

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Thursday, March 27, 2008

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**MINUTES of the Meeting of The Port Authority of New York and New Jersey held Thursday, March 27, 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. David S. Steiner

NEW YORK

Hon. Henry R. Silverman, Vice-Chairman
Hon. Michael J. Chasanoff
Hon. Christine A. Ferer
Hon. David S. Mack

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

Diana E. Beecher, Chief Technology Officer
A. Paul Blanco, Chief Financial Officer
Ernesto L. Butcher, Deputy Executive Director, Operations
John D. Brill, Director, Audit
Rosemary Chiricolo, Assistant Director, Management and Budget
Arthur J. Cifelli, Director, PABT Redevelopment Project
Steven J. Coleman, Assistant Director, Media Relations, Public Affairs
William R. DeCota, Director, Aviation
Michael P. DePallo, Director and General Manager, PATH
Michael P. Dombrowski, Cinematographer, Public Affairs
John J. Drobny, Director, Project Management
Michael G. Fabiano, Deputy Chief Financial Officer/Comptroller
Michael B. Francois, Director, Development
Jennifer Friedberg, Staff Public Information Officer, Media Relations, Public Affairs
Cedrick T. Fulton, Deputy Director, Tunnels, Bridges and Terminals
William H. Goldstein, Deputy Executive Director, Capital Programs
Linda C. Handel, Assistant Secretary
Mary Lee Hannell, Director, Human Resources
Alan H. Hicks, Senior Public Information Officer, Public Affairs
Lawrence S. Hofrichter, Deputy General Counsel
Kevin J. Kirchman, Deputy Director, Public Affairs
Jason E. Kirin, Client Manager, Government and Community Affairs
Joseph J. Kucich, Professional Assistant, Office of the Secretary
Louis J. LaCapra, Chief Administrative Officer
Christina M. Lado, Director, Government and Community Affairs
Richard M. Larrabee, Director, Port Commerce
Marc LaVorgna, Assistant Director, Media Relations, Public Affairs
Susan Bass Levin, First Deputy Executive Director
Francis J. Lombardi, Chief Engineer
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, Board Management Support Specialist, Office of the Secretary
Anne Marie C. Mulligan, Treasurer

Lynn A. Nerney, Senior Business Manager, Office of the Secretary
 Tony F. Oliver, Senior Marketing Analyst, Public Affairs
 Steven P. Plate, Director, World Trade Center Construction
 Samuel J. Plumeri, Jr., Superintendent of Police/Director of Public Safety
 Andrew M. Rachlin, Special Assistant to the Executive Director
 Desiree Ramos, Executive Assistant to the First Deputy Executive Director
 Richard R. Roper, Director, Planning
 George Sarrinikolaou, Environmental Policy Manager, Office of Environmental Policy and
 Programs/Compliance
 Stephen H. Sigmund, Chief, Public and Government Affairs
 Timothy G. Stickelman, Assistant General Counsel
 Gerald B. Stoughton, Director, Office of Financial Analysis
 Nairi H. Tashjian, Federal Relations Manager, Government and Community Affairs
 Ralph Tragale, Client Manager, Government and Community Affairs
 Lillian D. Valenti, Director, Procurement
 Sheree Van Duyne, Manager, Policies and Protocol, Office of the Secretary
 Christopher R. Zeppie, Director, Office of Environmental Policy and Programs/Compliance

Guests:

Sonia Frontera, Authorities Unit, Office of the Governor of New Jersey
 Andrea Roitman

Public Speaker:

Patricia Campos, State Director, Unite Here

The public session was called to order by Chairman Coscia at 1:45 p.m. and ended at 2:32 p.m. The Board met in executive session prior to the public session.

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of February 21, 2008. She reported that copies of these Minutes were sent to all of the Directors and to the Governors of New York and New Jersey. She reported further that the time of action by the Governors of New York and New Jersey has expired.

Whereupon, the Board of Commissioners unanimously approved the Minutes.

Report of World Trade Center Redevelopment Subcommittee

The World Trade Center Redevelopment Subcommittee reported, for information, on matters discussed in public session at its meeting on March 27, 2008, which included discussion of an item for additional planning in connection with World Trade Center site redevelopment, discussion of an item for the performance of additional tasks under the existing professional services agreement in connection with the design and construction of One World Trade Center, the Freedom Tower, discussion of three items authorizing award of construction trade contracts in connection with One World Trade Center, the Freedom Tower, an item authorizing acceptance of assignment of a construction trade contract for structural concrete work for the World Trade Center Memorial and Memorial Museum Project and World Trade Center Infrastructure Projects, as well as a status report on construction at the World Trade Center site, and the report was received.

