

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Monday, June 30, 2008

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**MINUTES of the Meeting of The Port Authority of New York and New Jersey held Monday,
June 30, 2008 at 225 Park Avenue South, City, County and State of New York**

PRESENT:

NEW JERSEY

Hon. Anthony R. Coscia, Chairman
Hon. Virginia S. Bauer
Hon. Raymond M. Pocino
Hon. Anthony J. Sartor
Hon. David S. Steiner

NEW YORK

Hon. Henry R. Silverman, Vice-Chairman
Hon. Bruce A. Blakeman
Hon. Michael J. Chasanoff
Hon. H. Sidney Holmes III
Hon. David S. Mack

Christopher O. Ward, Executive Director
Darrell B. Buchbinder, General Counsel
Karen E. Eastman, Secretary

Susan M. Baer, Deputy Director, Aviation/Chief Operating Officer
A. Paul Blanco, Chief Financial Officer
John D. Brill, Director, Audit
Ernesto L. Butcher, Chief Operating Officer
Rosemary Chiricolo, Assistant Director, Management and Budget
Steven J. Coleman, Assistant Director, Media Relations, Public Affairs
John C. Denise, Audio Visual Supervisor, Public Affairs
Michael P. DePallo, Director, Rail Transit
Pasquale DiFulco, Executive Communications Specialist, Media Relations, Public Affairs
Sandra E. Dixon, State Legislative Representative, Government & Community Affairs
John J. Drobny, Director, Project Management
Michael G. Fabiano, Deputy Chief Financial Officer/Comptroller
Ziomara Y. Foster, Executive Business Manager, World Trade Center Construction
Michael B. Francois, Chief, Real Estate & Development
Isabel M. Gonzalez, Management Associate, Human Resources
Glenn P. Guzi, Senior External Affairs Representative, Government & Community Affairs
Linda C. Handel, Assistant Secretary
Mary Lee Hannell, Director, Human Resources
Alan H. Hicks, Senior Public Information Officer, Public Affairs
Howard G. Kadin, Esq., Law
Victoria C. Kelly, Director, Tunnels, Bridges and Terminals
Kevin J. Kirchman, Deputy Director, Public Affairs
Louis J. LaCapra, Chief Administrative Officer
Richard M. Larrabee, Director, Port Commerce
Marc LaVorgna, Assistant Director, Media Relations, Public Affairs
Susan Bass Levin, Deputy Executive Director
Francis J. Lombardi, Chief Engineer
Thomas P. Maher, Assistant Director of Real Estate, World Trade Center Redevelopment
Candace McAdams, Director, Media Relations, Public Affairs
James E. McCoy, Manager, Board Management Support, Office of the Secretary

Sanjay S. Mody, Advisor to the Chairman
 Christopher J. Mohr, Senior Board Management Support Specialist, Office of the Secretary
 Anne Marie C. Mulligan, Treasurer
 Lynn A. Nerney, Senior Business Manager, Office of the Secretary
 Summer Oesch, Special Assistant, Deputy Executive Director
 Tony F. Oliver, Senior Marketing Analyst, Public Affairs
 Diane Paonessa, Executive Secretary, Office of the Secretary
 Samuel J. Plumeri, Superintendent of Police/Director of Public Safety
 Desiree Ramos, Principal External Affairs Representative, Government & Community Affairs
 Alan L. Reiss, Deputy Director, World Trade Center Construction
 Richard R. Roper, Director, Planning
 Stephen H. Sigmund, Chief, Public and Government Affairs
 Timothy G. Stickelman, Assistant General Counsel
 Gerald B. Stoughton, Director, Office of Financial Analysis
 Ralph Tragale, Client Manager, Government and Community Affairs
 Lillian D. Valenti, Director, Procurement
 Sheree Van Duyne, Manager, Policies and Protocol, Office of the Secretary
 Peter J. Zipf, Deputy Chief Engineer/Director of Engineering

Guests:

Sonia Frontera, Authorities Unit, Office of the Governor of New Jersey
 Stacie O'Brien, Intern, Office of the Secretary

Public Speakers:

Glenn Corbett, Skyscraper Safety Campaign
 Aimee Hartman, ASPCA
 Patrick Kwan, Humane Society of the United States
 Al Niedermeyer
 Nancy Niedermeyer
 Valerie Sicignano, NYC Feral Cat Initiative
 Imre Szabo, Architect
 Janice Tietjen

The public meeting was called to order by Chairman Coscia at 1:41 p.m. and ended at 2:19 p.m. The Board met in executive session prior to the public session. Commissioner Blakeman was present for a portion of the public session.

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of May 22, 2008. She reported that copies of these Minutes were sent to all of the Commissioners and to the Governors of New York and New Jersey. She reported further that the time for action by the Governors of New York and New Jersey has expired.

