where appropriate, all complaints regarding wrongdoing, fraud, waste, and abuse by Commissioners, officers, and employees of the Port Authority, or third-party individuals or organizations doing business with the Port Authority; and consulting with the Board of Commissioners, the Audit Committee, the Executive Director, and General Counsel, as appropriate. The Inspector General shall provide reports to the Audit Committee with respect to the foregoing.

K. Director of the Audit Department — The Director of the Audit Department shall, under the general direction of the Inspector General, be responsible for the internal auditing functions in the Port Authority and for external auditing of financial and operating records of firms doing business with the Port Authority.

IV. TERM OF OFFICE

All officers of the Port Authority shall hold office until the next annual meeting of the Port Authority, or until their successors are elected or appointed, whichever may be the later.

V. MEETINGS; OPEN MEETINGS POLICY; FREEDOM OF INFORMATION CODE

A. An annual meeting of the Board of Commissioners shall be held each year for the purpose of election of officers. Special meetings of the Board of Commissioners may be called by the Chairman of the Port Authority and shall be called by the Chairman of the Port Authority on request of any two Commissioners, one from each State. The time and place for all annual, regular, and special meetings shall be determined by the Chairman of the Port Authority.

B. The Secretary shall give notice to the Commissioners of annual, regular, and special meetings, specifying the time and place of the meeting, by mail, facsimile, telephone, or in person, at least two days before the meeting. The notice of a special meeting shall specify the subject(s) to be considered thereat. Any Commissioner may waive the requirement for such notice.

C. The provisions of these By-Laws may be suspended by unanimous consent of a quorum of the Board of Commissioners.

D. Quorum – Six Commissioners, three from each State, shall constitute a quorum for all meetings of the Board of Commissioners. In the absence of a quorum at

any meeting of the Board of Commissioners, or, if as a result of prospective recusals there would not be a sufficient number of Commissioners present at such meeting to consider any item on the agenda for such meeting, the Committee on Operations is authorized to act for and on behalf of the Board of Commissioners at a special meeting of the Committee on Operations called by the Chairman.

E. Votes – After due debate, the vote shall be recorded upon all resolutions or amendments thereto presented at any meeting of the Board of Commissioners. If three votes from each State shall not be cast therefor (or in case six Commissioners from either State are present, if four votes from such State shall not be cast therefor), the resolution or amendment shall be deemed lost. But a motion to adjourn, to lay on the table, to postpone consideration, or to refer a matter may be carried by a vote of a simple majority of Commissioners present.

F. Order of Business – The order of business at annual, regular, and special meetings of the Board of Commissioners shall be determined by the Chairman of the Port Authority; provided, however, that upon request of any two Commissioners, one from each State, received no less than two days prior to the meeting, a matter shall be placed on the calendar for any meeting as special business.

G. Open Meetings Policy

The Port Authority has an obligation to conduct its business and activities in the public interest and to solicit public participation and make its affairs known to members of the general public. In accordance with this obligation, the Port Authority shall follow an Open Meetings Policy, which shall require that: meetings of the Board of Commissioners and its Committees shall be open to the public consistent with the open meetings laws of the two States; sufficient advance notice shall be provided to members of the general public and representatives of the press of all meetings to be held in open public or closed executive session and, if in closed executive session, the reason(s) therefor; where meetings are held in open public session, anticipated agendas for such meetings shall be provided to members of the general public and representatives of the press sufficiently in advance of such meetings; representatives of all groups and constituencies who may wish to attend meetings held in open public session shall be accommodated; where meetings are held in open public session, members of the public shall have the opportunity to comment to the Board of Commissioners prior to action on those items; materials reflecting actions taken in open public and closed executive session, including minutes of meetings of the Board of Commissioners, shall be released to members of the general public. Meetings of the Board of Commissioners and its Committees (other than meetings held in closed, executive session) are to be publicly broadcast, to the extent technologically feasible.

The term “meeting” as used herein shall refer to any gathering, whether corporeal or by means of communications equipment, which is attended by, or open to, members of the Board of Commissioners, held with the intent, on the part of the Commissioners present, to discuss or act as a unit upon the specific public business of the Port Authority;

provided, that the term “meeting” does not mean a gathering (1) attended by less than a quorum, or (2) attended by or open to all the members of three or more similar public bodies at a convention or similar gathering. The term “public business” shall refer to matters that relate in any way, directly or indirectly, to the performance of the functions of the Port Authority or the conduct of its business.

H. Open Meetings Policy – Limited Exceptions

1. In certain limited circumstances, public consideration by the Board of Commissioners (or a Committee thereof) of matters relating to the business and affairs of the Port Authority would clearly endanger the public interest or constitute an unwarranted invasion of the personal privacy of individuals (including Port Authority employees). Accordingly, in such limited circumstances, the Board of Commissioners or Committee may determine to take action on or discuss only such subjects in closed, executive session. Consistent with the open meetings laws of the two States, the following matters may be considered in closed, executive session: (i) public safety or law enforcement; (ii) proposed, pending, or current litigation, judicial or administrative proceedings, and external or internal investigations or audits; (iii) ongoing bargaining or negotiations, reviews of contracts or proposals related to the purchase, sale, or lease of real property or securities where disclosure could affect the public interest; (iv) the necessary consideration of facts that, if made public, would constitute an unwarranted invasion of an individual’s personal privacy; (v) the necessary consideration of facts that are deemed confidential, privileged, or private pursuant to federal or state law, regulations, rules, or decisions of court; or (vi) information that, if made public, could impair the Port Authority’s right to receive funds from the United States or other grantor.

2. From time to time, the Chairman of the Port Authority may, in the best interests of the Port Authority, permit discussion in public, open session of and action on any matter otherwise exempted under the Open Meetings Policy.

3. In exigent circumstances when required for action, the Chairman of the Port Authority may request that one or more absent Commissioners participate and attend any meeting of the Port Authority through the use of communications equipment.

I. Freedom of Information Code

The Port Authority conducts its business and activities in the public interest and therefore the public should have access to records of the Port Authority. The Port Authority shall follow a Freedom of Information Code consistent with the freedom of information laws of the two States.

The Port Authority shall, to the extent technologically feasible, provide access to the minutes of meetings of the Board of Commissioners and the Committees and to reports provided for in accordance with these By-Laws, by posting such documents on its Internet site, or any successor electronic media designated by the Executive Director for such purposes.