Report of Committee on Finance

The Committee on Finance reported, for information, on matters discussed in public and executive sessions at its meeting on March 27, 2008, which included discussion of an item to retain expert professional underwriting services for the financing of One World Trade Center, the Freedom Tower, and retail components of the World Trade Center site and matters related to, or which could impact upon, the issuance, sale, resale, or redemption of Port Authority bonds, notes, or other obligations, and the report was received.

Report of Committee on Capital Programs/Agency Planning

The Committee on Capital Programs/Agency Planning reported, for information, on matters discussed in public session at its meeting on March 27, 2008, which included discussion and review of items for planning in connection with certain runway access improvements and the rehabilitation of Runway 13-31L at John F. Kennedy International Airport, an item authorizing a Memorandum of Agreement with the Metropolitan Transportation Authority (MTA) under which the Port Authority would participate in the MTA's West-of-the-Hudson Regional Transit Access Study, and an agreement authorizing the United States Army Corps of Engineers, with the assistance of the United States Coast Guard, to independently assess the degree to which the

current air draft of the Bayonne Bridge affects future port trade, navigational safety and transportation economics, and the report was received.

Executive Director's Report

The Executive Director provided a status report on various projects and accomplishments since the Board's last meeting.

Staff Reports

Presentations were made on:

- 1) Port Authority Sustainability Program Authorization;
- 2) World Trade Center Site – Construction Update; and
- 3) John F. Kennedy International Airport – Delay Reduction Program – Planning Authorization

JOHN F. KENNEDY INTERNATIONAL AIRPORT – RUNWAY 13R-31L REHABILITATION – PLANNING AUTHORIZATION

It was recommended that the Board authorize planning work, in an estimated amount of \$3 million, for the rehabilitation of Runway 13R-31L at John F. Kennedy International Airport (JFK) and for infrastructure and operational improvements at Runway 13R-31L, to maintain a state of good repair, increase capacity and reduce delays.

Runway 13R-31L, JFK's longest runway, supports over 30 percent of the airport's annual operations. It was last rehabilitated in 1993; interim repairs were made in 2004. Increased aircraft traffic has resulted in wear of the existing asphalt pavement. Based on annual inspections of the runway, analysis of the airport's Integrated Airport Pavement Management System (IAPMS) and review of Federal Aviation Administration (FAA) runway pavement requirements, staff has determined that planning for the rehabilitation of Runway 13R-31L should be conducted at this time.

Runway 13R-31L also needs to be widened, and its shoulder pavements strengthened, to accommodate FAA Design Group VI aircraft, and several delay reduction initiatives (including the relocation of runway thresholds and modifications to access taxiways) need to be implemented.

Due to the level of air traffic at JFK, extensive planning efforts and coordination of construction activities would be necessary to minimize operational impacts of the runway rehabilitation project.

The proposed planning work would make use of expert professional engineering and planning services and would include field inspection, evaluation of pavement options, consideration of staging options, a lifecycle cost analysis (and several other planning, performance and cost analyses) and development of design documents, reports and other documents.

This planning effort would be directed toward a scope of work which would include repaving the entire runway (including widening it from 150 to 200 feet), taxiway fillet widening, improvements to access taxiways, safety area re-grading, new lighting and electrical infrastructure, a new electrical feeder system and accommodations for future navigational aids.

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

RESOLVED, that planning work, in an estimated amount of \$3 million, for rehabilitation of Runway 13R-31L at John F. Kennedy International Airport and for related infrastructure and operational improvements, in order to maintain a state of good repair, increase capacity and reduce delays, 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 take action with respect to contracts for professional and advisory services and such other contracts and agreements as may be necessary to effectuate the foregoing planning work, 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 planning work shall be subject to the approval of General Counsel or his authorized representative.

JOHN F. KENNEDY INTERNATIONAL AIRPORT – RUNWAY ACCESS IMPROVEMENTS (JFK DELAY REDUCTION PROGRAM) – PLANNING AUTHORIZATION

It was recommended that the Board authorize planning work, in an estimated amount of \$5 million, for continued study, design development and validation for a series of aeronautical infrastructure improvements at John F. Kennedy International Airport (JFK) aimed at improving operational efficiencies and reducing air traffic delays. The improvements would include up to 11 runway access projects with an estimated value of \$150 million. The projects include four taxiway extension projects that would improve aircraft traffic flow to the ends of the runways, four runway access programs that would manage aircraft traffic by improving staging of departing aircraft and three projects to evaluate construction of new taxiways that would provide additional pavement for aircraft to queue for departure. Planning for seven of these projects would be completed in 2008. Project authorization for the highest benefit projects relative to cost would be sought late this year. Of the remaining projects, two would begin planning at the end of the year and the remaining two in 2010.