Whereupon, the Board of Commissioners unanimously approved the Minutes.

Report of Committee on Operations

The Committee on Operations reported, for information, on matters discussed and action taken in public session at its meeting on June 30, 2008, which included approval of an item to acquire an interest in certain property located in the County of Queens, New York in connection with the Hudson-Raritan Estuary Resources Program, and discussion of an item that would authorize new concessions leases at Newark Liberty International Airport in connection with the first phase of the Terminals A and B Concessions Program, and the report was received.

Report of Committee on Construction

The Committee on Construction reported, for information, on matters discussed in public session at its meeting on June 30, 2008, which included discussion of an item for additional funding and related agreements in connection with a project for the modernization of Terminal B at Newark Liberty International Airport, 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 session at its meeting on June 30, 2008, which included discussion of an item for 1 World Trade Center LLC to enter into a lease agreement with China Center New York LLC for space in One World Trade Center, the Freedom Tower, an agreement to support the programs and activities of the Lower Manhattan Construction Command Center, matters related to the purchase, sale, or lease of real property or securities, where disclosure would affect the value thereof or the public interest and matters involving ongoing negotiations or reviews of contracts or proposals, and the report was received.

Staff Report

A presentation was made by staff on China Center New York LLC – Lease Agreement for Space in One World Trade Center, the Freedom Tower.

The Executive Director provided an update on the status of redevelopment efforts at the World Trade Center site.

**NEWARK LIBERTY INTERNATIONAL AIRPORT – TERMINAL B
MODERNIZATION PROGRAM – INCREASE IN PROJECT
AUTHORIZATION, AWARD OF CONTRACT FOR PROFESSIONAL
ARCHITECTURAL AND ENGINEERING DESIGN SERVICES, AMENDMENT
OF PASSENGER FACILITY CHARGE APPLICATION AND LEASE
SUPPLEMENTS WITH DELTA AIR LINES, INC. AND NORTHWEST
AIRLINES, INC.**

It was recommended that the Board authorize: (1) a \$45.4 million increase in project authorization for the Terminal B Modernization Program (the Program) at Newark Liberty International Airport (EWR), bringing the total authorized amount to an estimated \$324.6 million; (2) a \$1 million increase in authorization for net cost work for Contract EWR-254.003A with Prismatic Development Corporation in connection with the Program; (3) the award of a contract for professional architectural design services for the remaining contract elements, at an estimated amount of \$5.3 million, to URS Corporation (URS); (4) the filing of an application with the Federal Aviation Administration to amend the Passenger Facility Charge (PFC) application to allow for the collection of an additional \$30.5 million in funds for the Program; and (5) supplements to the master lease agreements with Delta Air Lines, Inc. (Delta), AN-542, and Northwest Airlines, Inc. (Northwest), ANA-152, to provide for financial and other support for the Program.

In December 2004, the Board authorized a project for the modernization of Terminal B and related facilities at EWR, at an estimated project cost of \$279.2 million.

The Port Authority manages the Terminal B International Facility, which includes 15 gates at Satellites B-2 and B-3, and a 250,000-square-foot Federal Inspection Services Facility for Customs and Immigration. Delta and Northwest manage the remaining third of the Terminal B building, with nine gates at Satellite B-1.

Delta has been a master lessee of Terminal B at EWR since June 30, 1973, when it assumed the premises from Pan American World Airways, Inc. Delta presently occupies five gates (44, 45, 46, 47 and 48) in Satellite B-1. Staff has determined that Delta is currently in good financial standing with the Port Authority.

Northwest has been a master lessee at EWR since January 1, 1985. On January 1, 1990, Northwest moved its operation to Terminal B. Northwest presently occupies four gates (40, 41A, 41B and 42) in Satellite B-1. Staff has determined that Northwest is currently in good financial standing with the Port Authority.

When Terminal B originally was opened for service in 1973, it consisted of an upper departures level, a middle arrivals level and a lower level for parking. The lower-level parking area was closed after the World Trade Center bombing in 1993, and the level has been underutilized since. The Program is designed to utilize the space in the terminal more effectively by: constructing a new domestic baggage claim hall on the lower level; converting the southern half of the mid-level into a domestic ticketing hall and upgrading the international meet-greeter/interline area; and reconfiguring the upper level and increasing the space available for check-in for international departures.

In addition to work in the main terminal areas, the Program work will enlarge the passenger screening points at the three connectors, install in-line baggage screening for all outbound international baggage, and add additional concessions, an airline passenger lounge and airline back-office space.

Work in the main area of Terminal B has started on the lower level and later will proceed through the middle and upper levels. Since the lower level is currently unoccupied, staging the work in this manner will reduce the impact on passengers and operations.