VI. PUBLIC HEARINGS

A. Public hearings shall be held on matters requiring public consideration or public comment and information and may be held upon the request of (i) the Chairman of the Port Authority or (ii) any two Commissioners, one from each State.

B. Pursuant to direction by the Board of Commissioners, the Executive Director shall have authority to arrange for public hearings, in connection with the budgeting, planning, and programming of the Port Authority, including proposals for instituting or changing tolls and fares imposed for use of the Port Authority's vehicular tunnels and bridges and passenger rail facilities. In connection therewith, the Executive Director shall

(1) determine the dates, times, and locations in each of the two States for the conduct of such hearings, which shall be designed to encourage the broadest possible attendance and participation, and which, in the case of each hearing pertaining to proposals for instituting or changing tolls and fares imposed for use of the Port Authority's vehicular tunnels and bridges and passenger rail facilities, shall include the attendance of at least two Commissioners, one from each State;

(2) provide for appropriate notice to be given not less than ten days in advance of such hearings, with notice to be published within the Port District in one or more newspapers of general circulation in each State, on the Port Authority Internet site or any successor electronic media designated by the Executive Director, and through other available electronic media used by the Port Authority, and which, in the case of each hearing pertaining to proposals for instituting or changing tolls and fares imposed for use of the Port Authority's vehicular tunnels and bridges and passenger rail facilities, shall include the charge or charges proposed to be instituted or changed, shall set forth a comparison of the existing charges with the proposed charges, and shall state the purpose or purposes for which such tolls, fares or other charges are to be instituted or changed and an estimate of the overall increase or decrease in revenues to the Port Authority resulting from such proposed charges;

(3) designate hearing officers (if any) in connection therewith;

(4) arrange for transcripts and reports of the hearings, which shall be made available to all Commissioners prior to the consideration of any proposal; and

(5) take such other action as will effectuate the Port Authority's policy, as established by the Board of Commissioners, for the conduct of public hearings.

VII. NOMINATING COMMITTEE

The Nominating Committee shall consist of all of the Commissioners of the Port Authority except the Chairman of the Port Authority and the Vice-Chairman of the Port Authority.

The Nominating Committee shall meet at least once during the 30 days immediately preceding the annual meeting of the Port Authority to consider a slate of officers for nomination and shall present such slate to the Board of Commissioners. If the office of Chairman of the Port Authority or Vice-Chairman of the Port Authority shall become vacant for any reason other than expiration of term, the Nominating Committee shall meet as soon as practical thereafter. The Nominating Committee may also meet to consider vacancies in any other office or offices.

Meetings of the Nominating Committee shall be held pursuant to notice given by the Secretary at the request of any member of the Committee.

At each meeting of the Nominating Committee, the members thereof shall elect a Chairman of the Committee whose duties shall be to preside at such meeting, and to submit or cause to be submitted to the Board of Commissioners any reports or recommendations adopted at such meeting.

VIII. COMMITTEES OF THE BOARD

The Committees on Capital Programs/Agency Planning, Finance, Construction, Operations, Security, Audit, and Governance and Ethics are established under this Article VIII to provide for the effective and efficient governance of the Port Authority, and to make recommendations to, and act on behalf of, the Board of Commissioners to the extent set forth in these By-Laws.

A Chairman, a Vice-Chairman, and members of all Board Committees shall be appointed by the Chairman of the Port Authority, who shall be an *ex officio* member of each Committee of which the Chairman of the Port Authority is not a regular member, except the Audit Committee. If one or more regular members are absent from any Committee meeting, the Chairman of the Port Authority shall be counted towards a quorum and entitled to vote on Committee business. The Chairman of the Port Authority shall also be entitled to vote to decide a tie vote.

The Vice-Chairman of the Port Authority shall likewise be an *ex officio* member of each Committee of which the Vice-Chairman of the Port Authority is not a regular

member, except the Audit Committee. The Vice-Chairman of the Port Authority shall be counted towards a quorum and entitled to vote on Committee business under the same circumstances as the Chairman of the Port Authority, but only in the absence of the Chairman of the Port Authority.

A quorum for the conduct of business at any meeting of any Committee shall consist of a number equal to the majority of the regular members, provided that at least one Commissioner from each State shall be present. If there is no quorum at any regular, special, or adjourned meeting of any Committee, then the Commissioner presiding at such Committee meeting may, in order to achieve a quorum, designate any Commissioner present who is not already a member of such Committee as a substitute member *pro tem* to act at such meeting in the place and stead of an absent Committee member. Any substitute Committee member *pro tem* shall be treated as a regular member for purposes of (i) determining whether a quorum is present; (ii) voting; and (iii) determining whether an *ex officio* member may vote. Action shall be taken by a majority vote of the Committee members present; provided that no action of a Committee shall be binding unless at least one Commissioner from each State shall vote in favor thereof.

In order to assure the right of approval or veto by the Governor of each State, any action by a Committee taken pursuant to the powers granted in this Article VIII shall be considered part of the minutes of the Board of Commissioners.

Whenever a Committee purports to act pursuant to power vested under these By-Laws then all third persons are entitled to rely on the Committee's representation that it has power to act.

There shall be the following standing Board Committees, which shall meet as needed in connection with the conduct of Port Authority business. Each Committee shall consist of five regular members (including a Chairman and Vice-Chairman), in addition to *ex officio* members, except the Audit Committee, which shall have no *ex officio* members and shall consist of four regular members (including a Chairman and Vice-Chairman), two from each State, and at least one of whom shall have a high level of financial expertise as determined in accordance with Article VIII.F of these By-Laws). When two or more Committees have powers relating to the same subject matter, none shall be deemed to have exclusive authority, but such Committees shall confer and cooperate in regard thereto. The Committees shall consult with executive staff, as necessary, in carrying out their respective oversight responsibilities.

A. Committee on Capital Programs/Agency Planning

The Committee on Capital Programs/Agency Planning shall:

(1) have oversight of the Port Authority's Capital Plan and Strategic Plan;

(2) review the long-term planning for the development of new facilities, the initiation of new business and activities, and studies conducted in furtherance of such purposes;

(3) keep informed regarding the duties of the Port Authority, whether imposed by statutes or otherwise, and from time to time recommend to the Board of Commissioners such programs and policies as in its opinion may be desirable and as will enable the Port Authority to perform its duties most effectively and in due relation to their order of importance;

(4) keep informed of the needs of the Port District with regard to marine, air, railroad, and motor vehicle terminals and other transportation and terminal facilities and facilities of commerce and economic development, and matters relating thereto, and, from time to time, make recommendations in reference thereto; and

(5) have general supervision over transportation, terminal and commerce and economic development studies and do all things necessary and convenient to advance such studies.