Significant growth in JFK air traffic operations in the past two years has led to increased delays. In July 2007, the Port Authority, with representatives of industry and government, established a Delay Reduction Task Force. Then, in December 2007, the Federal Aviation Administration announced interim steps, beginning in March 2008, to limit flights in and out of JFK during peak periods to 80-82 flights per hour, a decrease of over 20 percent from previous peak-period schedules.

Also in December 2007, the Board approved the Updated 2007-2016 Capital Plan, which included \$150 million for “Runway Access Improvements (JFK Delay Reduction Program).” These improvements would increase flexibility in routing aircraft to and from the ends of runways, thus improving operational efficiencies and mitigating delays caused by taxiway congestion. Each proposed improvement would then undergo a cost-benefit analysis.

This proposed planning authorization would advance the design of ground improvement projects to a point where cost-benefit analyses could be performed, with the goals of improving operational efficiencies and reducing JFK’s delay impact on the national air traffic system.

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

RESOLVED, that planning work, to include continued study, design development and validation for a series of aeronautical infrastructure improvements at John F. Kennedy International Airport, including up to 11 runway access projects, at a total estimated planning cost of \$5 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 take action with respect to contracts for professional and advisory services and such other contracts and agreements as may be necessary to effectuate the foregoing planning work, 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 planning work shall be subject to the approval of General Counsel or his authorized representative.

DOWNTOWN RESTORATION PROGRAM - WORLD TRADE CENTER SITE PLANNING AND REDEVELOPMENT – INCREASE IN PLANNING AUTHORIZATION

It was recommended that the Board authorize an increase of \$4.2 million in the planning authorization for World Trade Center (WTC) Site Planning and Redevelopment, resulting in a total authorization of \$56.7 million, to continue planning and engineering activities for the WTC site through March 2009.

Various components of the WTC site redevelopment will now be advancing beyond the conceptual planning stages into final design and construction. In September 2003, the Lower Manhattan Development Corporation (LMDC) and the Port Authority announced the refined WTC Site Master Plan, based on the “Memory Foundations” concept developed by Studio Daniel Libeskind. In January 2004, the LMDC announced selection of the WTC Memorial design, “Reflecting Absence.” In June 2005, a revised final design concept for One World Trade Center, the Freedom Tower, was finalized. Planning work to date has included analysis of Lower Manhattan transportation needs, development of initial site plans, development of the WTC Site Master Plan and General Project Plan, negotiation of a Redevelopment Agreement with the City of New York, formulation/adoption of Commercial, Sustainable and Security Design Guidelines, and cost estimates and funding strategies.

Implementation of the WTC Site Master Plan and WTC site redevelopment components will require further architectural and engineering work, including, but not limited to, the ongoing project development efforts, which include design reviews and development coordination activities with other entities performing work on the WTC site, planning for future WTC operations, site utility planning, cost and funding analysis, site development coordination with the Eastern and Southern site work, and WTC Site Master Plan coordination for the WTC site redevelopment components.

Other WTC site planning and engineering efforts for WTC site construction support and coordination, for a site-wide Operations Command Center, planning for site-wide wireless communications (radio) systems, both emergency and non-emergency, are proceeding under separate programs and Board authorizations.

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

RESOLVED, that an increase of \$4.2 million in the planning authorization for World Trade Center (WTC) Site Planning and Redevelopment, resulting in a total authorization of \$56.7 million, to continue planning and engineering activities for the WTC site through March 2009, be and it hereby is authorized.

**ONE WORLD TRADE CENTER, THE FREEDOM TOWER PROJECT –
AUTHORIZATION TO INCREASE AMOUNTS FOR PROFESSIONAL
SERVICES AGREEMENTS**

It was recommended that the Board authorize 1 World Trade Center LLC (1 WTC LLC), in order to further the construction of One World Trade Center, the Freedom Tower (the Freedom Tower Project), to retain additional consulting services, including design, planning, technical, peer review, testing, inspection, advisory and construction administration services as required among the various firms listed on the attached addendum on an “as needed” basis, at a cost of up to \$5.925 million.