Four major contracts have been awarded to date: Contract EWR 254.006 for construction of 18 new ticket counters on the lower level; Contract EWR 264.003 for construction of a new domestic baggage claim hall on the lower level; Contract EWR 254.002 for installation of in-line baggage screening for all outbound international baggage and international transfer baggage; and Contract EWR 254.003A for widening of the three passenger screening points.

The cost of major construction projects in the tri-state region has experienced significant escalation, far in excess of that anticipated at the time of project authorization in December 2004. The higher-than-anticipated cost for contracts awarded to date and the forecasted cost of future contracts account for approximately \$41 million of the requested increase in project authorization. The remaining increase in costs is largely attributable to higher design costs because of project complexity and financial expense associated with the project.

Terminal B continues to experience increases in international flight activity. Three new carriers (Qatar Airways, Jet Airways and Porter Airlines) have started international service at EWR, and Continental Airlines has greatly increased its number of international flights arriving at Terminal B. Although this additional activity has resulted in additional revenue for Terminal B, additional costs have been incurred in order to accommodate this additional activity during the construction program. Steps taken to address the changing needs of Terminal B include: construction of 18 permanent check-in counters on the lower level and temporary counters on the mid-level of the terminal; access improvements to interline Bagroom No. 3 to allow simultaneous usage by two air carriers loading wide-body flights; and interim improvements to the international re-check area to increase transfer passenger throughput.

In addition to addressing the ever-changing operating demands being placed on Terminal B, emergency-generating capacity was significantly increased to address ongoing reliability issues with the power supply from Public Service Electric and Gas Company. The scope of work was far greater than originally forecasted, but the resulting improvements will allow for the portions of Terminal B supported by the upgraded emergency generators to operate fully during power disruptions.

EWR is also facing unexpectedly strong demand for airline passenger lounge space. A “temporary” lounge has been created on the mid-level of the terminal, and staff is re-staging the construction work to maximize the availability of lounge space through the duration of the Program.

In December 2006, the Executive Director authorized the award of Contract EWR-254.003A to Prismatic Development Corporation, at a total estimated cost \$65.4 million, inclusive of extra work and net cost. Additional security requirements and greater-than-

anticipated utility relocation work require an increase in the authorization for net cost work, from the existing \$1.9 million to \$2.9 million. The increase in net cost work is reflected in the proposed total increase of \$45.4 million in project authorization.

The recommended engineering design consultant, URS, was selected through a publicly advertised Request for Proposals process. Under the proposed contract, URS would provide expert professional architectural and engineering services for Terminal B's mid-level, upper level, "meeter-greeter" and Fire Department inter-connections for fire standpipe and sprinkler systems, at an estimated amount of \$5.3 million.

The PFC process allows for previously approved applications to be amended, increasing the authority to collect PFCs in support of a project by an amount of up to 25 percent, when required. Thus far, \$122 million in PFCs has been collected in support of the Program. The additional \$30.5 million in the amount of PFC collections that would be generated by the proposed amendment to the PFC application would help offset the increased Program costs.

In connection with the Program, supplemental agreements to the terminal leases with Delta and Northwest would be entered into. These agreements would provide for relocation (at Port Authority expense) of the airlines from their exclusively leased space to comparable space in Terminal B, access by the Port Authority and/or its designees to the airlines' leaseholds to perform the relevant work, and rent increases to be effective on or about March 1, 2009. Delta would pay an additional annual rent amount of \$50,000 through December 31, 2018, and Northwest would pay an additional annual rent amount of \$33,000 through December 31, 2018. In addition, Northwest would surrender approximately 1,200 square feet on the departures level, and 1,456 square feet on the operations level, in Terminal B, with no associated rent adjustment.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Blakeman, Chasanoff, Coscia, Holmes, Mack, Pocino, Sartor, Silverman and Steiner voting in favor; none against:

RESOLVED, that an increase of \$45.4 million in the authorization for the Terminal B Modernization Program (Program) at Newark Liberty International Airport (EWR), bringing the total authorized amount to an estimated \$324.6 million, 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 increase by \$1 million the authorization for net cost work for Contract EWR-254.003A with Prismatic Development Corporation in connection with the Program, from \$1.9 million to \$2.9 million; 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 professional architectural design services for the remaining contract elements of the Program, at an estimated amount of \$5.3 million, to URS Corporation; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to file an application with the Federal Aviation Administration to amend the Passenger Facility Charge application to allow for the collection of an additional \$30.5 million in funds for the Program; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to supplement the EWR Terminal B master lease agreements with Delta Air Lines, Inc. (AN-542) and Northwest Airlines, Inc. (ANA-152) to provide for financial and other support for the Program by the lessees, substantially in accordance with the terms outlined to the Board; and it is further

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

JOHN F. KENNEDY INTERNATIONAL, NEWARK LIBERTY INTERNATIONAL AND LAGUARDIA AIRPORTS - ELRAC, INC. (D/B/A ENTERPRISE RENT-A-CAR) – NEW LEASE AND PRIVILEGE PERMITS