B. Committee on Finance

The Committee on Finance shall:

(1) have oversight of the financial affairs of the Port Authority, and, from time to time, make such recommendations to the Board of Commissioners in reference to the establishment of policies with respect thereto as in its opinion may be desirable;

(2) approve the selection of depositories for Port Authority funds and authorize and approve investments and reinvestments thereof; and

(3) approve insurance policies and surety bonds, and adopt or approve policies or practices followed in connection with insurance and surety bonds.

C. Committee on Construction

The Committee on Construction shall have oversight of:

(1) all construction by the Port Authority, including without limitation rehabilitation, repairs, demolition, and excavation, and shall, from time to time, make such recommendations to the Board of Commissioners in reference to the establishment of policies with respect thereto as in its opinion may be desirable;

(2) agreements and contracts for the acquisition, purchase, lease, and/or use by the Port Authority of real property and for the exercise of any rights and the performance of any obligations vested in or assumed by the Port Authority under such agreements or contracts; and

(3) agreements and contracts for the purchase or acquisition of materials for use by the Port Authority in connection with construction and for the exercise of any rights and the performance of any obligations vested in or assumed by the Port Authority under such agreements and contracts.

D. Committee on Operations

The Committee on Operations shall have oversight of:

(1) the operation and maintenance of all facilities and properties owned and/or operated by the Port Authority, and shall, from time to time, make such recommendations to the Board of Commissioners in reference to the establishment of policies with respect thereto as in its opinion may be desirable;

(2) agreements and contracts for the acquisition or purchase by the Port Authority of equipment, tools, materials, supplies, or other personal property for use in connection with the operation of any Port Authority facility or property, and for the exercise of any rights and the performance of any obligations vested in or assumed by the Port Authority under such agreements or contracts;

(3) the sale, consistent with legislation, of real or personal property owned and/or operated by the Port Authority; and

(4) personnel matters, and shall approve all agreements with organizations representing Port Authority employee groups relating to wages, working conditions, and benefits.

E. Security Committee

The Security Committee shall:

(1) keep informed of the security needs of the facilities and properties owned and/or operated by the Port Authority; and

(2) keep informed of the needs of the Port District generally with regard to security matters, and, from time to time, make recommendations in reference thereto.

F. Audit Committee

The Audit Committee shall:

(1) have oversight of the quality and integrity of the Port Authority's framework of internal controls, compliance systems, and accounting, auditing, and financial reporting processes; select pursuant to a competitive process, determine the compensation for, and have oversight of the activities of all independent

accountants retained for auditing purposes, who shall report directly to the Committee; and keep informed regarding the management of the Port Authority;

(2) establish formal guidelines in the form of a charter that it shall follow in connection with the satisfaction of its responsibilities, and review and reassess such charter from time to time;

(3) recommend, establish, maintain, and reassess procedures for processing complaints regarding accounting, internal controls, or auditing matters, as well as the confidential, anonymous submission of concerns about questionable accounting or auditing practices;

(4) review the annual financial statements of the Port Authority (including certifications by the Executive Director and the Chief Financial Officer required pursuant to Article XIII of these By-Laws) and recommend to the Board of Commissioners the inclusion of such financial statements in the Port Authority's annual report and other publications, as appropriate; and

(5) receive from the Inspector General reports regarding concerns and complaints received by the Office of Inspector General involving wrongdoing, fraud, waste, and abuse by Commissioners, officers, and employees of the Port Authority, or third party individuals or organizations doing business with the Port Authority, including the progress of any investigation thereof, as well as referrals made or other matters pursued in connection therewith, and it shall be the duty of the Inspector General to report such information to the Audit Committee. The Audit Committee shall recommend, establish, maintain, and reassess procedures for reviewing reports submitted by the Inspector General with respect to the foregoing; provided, however, that such procedures shall not limit the Inspector General's independence and freedom from interference in the conduct of the Inspector General's responsibilities.

The (i) appointment of any person to the position of Director of the Audit Department or Inspector General shall not be made or terminated; (ii) salary or benefits of the Director of the Audit Department and the Inspector General shall not be increased or reduced; and (iii) responsibilities of the Director of the Audit Department and the Inspector General shall not be changed in any way, without the approval of the Chairman of the Audit Committee (or of the Board of Commissioners); provided, that any increase or reduction in salary or benefits that may be made with respect to Port Authority department heads generally and would be effective as to the Director of the Audit Department and the Inspector General in the absence of the foregoing requirement of approval shall not require such approval in order to be effective as to the Director of the Audit Department and the Inspector General.

The members of the Audit Committee which, for independence purposes, shall not include the Chairman or Vice-Chairman, shall include at least one member, who in the determination of the Governance and Ethics Committee possesses a high level of

financial expertise, which may be demonstrated, among other factors, by a general understanding of (i) generally accepted accounting principles and financial statements; (ii) the preparation or auditing of financial statements of entities comparable to the Port Authority; (iii) the application of such principles in connection with the accounting for estimates, accruals, and reserves; (iv) internal accounting controls; and (v) audit committee functions.

The Audit Committee shall assist the Board of Commissioners in fulfilling its oversight responsibility relating to the Port Authority's compliance with legal or regulatory requirements relating to accounting, auditing, financial reporting, and/or internal controls, all subject to and consistent with the principle that compliance matters which are not primarily related to accounting, auditing, financial reporting, and/or internal controls shall be submitted to the Governance and Ethics Committee.

The Audit Committee shall report from time to time to the Board of Commissioners on the results of its oversight, auditing, and other activities, including any recommendations which in its opinion may be desirable regarding policies and procedures to govern the accounting, auditing, financial reporting, and internal controls of the Port Authority.

G. Governance and Ethics Committee

The Governance and Ethics Committee shall:

(1) have oversight of questions relating to the development of, and compliance with, governance and ethics principles of the Port Authority, and shall, from time to time, make such recommendations in reference thereto as in its opinion may be desirable;

(2) define and make recommendations to the Board of Commissioners with respect to the establishment of policies and practices that will (i) assist in identifying qualifications for prospective appointments to the Board of Commissioners; (ii) evaluate the ongoing performance of the Board of Commissioners and its members; (iii) lead the Board of Commissioners in an annual review and evaluation of the Board of Commissioners' performance, and the effectiveness of Committees; (iv) ensure that the Board of Commissioners and staff are familiar with and committed to the ethics principles and programs that have been adopted by the Port Authority; (v) ensure that each member of the Board of Commissioners has received training with respect to the ethical standards applicable to the member as an unsalaried public officer from the member's state of appointment; (vi) assist the Board of Commissioners in fulfilling its oversight responsibility relating to the Port Authority's compliance with legal and regulatory requirements; (vii) ensure that the Inspector General shall continue to be independent and free from interference in the conduct of the Inspector General's responsibilities; and (viii) require executive staff to annually review Port Authority operations with the specific goal of identifying waste and inefficiencies, and to

take appropriate remedial steps that shall be publicly reported.