At its February 22, 2007 meeting, the Board authorized 1 WTC LLC to enter into a number of professional service agreements in connection with the development of the Freedom Tower Project. The aggregate amount authorized for these services is currently \$25,893,000.

The requested action would increase the funding available for professional services from \$25,893,000 to \$31,818,000. The services of these firms are required to continue and maintain the current Freedom Tower Project design and construction program. It is anticipated that the duration of the services will extend through December 2012.

The proposed action would not affect funding for the principal design firm, Skidmore Owings & Merrill (SOM). Negotiations continue with SOM on the terms of a new agreement and, if necessary, an additional Board action will be requested to provide further funding for SOM, upon completion of the contract negotiations.

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

RESOLVED, that 1 World Trade Center LLC be and it hereby is authorized to increase by \$5.925 million the amount of the existing professional services agreements in connection with the construction of One World Trade Center, the Freedom Tower Project, as specified in the attached addendum, for continued consultant services, including design, planning, technical, peer review, testing, inspection, advisory and construction administration services; and it is further

RESOLVED, that 1 World Trade Center LLC be and it hereby is authorized to expend the additional amount of \$5.925 million, as required, among the various firms listed in the attached addendum, on an “as needed” basis, to provide continued Freedom Tower Project design services.

ADDENDUM TO FREEDOM TOWER CONSTRUCTION PROGRAM RESOLUTION

NAME	SERVICE
BOOZ ALLEN HAMILTON, Inc.	Circulation Studies
CERAMI & ASSOCIATES, Inc.	Acoustic Design
LERCH BATES, Inc. ata. CITADEL CONSULTING	Window Washing Maintenance
CLAUDE R. ENGLE LIGHTING CONSULTANTS Inc.	Lighting
CODE CONSULTANTS PROFESSIONAL ENGINEERS, PC	CFD Fire Modeling
DAN EUSER WATER ARCHITECTURE, Inc.	Plaza Water Features
DUCIBELLA VENTER & SANTORE	Security Consultant
ISRAEL BERGER & ASSOCIATES, LLC	Exterior Wall Monitoring
JAROS, BAUM AND BOLLES CONSULTANT ENGINEERS	Mechanical/Electrical/Plumbing/Fire Protection
L- 3 COMMUNICATIONS ESSCO, Inc.	Antenna Shroud
LESLIE E. ROBERTSON ASSOCIATES, RLLP	Structural Peer Review
MUESER RUTLEDGE CONSULTING ENGINEERS	Foundation Design
PENTAGRAM DESIGN, INC.	Graphics & Signage
PETER WALKER & PARTNERS LANDSCAPE ARCHITECTURE Inc.	Landscape Architect
PHILIP HABIB & ASSOCIATES	Civil & Traffic Engineering
ROWAN WILLIAMS DAVIES & IRWIN, Inc.	Wind Tunnel Tests
SCHLAICH BERGERMANN AND PARTNER, LP	Specialty Structural
THATCHER ASSOCIATES LLC	Integrity Monitor
WEIDLINGER ASSOCIATES INC.	Blast Engineering
WSP CANTOR SEINUK	Structural Engineering

**TETERBORO AIRPORT – ATLANTIC AVIATION CORPORATION – TA-121 –
SUPPLEMENTAL AGREEMENT**

It was recommended that the Board authorize the Executive Director to enter into a supplemental agreement to the existing Use and Occupancy Agreement with Atlantic Aviation Corporation (Atlantic), a fixed base operator at Teterboro Airport (TEB), pursuant to which Atlantic occupies Hangars 2, 3 and 4 and related ramp area at TEB. The supplemental agreement would provide for: (1) a fixed expiration date of December 31, 2026, and (2) the elimination of certain obligations of the parties with regard to an approximately 1.75-acre parcel of land presently occupied by the Administration and Emergency Services Building (Building) at TEB.