It was recommended that the Board authorize the Executive Director to enter agreements with ELRAC, Inc. d/b/a Enterprise Rent-A-Car (Enterprise) for: (1) the leasing of Building 69 and 3.83 acres of associated land area (the Lease) at John F. Kennedy International Airport (JFK); (2) an operating permit granting Enterprise permission to conduct on-airport its rental car operations at JFK and LaGuardia Airport (LGA); (3) an operating permit granting Enterprise permission to conduct on-airport its rental car operations at Newark Liberty International Airport (EWR); and (4) the amendment and/or termination of existing permits in connection with Enterprise's current off-airport car rental operations at JFK, LGA and EWR. The Lease would be for a ten-year term commencing on or about September 1, 2008. The operating permits also would commence on or about September 1, 2008, but, as in the case with other on-airport car rental permits, would be for an indefinite term.

Enterprise would invest approximately \$4.5 million to renovate Building 69 and prepare the associated ground area for its rental car operation at JFK. The operating permits would be revocable by the Port Authority on 30 days' notice without cause. If the Port Authority were to revoke either of the permits for cause, the Port Authority would be able to terminate the Building 69 Lease and revoke Enterprise's other permits for cause. Additionally, in the event the Port Authority were to revoke either of Enterprise's operating permits without cause on 30 days' notice, Enterprise's Lease for Building 69 would terminate automatically on the effective date of such revocation, and the Port Authority would pay Enterprise its unamortized investment in the premises, in an amount not to exceed \$4.5 million, amortized on a straight-line basis over the period from the completion of construction to the expiration date of the Lease.

Enterprise would pay the Port Authority aggregate rental and percentage fees for the Lease and operating permits estimated at approximately \$35 million over a ten-year period.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Blakeman, Chasanoff, Coscia, Holmes, Mack, Pocino, Sartor, Silverman and Steiner voting in favor; none against:

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into agreements with ELRAC, Inc. d/b/a Enterprise Rent-A-Car (Enterprise) for: (1) the leasing of Building 69 and 3.83 acres of associated land area at John F. Kennedy International Airport (JFK); (2) an operating permit granting Enterprise permission to conduct on-airport its rental car operations at JFK and LaGuardia (LGA) Airports; (3) an operating permit granting Enterprise permission to conduct on-airport rental car operations at Newark Liberty International Airport (EWR); and (4) the amendment and/or termination of existing permits in connection with Enterprise's current off-airport car rental operations at JFK, LGA and EWR; all substantially in accordance with the terms and conditions outlined to the Board; and it is further

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

**NEWARK LIBERTY INTERNATIONAL AIRPORT – TERMINALS A AND B
CONCESSIONS PROGRAM – NEW LEASE AGREEMENTS – PHASE ONE**

It was recommended that the Board authorize the Executive Director to enter into 14 new concessions leases constituting Phase One of the concessions program for Terminals A and B at Newark Liberty International Airport (Airport). Phase One would cover the leasing of approximately 23,000 square feet of space for the operations of these various concession establishments.

On July 26, 2007, the Board authorized the Executive Director to enter into a management agreement with Westfield Concessions Management, LLC (Westfield) for the management of the retail and food and beverage concessions at, and loading dock and storage facilities for, Terminals A and B at the Airport. That agreement was entered into for a seven-year term, which expires on August 31, 2014. In connection with the performance of its management services, Westfield has recommended that the Port Authority enter into 14 new concessions leases.

The concessionaires each would be obligated to pay the greater of a minimum annual guaranteed rent (MAG) or percentage rent based on the gross receipts of the concessionaire's operation. In addition, the concessionaires would pay an additional promotion fee over the lease term. The concessionaires would be obligated to make an initial capital investment in connection with their occupancy of the leased premises, and the Port Authority would retain the right to terminate the leases on 30 days' notice, without cause, in which event the Port Authority would be obligated to reimburse the concessionaires for their respective unamortized capital investment. The various lease terms would range from five to seven years. It should be noted that an unsuccessful proposer has filed a procurement protest with respect to several of the leases being authorized today. The execution of those leases would be deferred pending the final resolution by the Port Authority of such protest.

Specific material terms of the concessions leases are as follows:

AMS BW Newark JV d/b/a Hudson News – Lease ANB-845

AMS BW Newark JV d/b/a Hudson News would lease approximately 4,193 rentable square feet (rsf) of space in Terminal A for the operation of five news and gift concession spaces. The term of the letting would be for seven years from the Date of Beneficial Occupancy (DBO), commencing on or about September 1, 2008. The aggregate rental over the term of the lease would be approximately \$23,369,528 in MAG, in addition to the promotion fee.