(3) recommend to the Chairman of the Port Authority changes in the size, composition, and organization of the Committees; policies and practices relating to Board operations; Commissioner policies and practices; and associated matters of corporate governance;

(4) lead the Board of Commissioners in an annual review and evaluation of the Executive Director's performance;

(5) recommend, develop, and maintain a Code of Ethics for the Board of Commissioners and for the staff, which Code shall include (a) requirements for disclosures of outside business dealings of Commissioners and their employers, executive staff, or the immediate family members of Commissioners and executive staff; (b) restrictions on participation by Commissioners, officers, or employees in any contracting decision relating to a family member or firms in which a family member may have an interest; and (c) rules precluding contributions to the political campaigns of Port Authority Commissioners or officers;

(6) on an annual basis, reassess the adequacy of the Code of Ethics and oversee compliance with such Code;

(7) review the independence and objectivity of the members of the Board of Commissioners and its Committees on a periodic basis (but in no event less than once per year), as well as any relationships such members may have with the Port Authority and/or its wholly owned corporate entities or subsidiaries or otherwise that may reasonably create the appearance of non-independence and/or non-objectivity; and

(8) review corporate trends and best practices generally with respect to governance procedures and ethics policies and requirements. In carrying out this responsibility, the Committee shall, on an annual basis, review ethical standards in the two States (and any other jurisdictions whose standards may be useful in determining best practices at the Port Authority) and make recommendations to the Board of Commissioners concerning appropriate practices, including adoption of the higher ethical standard when the two states apply different standards to the same conduct or situation.

The Governance and Ethics Committee's duties as described herein shall be subject to and consistent with the following:

(a) compliance matters which are primarily related to accounting, auditing, financial reporting, and/or internal controls shall be subject to the jurisdiction and oversight of the Audit Committee; and

(b) compliance matters which are not primarily related to accounting, auditing, financial reporting and/or internal controls shall be submitted to the

IX. RULES AND REGULATIONS

In compliance with policies established by the Board of Commissioners, the Executive Director shall establish rules and regulations as required for the conduct of the Port Authority's business, consistent with policies established by the Board of Commissioners.

The Executive Director shall cause such rules and regulations to be filed with the Board of Commissioners at least 30 days prior to the effective date of such rules and regulations. Absent objections by the Board of Commissioners such rules and regulations shall become effective upon the expiration of such 30-day period. If such objections are made, the Board of Commissioners shall, after due consideration, decide upon adoption, amendment or rejection of the proposed rules and regulations.

It is the policy of the Port Authority that the process for adoption of such rules and regulations shall be an open process with the opportunity for the general public to comment on such rules and regulations prior to adoption, and for such purposes such proposed rules and regulations shall be made publicly available at the time they are filed with the Board of Commissioners.

X. EXECUTIVE DIRECTOR POWERS AND RESPONSIBILITIES

The Executive Director shall have the following powers, unless otherwise provided by any resolution of the Board of Commissioners or a Committee thereof, subject to the limitations, if any, of the Budget adopted by the Board of Commissioners. These powers shall be in addition to any other powers conferred by any other provisions of these By-Laws, or by any resolution heretofore or hereafter adopted by the Board of Commissioners or a Committee thereof.

(a) Unless otherwise directed by the Committee on Operations or otherwise provided by any resolution of the Board of Commissioners and subject to the limitations, if any, of the Budget adopted by the Board of Commissioners, the Executive Director is authorized:

(i) To determine and prescribe the duties of new and existing positions and the qualifications for appointments made thereto;

(ii) Subject to the approval of the Chairman of the Committee on Operations, to make permanent appointments to the Port Authority staff;

(iii) To make promotions and demotions within the staff;

(iv) To terminate appointments to the staff subject to the approval of the Chairman of the Committee on Operations whenever approval of the Committee on Operations is not otherwise specifically required;

(v) To create temporary positions and to make temporary appointments thereto for periods not exceeding three (3) months' duration; and

(vi) To grant or authorize the granting of vacation, sick leave, other leave of absence and to establish or modify other employee benefits (other than retirement matters) and to take other action affecting personnel.

(b) The Executive Director is authorized:

(i) to authorize or arrange for the printing and engraving of bonds, notes or other securities or obligations, the issuance whereof has been authorized by the Board of Commissioners;

(ii) to authorize and arrange for the payment of the interest upon and principal of such bonds, notes, or other securities or obligations, in accordance with the resolutions authorizing their issuance, out of any revenues directly pledged therefor, out of any sinking funds or special reserve funds especially established in connection therewith and, in case there are no other moneys available for the payment of such interest and principal, out of the General Reserve Fund if such fund has been pledged as security for such payments;

(iii) to authorize or arrange for the making of payments into such reserve funds during the year for which such payments are to be made out of revenues directly pledged for such purposes, and to authorize or arrange for the making of payments into such sinking funds during the year for which such payments are to be made out of revenues directly pledged for such purposes, out of any special reserve funds especially established in connection with the particular issue of such bonds, notes, securities or other obligations for which such payments are to be made, out of any other special reserve funds available for such purposes, out of any other Port Authority funds available for such purposes, and, in case all the preceding available sources are insufficient to make such payment, then out of the General Reserve Fund; and

(iv) whenever the resolutions of the Board of Commissioners establishing the issue of bonds and the various resolutions of the Board of Commissioners establishing the separate series of such bonds require the redemption of bonds for retirement for sinking fund purposes, to (a) arrange for or authorize the call of such bonds for redemption, within the limitations of said bond resolutions to select or arrange for the selection of the particular bonds to be redeemed, (b)

publish or arrange for the publication of notice of redemption, (c) pay or arrange for the payment of such bonds upon the date set for their redemption, and (d) generally do all things necessary or incidental to the redemption and retirement of such bonds.