Under the present Use and Occupancy Agreement, the term is to expire on the later of 20 years from (1) completion of the reconstruction of Hangar 2 at TEB, or (2) completion of construction of the new hangar to be constructed on the land occupied by the Building. Current plans are for the Building not to be relocated by the Port Authority, as originally planned, but to remain on a land parcel of approximately 1.75 acres. The supplemental agreement would provide that the Port Authority would not relocate the Building and, accordingly, Atlantic would be relieved of its obligation under the present agreement to construct a new hangar on such land or make a minimum investment of \$4 million in connection with such new construction. However, Atlantic would be required to re-direct such minimum investment requirement to Hangars 3 and 4 and associated areas under the Use and Occupancy Agreement, and would be required to complete its work within 15 months of the Port Authority's approval of Atlantic's construction plans.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Chasanoff, Coscia, Ferer, Mack, Pocino, 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 a supplemental agreement with Atlantic Aviation Corporation providing for: (1) a fixed expiration date for the term of the Use and Occupancy Agreement at Teterboro Airport (TEB) of December 31, 2026, and (2) the elimination of certain obligations of the parties with regard to an approximately 1.75-acre parcel of land presently occupied by the Administration and Emergency Services Building at TEB, substantially in accordance with the terms and conditions outlined to the Board; 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.

PORT AUTHORITY BUS TERMINAL AND GEORGE WASHINGTON BRIDGE BUS STATION - ADJUSTMENT OF FEES FOR BUS SERVICES

It was recommended that the Board authorize the Executive Director to revise bus carrier fees for long-distance bus operations at the Port Authority Bus Terminal (PABT) and the George Washington Bridge Bus Station (GWBBS), and to enter into agreements with the long-distance bus carriers using these facilities to effectuate the revised fees.

The proposed changes in long-distance bus carrier fees are designed to increase departure and gate fees at the PABT and GWBBS to reflect the rate of inflation and prevent increases in operating deficits at those facilities due to inflation.

The bus carrier fees previously approved by the Board in February 2001 increased fees by fixed increments until they expired in March 2006. The new fees would return to a pattern of annual increases, which would be based on the regional Consumer Price Index (CPI). The proposed inflationary increases for long-distance bus services are consistent with the inflationary increases for commuter bus services that were authorized by the Board in December 2006.

The rates proposed to take effect on April 1, 2008, for long-distance services would be:

- \$40 per departure
- \$6,500 per year for platform positions
- \$13,000 per year for standard gates
- \$16,200 per year for preferred gates
- \$19,500 per year for best gates

Subsequent increases would take effect on January 1 of each year, and would be based on the regional CPI.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Chasanoff, Coscia, Ferer, Mack, Pocino, 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 revise bus carrier fees for long-distance bus operations at the Port Authority Bus Terminal and the George Washington Bridge Bus Station, and to enter into agreements with the long-distance bus carriers using these facilities to effectuate the revised fees; and it is further

RESOLVED, that the form of such agreements and related documents shall be subject to the approval of General Counsel or his authorized representative.

**AUTHORIZATION TO ENTER INTO A MEMORANDUM OF AGREEMENT WITH
METROPOLITAN TRANSPORTATION AUTHORITY TO PARTICIPATE IN
THE WEST-OF-HUDSON REGIONAL TRANSIT ACCESS STUDY**

In October 2007, the Port Authority acquired the lease for Stewart International Airport (SWF) and other SWF assets. Port Authority staff thus assumed responsibility to represent the facility in interagency efforts to increase accessibility to SWF via public transit for local and regional markets.

It therefore was recommended that the Board authorize the Executive Director to enter into an agreement with the New York State Metropolitan Transportation Authority (MTA) pursuant to which the Port Authority would provide funding in a total amount of up to \$2.7 million (\$1.35 million each during 2008 and 2009) toward the cost of a study to be conducted in conjunction with the MTA that would include an analysis of market demand and evaluation of near- and long-term alternatives for providing transit access to SWF. The total study budget is estimated at \$5.4 million, and the MTA is to provide the other 50 percent funding share for this study.

The study would produce a comprehensive evaluation of future demand for ground-access services to SWF and for the MTA Metro North Port Jervis Line rail corridor operated by New Jersey Transit Corporation (NJ TRANSIT), including comparative analysis of short- and long-term transit options, to include an assessment of the feasibility of extending commuter-rail service to SWF, in the context of an overall upgrade of the West-of-Hudson network that would greatly benefit residents of Orange and Rockland Counties. It is expected that the successful identification of staged strategies to create ground-access mass transit alternatives would reduce vehicular emissions generated by auto travel to and from SWF.

The study is expected to identify specific transit strategies and their potential impacts commensurate with the scale of the proposed project, including property requirements, right-of-way takings, and construction impacts. Smaller scale transit-service initiatives may be possible to implement without significant further environmental impact assessment. The Alternatives Analysis (AA) stage does not encompass approval to proceed with any project, including impacts that would require National Environmental Policy Act level review.