Newslink of Newark, LLC d/b/a Newslink – Lease ANB-846

Newslink of Newark, LLC d/b/a Newslink would lease approximately 5,302 rsf of space in Terminal B for the operation of five news and gift concession spaces. The lease term would be for seven years from the DBO, commencing on or about September 1, 2008. The aggregate rental over the lease term would be approximately \$23,170,000 in MAG, in addition to the promotion fee.

EJE Retail, LLC – Lease ANB-847

EJE Retail, LLC would lease approximately 5,451 rsf of space in Terminal B for the operation of four duty-free concession spaces. The lease term would be for seven years from the DBO, commencing on or about September 1, 2008. The aggregate rental over the lease term would be approximately \$33,022,500 in MAG, in addition to the promotion fee.

Contemporary Asian Concepts, Inc. d/b/a Yushi – Lease ANB-848

Contemporary Asian Concepts, Inc. d/b/a Yushi would lease approximately 737 rsf of space for the operation of a food concession in the Terminal A food court. The term of the letting would be for seven years from the DBO, commencing on or about September 1, 2008. The aggregate rental over the term of the lease would be approximately \$1,547,000 in MAG, in addition to the promotion fee.

Sbarro, Inc. – Lease ANB-849

Sbarro, Inc. would lease approximately 766 rsf of space for the operation of a food concession in the Terminal A food court. The term of the letting would be for seven years from the DBO, commencing on or about September 1, 2008. The aggregate rental over the term of the lease would be approximately \$3,213,000 in MAG, in addition to the promotion fee.

Gonzalez Food Consultants, LLC d/b/a Popeye's Chicken and Biscuits – Lease ANB-850

Gonzalez Food Consultants, LLC d/b/a Popeye's Chicken and Biscuits would lease approximately 927 rsf of space for the operation of a food concession in the Terminal B food court. The term of the letting would be for seven years from the DBO, commencing on or about September 1, 2008. The aggregate rental over the term of the lease would be approximately \$1,785,000 in MAG, in addition to the promotion fee.

FD Leasing Group, LLC d/b/a Famous Famiglia – Lease ANB-851

FD Leasing Group, LLC d/b/a Famous Famiglia would lease approximately 959 rsf of space for the operation of a food concession in the Terminal B food court. The term of the letting would be for seven years from the DBO, commencing on or about September 1, 2008. The aggregate rental over the term of the lease would be approximately \$1,925,000 in MAG, in addition to the promotion fee.

Underwraps LLC d/b/a Currito (Burritos without Borders) – Lease ANB-852

Underwraps LLC d/b/a Currito (Burritos without Borders) would lease approximately 904 rsf of space for the operation of a food concession in the Terminal B food court. The term of the letting would be for seven years from the DBO, commencing on or about September 1, 2008. The aggregate rental over the term of the lease would be approximately \$1,260,000 in MAG, in addition to the promotion fee.

Universal Coffee Express III, LLC d/b/a Sandella's – Lease ANB-853

Universal Coffee Express III, LLC d/b/a Sandella's would lease approximately 337 rsf of space in Terminal B for the operation of a food-and-beverage concession space. The lease term would be for seven years from the DBO, commencing on or about September 1, 2008. The aggregate rental over the lease term would be approximately \$1,260,000 in MAG, in addition to the promotion fee.

Universal Coffee Express III, LLC d/b/a Seattle's Best Coffee – Lease ANB-854

Universal Coffee Express III, LLC d/b/a Seattle's Best Coffee would lease approximately 217 rsf of space in Terminal A for the operation of a food-and-beverage concession space. The lease term would be for seven years from the DBO, commencing on or about September 1, 2008. The aggregate rental over the lease term would be approximately \$1,722,000 in MAG, in addition to the promotion fee.

Universal Coffee Express III, LLC d/b/a Java Moon Café – Lease ANB-855

Universal Coffee Express III, LLC d/b/a Java Moon Café would lease approximately 1,229 rsf of space in Terminal B for the operation of a food-and-beverage concession space. The lease term would be for seven years from the DBO, commencing on or about September 1, 2008. The aggregate rental over the lease term would be approximately \$1,470,000 in MAG, in addition to the promotion fee.

AMS BW Newark JV d/b/a Papyrus – Lease ANB-856

AMS BW Newark JV d/b/a Papyrus would lease approximately 359 rsf of space in Terminal A for the operation of a specialty retail concession space. The lease term would be for five years from the DBO, commencing on or about September 1, 2008. The aggregate rental over the lease term would be approximately \$558,450 in MAG, in addition to the promotion fee.

AMS BW Newark JV d/b/a Taxco Sterling – Lease ANB-857

AMS BW Newark JV d/b/a Taxco Sterling would lease approximately 172 rsf of space in Terminal A for the operation of a specialty retail concession space. The lease term would be for five years from the DBO, commencing on or about September 1, 2008. The aggregate rental over the lease term would be approximately \$414,375 in MAG, in addition to the promotion fee.