(c) The Executive Director is authorized to authorize, approve, or award agreements, contracts, or purchase orders for

(i) professional, technical, or advisory services, including but not limited to the services of consultants, engineers, architects, designers, artists, technicians, inspectors, appraisers, and experts of any kind;

(ii) maintenance, repair, rehabilitation, or other operating expenses;

(iii) capital improvements and additions (including major repairs or rehabilitation);

(iv) construction;

(v) materials, equipment or supplies (including the leasing of equipment);

(vi) utility or other services;

(vii) insurance or brokerage services; and

(viii) settlement of claims (not covered under paragraphs (e) or (o) of this Article X)

upon such terms as the Executive Director may deem proper and to enter into or execute the same on behalf of the Port Authority where the amount of any such agreement, contract, or purchase order (inclusive of any renewal or extension) is not in excess of \$2,500,000; provided, however, that the Executive Director may not take such action where the amount of any such agreement, contract, or purchase order (inclusive of any renewal or extension) under subparagraphs (c)(i) through (c)(vii), above, is in excess of

(a) \$1,500,000 but not in excess of \$2,500,000, unless the agreement, contract, or purchase order is awarded to the lowest qualified bidder after public advertisement, or through cooperative governmental purchasing arrangements; or

(b) \$500,000 but not in excess of \$1,500,000, unless the agreement, contract, or purchase order is awarded to the lowest qualified bidder, or the proposer best qualified by reason of cost, responsibility, and capacity to perform the work and whose bid price or proposal is deemed reasonable, after the receipt of competitive bids or proposals; and,

provided, further, in connection with authorizations under subparagraph (c)(viii), above, the Executive Director may settle such claims if the total settlement is not in excess of \$500,000. In addition, the Executive Director may take such actions under this paragraph (c) with respect to an extension, amendment, or modification of any existing agreement, contract, or purchase order either

(a) on terms and conditions at least as favorable to the Port Authority and under which the Port Authority will incur no additional expenditures or obligations; or

(b) where the amount of the extension, amendment, or modification is not in excess of 25 percent of the base amount of the original agreement, contract, or purchase order, provided however that such excess amount is not greater than \$2,500,000.

(d) In the exercise of authority under this paragraph (d), the Executive Director may take the following actions only upon providing prior notice to the Board of Commissioners. The Executive Director, pursuant to authority granted to the Executive Director in conjunction with the adoption of the Budget or other resolutions of the Board of Commissioners, may, as the Executive Director deems in the best interest of the Port Authority, in connection with agreements, contracts or purchase orders:

(i) (a) award to the bidder or proposer who, in the opinion of the Executive Director, is best qualified by reason of cost, responsibility, experience, and capacity to perform the work and whose bid price or proposal the Executive Director deems reasonable, (b) reject all bids or proposals, (c) solicit new bids or proposals on revised or the same requirements, (d) negotiate with one or more bidders, proposers, or other contractors; or (e) exercise any rights and the performance of any obligations vested in or assumed by the Port Authority under such agreement, contract, or purchase order;

(ii) execute agreements, contracts, or purchase orders and supplemental agreements, contracts or purchase orders with such bidders, proposers, or contractors;

(iii) order extra work and net cost work; and

(iv) authorize payments to contractors or vendors.

(e) The Executive Director may, in connection with any agreement, contract, or purchase order,

(i) require a bond securing the performance thereof and/or the payment of subcontractors, materialmen, workers, and other third persons;

(ii) settle claims arising under or in connection with such agreements

(including leases, permits, and licenses, for the use or occupancy of property), contracts, or purchase orders; provided, that the Executive Director may settle such claims if the total settlement is not in excess of \$500,000; and

(iii) authorize the payment to contractors and vendors of all or any portion of their compensation even though not yet payable under the terms of the agreement, contract, or purchase order, in each case whenever the Executive Director deems it advisable under the circumstances.

(f) The Executive Director may acquire temporary interests in real property necessary in connection with construction or operation of Port Authority facilities, provided that the term of any such interest shall not be in excess of five years.

(g) Not less than ten days in advance of any meeting of the Board of Commissioners at which the Board is to consider an action to authorize the sale of real property owned by the Port Authority, the Executive Director shall provide public notice of such proposed action, by posting on the Port Authority's Internet site or any successor electronic media designated by the Executive Director for such purposes.

(h) In compliance with the policies established by the Board of Commissioners, the Executive Director shall, from time to time, adopt appropriate procedural guidelines, consistent with those applied to state authorities in the two States, to ensure that procurement, based on competitive contract-award processes, of agreements and contracts for the purchase of goods and contract services, professional, technical and advisory services, real estate and construction is based on open competition and fairness, with the highest level of integrity, and to discourage attempts by others to influence the Port Authority to achieve preferential, unequal or favored consideration of proposals for procurement based on considerations other than on the merits of such proposals. Such procedural guidelines shall include: restrictions on contacts between Commissioners and staff regarding the procurement process and particular active procurement matters; restrictions on contacts between lobbyists representing contractors, vendors or service providers, and Commissioners and staff, regarding the procurement process and particular active procurement matters; rules controlling flow of procurement inquiries and bids to responsible staff and pursuant to pre-set procedures; advertisement of procurement opportunities by the Port Authority through a broad range of media outlets, to increase vendors' awareness of and participation in the procurement process; and equal opportunity for minority-owned, women-owned and small business enterprises.

(i) In compliance with the policies established by the Board of Commissioners, the Executive Director shall have authority to adopt, rescind, amend, and modify rules and regulations

(i) for and in connection with facilities and properties owned, leased, or operated by the Port Authority and for the conduct of the users thereof and all other persons in or about such facilities or properties, including the officers, employees, or representatives of the Port Authority and of the users of its facilities and properties and people doing business with it or them; and

(ii) for the operation, management, and conduct of the business of the Port Authority and the staff.

(j) The Executive Director shall have authority to enter into any agreement including, but not limited to, leases, permits and licenses, for the use or occupancy of any property owned or operated by the Port Authority and for the use or occupancy of property by the Port Authority or for the exercise of privileges thereat; provided, that such agreement

(i) is for a total term, including any renewals and extensions, of not more than ten years, and the average annual rental (net present value) is not more than \$1,000,000;

(ii) is unconditionally revocable without cause by the Port Authority upon 30 days' notice or less and there is no fixed obligation on the Port Authority in excess of \$1,000,000; or

(iii) substitutes another for the contracting party to an existing agreement.

Any such agreement may contain such indemnity and other provisions as the Executive Director may deem appropriate.