Olde Mill Company, Inc. d/b/a America! – Lease ANB-857

Olde Mill Company, Inc. d/b/a America! would lease approximately 919 rsf of space in Terminal B for the operation of a specialty retail concession space. The lease term would be for five years from the DBO, commencing on or about September 1, 2008. The aggregate rental over the lease term would be approximately \$476,000 in MAG, in addition to the promotion fee.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into the 14 concessions lease agreements set forth above, for a total of approximately 23,000 square feet of space in Terminals A and B at Newark Liberty International Airport, substantially in accordance with the terms and conditions outlined to the Board; the form of the agreements shall be subject to the approval of General Counsel or his authorized representative.

ONE WORLD TRADE CENTER, THE FREEDOM TOWER – 1 WORLD TRADE CENTER LLC – CHINA CENTER NEW YORK LLC – LEASE AGREEMENT

It was recommended that the Board authorize 1 World Trade Center LLC (1 WTC LLC) to: (1) enter into a lease agreement with China Center New York LLC (CCNY) for the leasing of approximately 189,438 rentable square feet of office space and approximately 5,000 rentable square feet of below-grade storage space in One World Trade Center, the Freedom Tower (Tower 1), for an initial term of 22 years, nine months, with rental payment commencing nine months following CCNY's commencement of initial installation work in the premises, the commencement of rental payment being subject to postponement and the lease term subject to extension, in the event certain building systems and passenger elevator service and lobby access are not made available within the first nine months of the term; (2) spend up to \$500,000 for incremental architectural and engineering services, reimbursable by CCNY, for certain Tower 1 redesigns to accommodate CCNY's specific needs; and (3) enter into a brokerage agreement with Jones Lang LaSalle for professional real estate brokerage services in connection with this proposed transaction, in the amount of approximately \$8.4 million, unless CCNY elects to add up to two additional floors to the premises, in full-floor increments only, in which event the amount of the brokerage commission would be increased by approximately \$3.4 million.

Under the terms of the lease agreement, CCNY would lease five mid-level contiguous floors in Tower 1. CCNY would have the right, exercisable not later than June 30, 2009, to lease up to two additional contiguous full floors on the same terms and conditions. The total aggregate rental to be paid by CCNY over the term of the lease would be approximately \$370.4 million.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Blakeman, Chasanoff, Coscia, Holmes, Mack, Pocino, Sartor, Silverman and Steiner voting in favor; none against:

RESOLVED, that 1 World Trade Center LLC be and it hereby is authorized to: (1) enter into a lease agreement with China Center New York LLC (CCNY) for the leasing of approximately 189,438 rentable square feet of office space and approximately 5,000 rentable square feet of below-grade storage space in One World Trade Center, the Freedom Tower (Tower 1), substantially in accordance with the terms outlined to the Board; (2) spend up to \$500,000 for incremental architectural and engineering services for certain Tower 1 redesigns, to be reimbursable by CCNY, to accommodate CCNY's needs; and (3) enter into a brokerage agreement with Jones Lang LaSalle for professional real estate brokerage services in connection with this transaction, in the amount of approximately \$8.4 million, unless CCNY elects to add up to two additional floors to the premises, in which event the amount of the brokerage commission will be increased by up to approximately \$3.4 million; and it is further

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

**ACCESS TO THE REGION'S CORE (ARC) PROJECT (FORMERLY KNOWN AS
"THE TUNNEL") – FACILITY CERTIFICATION**

On July 27, 2006, the Board authorized Port Authority expenditures of at least \$1 billion to implement the Access to the Region's Core Project (the Project), to facilitate efficient mass transportation and ease congestion on the Port Authority's transportation infrastructure and the New York-New Jersey region, subject to: (1) an increase of up to a total aggregate amount of \$2 billion as the Project's financing plan evolves during the approval process; (2) further Board approval for implementation of the Project; and (3) certification of the Project as an additional facility of the Port Authority, pursuant to bond covenants, with respect to implementation of the Project other than for preliminary planning and engineering costs in connection therewith. In addition, the Board authorized the expenditure of up to \$10 million for preliminary planning and engineering activities pertaining to the design, development and construction of the Project, including reimbursement of costs incurred by New Jersey Transit Corporation (NJ Transit) for such activities. On October 19, 2006, the Board authorized the identification, and subject to further authorization, the acquisition of real property in New York City that will be necessary to effectuate the Project, through the Port Authority's Pre-development Site Acquisition Program. Additionally, the Port Authority's Updated 2007-2016 Ten-Year Capital Plan, adopted on December 16, 2007, allocates \$3 billion for the Project.