(k) The Executive Director may authorize or arrange for contracts for the sale of personal property owned by the Port Authority upon such terms and conditions as the Executive Director may deem proper and execute the same on behalf of the Port Authority where the value of such personal property is not in excess of \$1,000,000; provided, however, that personal property valued at more than \$250,000 shall not be sold by authority of the Executive Director other than to the highest bidder after public advertisement.

(l) The Executive Director may authorize intervention and participation on behalf of the Port Authority in proceedings before any administrative tribunal of the United States or of the States of New York and New Jersey or their subdivisions affecting the trade, commerce, and economic development of the Port District or the terminal or transportation facilities or facilities of commerce and economic development therein; provided, however, that no statement as to the position of the Port Authority on the issues in the proceedings shall be submitted until the position has been authorized by the Board of Commissioners or the Committee on Capital Programs/Agency Planning.

(m) With respect to the operation, planning, and development of Port Authority facilities and to other projects, programs, and studies which have been authorized by the Port Authority, the Executive Director may apply for and accept on behalf of the Port Authority grants from federal, state, or other governmental entities. Expenditures in connection with such grants or projects and activities funded in whole or in part by such grants are, however, subject to consideration and authorization in accordance with the

provisions of these By-Laws.

(n) The Executive Director may, in the best interests of the Port Authority, enter into or authorize execution of agreements with federal, state, or other governmental entities for the performance of services by Port Authority employees or the participation by such employees in programs or other activities sponsored in whole or in part by such entities.

(o) The Executive Director shall have authority to settle all claims of and all claims against the Port Authority (not covered under paragraphs (c) and (e) of this Article X) when the total payment or the amount of damages incurred by the Port Authority is not in excess of \$1,000,000. Claims of and against the Port Authority shall include claims against individuals for which the Port Authority would be responsible under Article XI of these By-Laws; provided, however, that in the case of claims against individuals for which the Port Authority would be responsible under the said Article XI, which are covered by insurance purchased by or on behalf of such individuals, the Port Authority shall pay such claims only to the extent that they are in excess of the amount for which the insurance carriers are responsible.

(p) With respect to Port Authority property or to the operation, planning and development of Port Authority facilities, the Executive Director may enter into such indemnity agreements as the Executive Director may deem appropriate.

(q) The Executive Director shall publish on a regular basis comprehensive reports on

(i) transactions of the Port Authority relating to the business and activities of the Port Authority, which reports shall identify vendors retained to perform services through the procurement process and the terms of their engagements; and

(ii) expenditures and operations of the Port Authority, identifying its programs and associated expenditures, which shall also be delivered to the Governors of New York and New Jersey;

provided, however, that the failure of the Executive Director to report the same shall not affect the validity of any action taken by the Executive Director with respect thereto.

(r) The Executive Director is authorized to delegate in whole or in part any power, authority, or discretion conferred upon the Executive Director by these By-Laws, or by any resolution heretofore or hereafter adopted by the Board of Commissioners to any other officer or member of the executive staff; provided, however, that the Executive Director shall file all delegations with the Secretary; and, provided further, that this power shall not apply to any case where the Executive Director is authorized to sign checks, drafts, or commercial paper, or deeds of conveyance of real property, or to have access to safe deposit boxes

(s) In exigent circumstances, the Executive Director, after consultation with the Chairman of the Port Authority (which requirement for consultation is waived if the Chairman of the Port Authority cannot be contacted through reasonable means and in a reasonable period of time), may take any action, whether or not otherwise authorized in these By-Laws, with respect to the property or facilities, projects, programs, and business of the Port Authority, or the rules and regulations or fees, fares, tolls, and other charges relating thereto. The Executive Director shall report such action to the Board of Commissioners. The Executive Director shall notify the Chairman of the Port Authority of any contract entered into pursuant to this provision.

Whenever the Executive Director purports to act pursuant to power vested under these By-Laws, then all third persons are entitled to rely on the Executive Director's representation that the Executive Director has the power to act.

The powers conferred upon the Executive Director under these By-Laws shall be discretionary and, unless otherwise expressly provided, shall not be construed to impose upon the Executive Director a requirement to execute any agreement, contract, or purchase order, or to take any other action authorized under these By-Laws. Except as otherwise provided in this Article X, the Executive Director may take action as authorized without providing prior notice to the Board of Commissioners.

XI. DEFENSE AND INDEMNIFICATION OF INDIVIDUALS

1. As used in this Article XI, the term "indemnified party" shall mean an individual who is a Commissioner, officer, or employee of the Port Authority. The terms "Commissioner," "officer," and "employee" shall include a former Commissioner, officer, and employee, and the estate or a judicially appointed personal representative of such present or former Commissioner, officer, or employee.

2. Upon compliance by an indemnified party with the provisions of paragraph 8 of this Article XI, the Port Authority shall provide for the defense of the indemnified party in any civil action or proceeding in any state or federal court arising out of any alleged act or omission which occurred or is alleged in the complaint to have occurred while the individual was acting within the scope of Port Authority employment or duties; or which is brought pursuant to section nineteen hundred eighty-one or nineteen hundred eighty-three of title forty-two of the United States Code and the act or omission underlying the action occurred or is alleged in the complaint to have occurred while the individual was acting within the scope of Port Authority employment or duties. The Port Authority shall not provide for a defense where such civil action or proceeding is brought by or on behalf of the Port Authority or to recover Port Authority funds.

3. Where an individual seeking indemnification delivers process and a request for a defense to General Counsel as required by paragraph 8 of this Article XI, General Counsel shall take the necessary steps on behalf of the individual in order to avoid entry of a default judgment pending resolution of any question pertaining to the determination

to provide for a defense. General Counsel shall represent such individual; provided, however, that General Counsel shall, with the approval of the Executive Director (in accordance with policies adopted by the Board of Commissioners), assign outside counsel where General Counsel determines, based upon an investigation and review of the facts and circumstances of the case, that representation by General Counsel would be inappropriate; or whenever a court of competent jurisdiction determines that a conflict of interest exists and that the individual is entitled to be represented by outside counsel.

4. The Port Authority shall indemnify and save harmless an indemnified party in the amount of any judgment obtained against such indemnified party in any state or federal court, or in the amount of any settlement of a claim, or shall pay such judgment or settlement; provided, however, that the act or omission from which such judgment or settlement arose occurred while the indemnified party was acting within the scope of Port Authority employment or duties; and provided, further, that the Port Authority shall not indemnify and save harmless or pay under this Article XI where the injury or damage resulted from actual fraud, actual malice, willful misconduct or intentional wrongdoing on the part of the party seeking indemnification, or where the Port Authority has brought the action.

5. Any proposed settlement or final judgment which may be subject to indemnification or payment by the Port Authority in accordance with these By-Laws, if not inconsistent with the provisions of this Article XI, shall, as applicable, be authorized for payment in accordance with the provisions of these By-Laws; provided, however, that General Counsel has determined that such proposed settlement or final judgment is in the best interest of the Port Authority. Nothing in this Article XI shall be construed to authorize the Port Authority to indemnify and save harmless or pay an indemnified party with respect to a settlement not so reviewed and approved by General Counsel.

6. Nothing in this Article XI shall require the Port Authority to indemnify or save harmless an indemnified party with respect to fines or penalties; provided, however, that the Port Authority shall indemnify and save harmless an indemnified party in the amount of any costs, attorneys' fees, damages, fines, or penalties which may be imposed by reason of an adjudication that an indemnified party, acting within the scope of Port Authority employment or duties, has, without willfulness or intent, violated a prior order, judgment, consent decree, or stipulation of settlement entered in any court of the State of New York or New Jersey or of the United States.

7. The Port Authority may, consistent with applicable law, provide for a defense when punitive damages are sought or criminal charges are asserted, in connection with any alleged act or omission which occurred or is alleged in the complaint to have occurred while the individual was acting within the scope of Port Authority employment or duties, based upon an investigation and review of the facts and circumstances and a determination by General Counsel that provision of such defense would be in the best interest of the Port Authority; provided, however, that the Port Authority shall provide reimbursement of defense costs incurred by or on behalf of an indemnified party in defense of a criminal proceeding arising out of such an act or omission, upon acquittal or

dismissal of the criminal charges. Furthermore, the Port Authority may, consistent with applicable law, indemnify or save harmless an indemnified party with respect to fines or penalties, based upon an investigation and review of the facts and circumstances of the case and a determination by General Counsel that to indemnify and save harmless such indemnified party would be in the best interest of the Port Authority.

8. The benefits of this Article XI shall be conditioned upon (i) delivery to General Counsel of the original or a copy of any summons, complaint, process, notice, demand or pleading within five days after receipt or service of such document, such delivery being deemed a request by the party seeking indemnification that the Port Authority provide for defense pursuant to this Article XI; (ii) the full cooperation of the indemnified party in the defense of such action or proceeding and in defense of any action or proceeding against the Port Authority based upon the same act or omission, and in the prosecution of any appeal; and (iii) the agreement of the indemnified party that the Port Authority shall be entitled to withdraw such defense and demand reimbursement from such party for costs incurred in connection with such defense in the event that, upon further discovery, indemnification is not required or otherwise warranted under this Article XI.

9. The benefits of this Article XI shall inure only to an indemnified party as defined herein and shall not enlarge or diminish the rights of any other party. This Article XI shall not in any way affect the obligation of any claimant to give any notice otherwise required by any provision of law. The provisions of this Article XI shall not be construed to impair, alter, limit, or modify the rights and obligations of any insurer under any policy of insurance.

10. Except as otherwise specifically provided herein, the provisions of this Article XI shall not be construed in any way to impair, alter, limit, modify, abrogate, or restrict any immunity available to or conferred upon any unit, entity, Commissioner, officer, or employee of the Port Authority, or any right to defense and/or indemnification provided for any governmental officer or employee by, in accordance with, or by reason of, any other provision of state or federal statutory or common law.

11. In compliance with policies established by the Board of Commissioners, the Executive Director is authorized to publish such rules and regulations as are necessary to effectuate the purposes of this Article XI.

XII. BUDGET

Whenever reference in these By-Laws is made to a Budget, it shall mean the Budget of the Port Authority, together with a Capital Plan and Strategic Plan, approved or authorized by the Board of Commissioners at a meeting held pursuant to the Open Meetings Policy. Whenever in these By-Laws an officer is vested with powers or discretion by reason of a budget item, such officer shall also have the same powers and discretion in any case where the Board of Commissioners approves or authorizes an expenditure of a specified amount (or of an approximate sum or of an amount not to

exceed a specified sum) for a specified purpose, by resolution or otherwise.

XIII. ANNUAL AUDIT OF FINANCIAL STATEMENTS; ANNUAL REPORT

A. The Port Authority shall prepare financial statements on an annual basis in accordance with accounting principles generally accepted in the United States of America.

B. The Audit Committee of the Port Authority shall arrange for an independent firm of certified public accountants to perform an audit of the financial statements of the Port Authority each year in accordance with auditing standards generally accepted in the United States of America.

C. As a condition to the issuance of the annual financial statements, the Executive Director and the Chief Financial Officer shall be required to make a written certification to the effect that, to the best of their knowledge and belief, the financial and other information in the consolidated financial statements is accurate in all material respects and has been reported in a manner designed to present fairly the Port Authority's net assets, changes in net assets, and cash flows, in conformity with accounting principles generally accepted in the United States of America; and, that on the basis that the cost of internal controls should not outweigh their benefits, the Port Authority has established a comprehensive framework of internal controls to protect its assets from loss, theft, or misuse, and to provide reasonable (rather than absolute) assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America.

D. The Executive Director shall make arrangements for the publication of the annual report submitted to the Governors and Legislatures of the two States as provided by law, which report shall include but not be limited to the following: (i) the Port Authority's annual financial statements; (ii) the independent auditor's report with respect to the annual financial statements; (iii) the certification referred to paragraph C of this Article XIII; and (iv) a list of the compensation, educational background and professional experience of, the 20 highest-paid executive staff members.

XIV. RESERVATION OF POWERS

The powers not delegated by these By-laws are reserved to the Board of Commissioners. The powers vested by these By-Laws in the Committees shall not be construed or deemed to limit the authority of the Board of Commissioners to act in any instance or the statutory veto power of the Governor of each State. If such authority is exercised by the Board of Commissioners, it shall not be construed or deemed to affect the power of the Committees to act in similar cases thereafter. The powers vested in the Executive Director shall not be construed or deemed to affect the power of the Board of

Commissioners to act in any case, nor shall any power vested in the Executive Director be construed or deemed to affect the power of any Committee to act where such power is also vested in a Committee, but where either the Board of Commissioners or any Committee exercises a power in any such case, such action shall not be construed or deemed to affect the power of the Executive Director to act in similar cases in the future.