As currently proposed, the Project will include, among other items, the construction of a new passenger rail tunnel under the Hudson River and a new underground passenger terminal adjacent to the Pennsylvania Station in New York City, expanding links between NJ Transit's extensive commuter-rail network and Pennsylvania Station. The Project also will provide associated rail improvements to the Northeast Corridor between New York and New Jersey.

Overall responsibility for the effectuation of the various components of the Project will be set forth in a General Project Agreement to be entered into between NJ Transit and the Port Authority. It is anticipated that the Port Authority will not incur any operating and maintenance expenses or replacement costs relating to the Project, and that all such operating and maintenance expenses and, to the extent of available insurance or federal funds received by NJ Transit, replacement costs, shall be borne by NJ Transit. Total project costs are currently estimated to be \$7.6 billion, and it is anticipated that any costs in excess of the Port Authority's participation will be provided through federal grants and other New Jersey funding sources identified by NJ Transit.

In accordance with resolutions establishing the outstanding series of Consolidated Bonds (which also includes Consolidated Notes), since the Project would be a new additional facility of the Port Authority, before any Port Authority funds (other than solely for preliminary planning and engineering activities) can be used in connection with the effectuation of the Project, at the time of issuance of the first series of Consolidated Bonds for purposes which include capital expenditures in connection with the Project, the Port Authority must first certify its opinion as to certain matters relating to the financial effect upon the Port Authority of the effectuation of the Project as an additional facility of the Port Authority.

So that the Commissioners, in the exercise of sound business judgment, may act on this certification of opinion, the Chief Financial Officer reviewed with the Commissioners the projected overall financial standing and condition of the Port Authority and the economics of the Project on the basis of the issuance of Consolidated Bonds to provide \$3 billion of the currently estimated project costs.

It is the Chief Financial Officer's opinion that, subject to reaffirmation of this opinion at the time of issuance of the first series of Consolidated Bonds for purposes which include capital expenditures for the Project, the application of any portion of the proceeds of such series of Consolidated Bonds in connection with the Project will not, during the periods 2008 through 2037, reflecting the traditional 30-year term of long-term Consolidated Bonds, and 2009 through 2018, the immediately ensuing ten-year period associated with Consolidated Bonds, including Consolidated Notes, with a maturity of less than ten years, in the light of the Port Authority's estimated expenditures in connection with the Project and the total anticipated revenues and expenses of the Port Authority during those periods, materially impair the sound credit standing of the Port Authority or the investment status of Consolidated Bonds or the ability of the Port Authority to fulfill its commitments, whether statutory or contractual or reasonably incidental thereto, including its undertakings to the holders of Consolidated Bonds.

The Chief Financial Officer's opinion incorporated anticipated results for the Port Authority for the period 2009-2018, and schedules showing presently anticipated cash flows for the Project, which did not include the receipt of revenues from the Project by the Port Authority, and anticipated revenues and expenses of the Port Authority. The opinion was based upon these forecasts and other conditions existing at the present time. The Chief Financial Officer's opinion also indicated that it was not reasonable to forecast accurately beyond this ten-year period. Therefore, his judgment with respect to the financial ability of the Port Authority to continue to maintain net revenues sufficient to pay debt service on its obligations was based upon the continued ability of the Port Authority to function and fulfill its agreements with the holders of its obligations.

In reaching the conclusions set forth in his opinion, the Chief Financial Officer considered the covenants with holders of Consolidated Bonds and his assumption that the Port Authority will continue to comply with such covenants, including its covenant to establish charges in connection with the Port Authority's facilities to the end that at least sufficient net revenues may be produced therefrom to provide for the debt service on all Consolidated Bonds, including those issued for purposes of capital expenditures in connection with the Project. The conclusions set forth in the opinion were also based on the Chief Financial Officer's consideration of the present financial condition of the Port Authority and its continued ability to conduct its business affairs, the assumption that the Port Authority's ability to continue to honor such covenants will necessitate increases from time to time in the Port Authority's tolls, fares, fees, rentals and other charges, or reductions in services and associated expenditures, and the assumption set forth in the preceding sentence. As such, it is, therefore, the judgment of the Chief Financial Officer that the Port Authority will, at all times during the ensuing 30-year period, continue to maintain sufficient net revenues to pay debt service on all Consolidated Bonds.

The Chief Financial Officer's opinion noted that any forecast is subject to uncertainties. Inevitably, some assumptions will not be realized and unanticipated events and circumstances may occur. Therefore, estimates of future revenues and expenses constitute present estimates and statements of expectation, which may or may not be fulfilled in the future. Additionally, there are likely to be differences between the forecasts underlying the opinion and actual results, and those differences may be material. However, the Chief Financial Officer's opinion and these estimates were based in part on information supplied by the Project Director, the Comptroller, and the Director of Management and Budget, which information the Chief Financial Officer believed to be accurate.