XV. AMENDMENTS

These By-Laws may be amended by resolution duly adopted at any meeting, of the Board of Commissioners, regular or special, provided that notice of intention to present such resolution shall be given at least two days in advance of the meeting at which the motion to adopt such resolution is made. Such notice may be given by any Commissioner or by any Committee (or by the Secretary at the request of any Commissioner or any Committee). Such notice shall be given to all Commissioners by mail, facsimile, telephone, or in person, at least two days before the meeting; in the alternate, such notice may be given orally at any meeting, in which event such notice shall be noted in the minutes of the meeting at which it is given. Advance notices of motions to amend motions to amend the By-Laws need not, however, be given.

PENDING
GUBERNATORIAL
REVIEW

TRIBUTE TO VIRGINIA S. BAUER

The following resolution was unanimously adopted to express the appreciation of the members of the Board of Commissioners of The Port Authority of New York and New Jersey to Commissioner Virginia S. Bauer for her dedicated service as a member of the Board from June 2007 through June 2012.

WHEREAS, since her appointment by New Jersey Governor Jon S. Corzine in June 2007, Virginia Bauer has given tirelessly of her time, talent and experience to further the mission and goals of the Port Authority; and

WHEREAS, during her tenure on the Board, Virginia S. Bauer served with great distinction as Vice Chairman of the Committee on Capital Programs and Agency Planning, Vice Chairman of the Governance and Ethics Committee, and as a member of the Committee on Operations and World Trade Center Redevelopment Subcommittee; and

WHEREAS, throughout her tenure on the Board, Virginia S. Bauer has been a strong proponent of the agency's redevelopment of the World Trade Center site; and

WHEREAS, Virginia S. Bauer has contributed to the advancement of numerous security initiatives to ensure the safety and security of the agency's facilities so that the public and commerce may have the benefit of dependable, trustworthy passage throughout the region; and

WHEREAS, as Vice Chair of the Governance and Ethics Committee, Virginia S. Bauer has been instrumental in the implementation of numerous governance initiatives to ensure the agency continues to meet the highest levels of honesty, integrity and responsibility and that it conducts its business solely in the public interest to ensure continued public confidence in the agency; and

WHEREAS, as Vice Chair of the Committee on Capital Programs and Agency Planning, Virginia S. Bauer has provided support and guidance in the advancement of the agency's capital program to ensure that the agency's mission to improve regional mobility of people and goods, as well as to foster economic growth and opportunity in the region, continues through projects that will serve the region for decades to come, including the modernization of airport terminals, such as Newark Liberty International Airport's Terminal B and the JetBlue Terminal at John F. Kennedy International Airport; the acceleration of the Port Intermodal Rail Development Program; PATH Modernization Program, and planning for the development of the future effectiveness of the Bayonne and Goethals Bridges; and

NOW, therefore, be it

RESOLVED, that the Commissioners of The Port Authority of New York and New Jersey hereby express to the Honorable Virginia S. Bauer their sincere appreciation for her leadership and service to the agency and the region it serves; and it is further

RESOLVED, that the Board of Commissioners hereby directs that this resolution be suitably engraved and presented to the Honorable Virginia S. Bauer as a token of the high esteem in which she is held by the Board and staff alike.

TRIBUTE TO HENRY R. SILVERMAN

The following resolution was unanimously adopted to express the appreciation of the members of the Board of Commissioners of The Port Authority of New York and New Jersey to Commissioner Henry R. Silverman for his dedicated service as a member of the Board from June 2002 through June 2012.

WHEREAS, from his appointment by New York Governor George E. Pataki in June 2002, Henry R. Silverman has given tirelessly of his time, talent and experience to further the mission and goals of the Port Authority; and

WHEREAS, during his tenure on the Board, Henry R. Silverman served with great distinction as Vice Chairman of the Port Authority, Chairman of the Committee on Finance, Chairman of the Governance and Ethics Committee, Vice Chairman of the Committee on Operations, Vice Chairman of the Committee on Construction, Vice Chairman of the Audit Committee, and as a member of the Committee on Capital Programs/Agency Planning and World Trade Center Redevelopment Subcommittee; and

WHEREAS, as Chair of the Governance and Ethics Committee from January 2008 to March 2011, Henry R. Silverman encouraged the implementation of numerous governance initiatives, to ensure the agency continues to meet the highest levels of honesty, integrity and responsibility and that it conducts its business solely in the public interest, to ensure continued public confidence in the agency; and

WHEREAS, as Chair of the Committee on Finance from March 2005 until his departure from the Board, Henry R. Silverman has provided the full measure of his time and expertise to assist staff in all financial and insurance matters of the agency, as well as the development of innovative financing techniques and complex financing plans, to enable the advancement of critical regional projects while ensuring that the agency's financial condition remained sound during a period of economic downturn and uncertainty; and

WHEREAS, as Vice Chairman of the Port Authority from April 2007 to May 2010, Henry R. Silverman was a driving force in the advancement of the agency's capital program, to ensure that the agency's mission to improve regional mobility of people and goods, as well as to foster economic growth and opportunity in the region, continues through projects that will serve the region for decades to come, including the modernization of airport terminals, such as the new JetBlue Terminal at John F. Kennedy International Airport and Newark Liberty International Airport's Terminal B; the acceleration of the Port Intermodal Rail Development Program; the PATH Modernization Program; and planning for the development of the future effectiveness of the Bayonne and Goethals Bridges; and

WHEREAS, throughout his ten-year tenure on the Board, Henry R. Silverman has been instrumental in the agency's recovery following a period of profound grief after the tragic events of September 11, 2001, and in ensuring that the agency continued to focus on its mission to meet the critical transportation infrastructure needs of the region within its bi-State mandate; and

WHEREAS, Henry R. Silverman has contributed to the advancement of numerous security initiatives, to ensure the safety and security of the agency’s facilities, so that the public and commerce may have the benefit of dependable, trustworthy passage throughout the region; and

NOW, therefore, be it

RESOLVED, that the Commissioners of The Port Authority of New York and New Jersey hereby express to the Honorable Henry R. Silverman their sincere appreciation for his leadership and service to the agency and the region it serves; and it is further

RESOLVED, that the Board of Commissioners hereby directs that this resolution be suitably engraved and presented to the Honorable Henry R. Silverman as a token of the high esteem in which he is held by the Board and staff alike.

PENDING
GUBERNATORIAL
REVIEW

Whereupon, the meeting was adjourned.

Secretary

PENDING
GUBERNATORIAL
REVIEW