The Executive Director, Deputy Executive Director, Chief Financial Officer or Treasurer would be authorized to reaffirm the certification at the time of issuance of such Consolidated Bonds, provided that there is no substantial adverse change in the economic basis for the certification.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Blakeman, Chasanoff, Coscia, Holmes, Mack, Pocino, Sartor, Silverman and Steiner voting in favor; none against:

RESOLVED, that certification is hereby made as of June 30, 2008, that, in the opinion of The Port Authority of New York and New Jersey, the issuance of Consolidated Bonds (which includes Consolidated Notes) for purposes which include capital expenditures in connection with the Access to the Region's Core Project (the Project) will not, during the periods 2008 through 2037 and 2009 through 2018, in light of the Port Authority's estimated expenditures in connection with the Project, and the total anticipated revenues and expenses of the Port Authority during those periods, materially impair the sound credit standing of the Port Authority or the investment status of Consolidated Bonds or the ability of the Port Authority to fulfill its commitments, whether statutory or contractual or reasonably incidental thereto, including its undertakings to the holders of Consolidated Bonds; and it is further

RESOLVED, that the Executive Director, Deputy Executive Director, Chief Financial Officer or Treasurer be and each hereby is authorized to reaffirm said certification on behalf of the Port Authority at the time of issuance of the first series of Consolidated Bonds (which includes Consolidated Notes) for purposes which include capital expenditures in connection with the Project, provided that there is no substantial adverse change in the economic basis for said certification, in which event said certification shall remain in effect as the opinion of the Port Authority at such time of issuance.

ACCESS TO THE REGION'S CORE (ARC) PROJECT (FORMERLY KNOWN AS "THE TUNNEL") – INCREASE IN PROJECT AUTHORIZATION AND AUTHORIZATION OF ADDITIONAL PORT AUTHORITY FUNDING

It was recommended that the total project authorization for the Port Authority's participation in the Access To the Region's Core Project (the Project) be increased to a total aggregate amount of \$3 billion, consistent with the Port Authority's Updated 2007-2016 Ten-Year Capital Plan adopted on December 18, 2007, and that the Executive Director be authorized to expend up to \$100 million of such amount for costs in connection with property acquisitions, administrative expenses, planning, final design and engineering and construction of the Project through year-end 2008, including prior expenditures and commitments totaling approximately \$34 million.

As currently proposed, the Project will include, among other items, the construction of a new passenger rail tunnel under the Hudson River and a new underground passenger terminal adjacent to the Pennsylvania Station in New York City, expanding links between New Jersey Transit Corporation's (NJ Transit) extensive commuter-rail network and Pennsylvania Station. The Project also will provide associated rail improvements to the Northeast Corridor between New York and New Jersey. Overall responsibility for the effectuation of the various components of the Project will be set forth in a General Project Agreement to be entered into between NJ Transit and the Port Authority.

It is anticipated that the Port Authority will not incur any operating and maintenance expenses or replacement costs relating to the Project, and that all such operating and maintenance expenses and, to the extent of available insurance or federal funds received by NJ Transit, replacement costs, shall be borne by NJ Transit. Total project costs are currently estimated to be \$7.6 billion, and it is anticipated that any costs in excess of the Port Authority's participation will be provided through federal grants and other New Jersey funding sources identified by NJ Transit. It is expected that the Board will be asked to approve additional incremental funding requests until the cumulative authorized capital expenditures by the Port Authority reach \$3 billion.

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

RESOLVED, that the project authorization for the Access To the Region's Core Project (the Project) be and it hereby is increased, to a total aggregate amount of \$3 billion, and that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to expend up to \$100 million of such amount for costs incurred through year-end 2008 in connection with property acquisitions, administrative expenses, planning, final design and engineering and construction of the Project, including prior expenditures and commitments totaling approximately \$34 million; 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 agreements, contracts and other documents to facilitate the Project, together with amendments and supplements thereof, or

amendments and supplements to existing agreements, including amendments or supplements to the existing Memorandum of Understanding between the Port Authority and New Jersey Transit Corporation, dated August 10, 2007, and to take action in accordance with the terms of such agreements, contracts and other documents, as may be necessary in connection therewith; 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 in connection with the identification of real property in New York City that will be necessary to effectuate the development of the Project, and to incur all costs and expenses and execute all documents, including, without limitation, conveyances or other documents relating to transfer of property interests to the Port Authority, and agreements with public and private entities which, among other matters, may involve utility relocation, environmental studies and investigations, appraisals, surveys, title searches and title insurance necessary and incidental to such identification and acquisition; and it is further

RESOLVED, that the Committee on Operations be and it hereby is authorized to approve the final terms of the purchase or transfer of real property interests required in connection with the development of the Project; and it is further

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

CONFIDENTIAL ITEM

The Board also authorized a claim settlement that shall remain confidential pursuant to the terms of the settlement agreement.

Whereupon, the meeting was adjourned.

Secretary