Should the AA study phase identify a desirable alternative(s) for SWF transit access, separate Board authorization may be sought in the future for additional expenditures to implement low-cost service and/or to proceed to the Environmental Impact Statement phase for analysis of a rail extension alternative.

Port Authority endorsement of the proposed study partnership is predicated on MTA management's agreement that Port Authority funding would not be committed beyond the AA phase of the study, and is further conditioned on an agreement to establish an interagency Steering Committee that would include representatives of NJ TRANSIT and the New York State Department of Transportation, as well as the MTA and the Port Authority, to provide oversight and approval of study work products and conclusions.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into a Memorandum of Agreement with the New York State Metropolitan Transportation Authority (MTA) pursuant to which the Port Authority will provide a total amount of up to \$2.7 million toward the cost of a study to be conducted in conjunction with the MTA that will include an analysis of market demand and evaluation of near- and long-term alternatives for providing mass transit access to Stewart International Airport; and it is further

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

AUTHORIZATION TO SEEK DESIGNATION OF THE PORT AUTHORITY AS PORT OF NEW YORK/NEW JERSEY AND PORT OF ALBANY FIDUCIARY AGENT FOR THE U.S. DEPARTMENT OF HOMELAND SECURITY'S PORT SECURITY GRANT PROGRAM

It was recommended that the Board: (1) authorize the Executive Director to enter into a three-year agreement with the United States Department of Homeland Security (DHS), pursuant to which the Port Authority would act in the capacity of Fiduciary Agent of DHS to manage and administer (a) a \$43.39 million Fiscal Year 2008 Port Security Grant for the Port of New York and New Jersey (Port of NY/NJ), and (b) a \$1.95 million Fiscal Year 2008 Port Security Grant for the Port of Albany (collectively, the Grants); (2) ratify the Executive Director's actions in connection with the submission of the applications for the Grants; and (3) authorize the Executive Director to enter into agreements with DHS for the Port Authority to act as fiduciary agent in future years for the Port of New York and New Jersey and the Port of Albany.

In September 2007, the Board authorized similar actions in connection with DHS's administration of the Fiscal Year 2007 Infrastructure Protection Program. At that time, the Port Authority was asked to administer a \$14.9 million supplemental grant, with the award of sub-grants from those funds to be subject to further approval by the Board. In February 2008, DHS released its Fiscal Year 2008 Port Security Grant Program. Within that program, the Port of NY/NJ, as a Tier 1 port, was allocated approximately \$43.39 million, and the Port of Albany, as a Tier II port, was allocated approximately \$1.95 million.

The Area Maritime Security Committee (AMSC), which the Port Authority chairs, has requested, with the approval of the United States Coast Guard Captain of the Port, that the Port Authority act as Fiduciary Agent for both Grants, because the Port of Albany participates in the single Port-Wide Risk Management/Mitigation and Business Continuity Plan for the Northeast region.

As Fiduciary Agent, the Port Authority would be required to accept the Grants and act as the principal point of contact with DHS and the Federal Emergency Management Agency for application, management and administration of the Grants. The Port Authority, as Fiduciary Agent, would also be responsible for submitting the proper documentation for awards to be made, including reporting, sub-grant awards, and overall management of the grant process. It is anticipated that several regional agencies, including, but not limited to, the New Jersey State Police, the New York City Police Department, and the New York City Fire Department and similar entities, and private port operators, will apply for awards under this funding. The Port Authority may also apply for awards under the Port of NY/NJ Grant for projects at its facilities.

The award of these funds will be decided upon jointly by DHS and the AMSC, subject to further approval by the Board, and such fund expenditures will not be charged to the Port Authority's capital budget. The Grants allow for three percent of the funds to be designated as Management and Administration funds, which would be used to offset Port Authority costs associated with the management and administration of this program. Accordingly, it is expected that the Port Authority would incur no costs in its role as Fiduciary Agent.

The deadline to apply for funding under the Port Security Grant Program was March 17, 2008; thus, the applications for the Grants were submitted, pending ratification by the Board.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Chasanoff, Coscia, Ferer, Mack, Pocino, 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 an agreement with the United States Department of Homeland Security (DHS), whereby the Port Authority will act as Fiduciary Agent of DHS to manage and administer a \$43.39 million Fiscal Year 2008 Port Security Grant for the Port of New York and New Jersey and a \$1.95 million Fiscal Year 2008 Port Security Grant for the Port of Albany (collectively, the Grants), as well as to act as fiduciary agent in future years for the Port of New York and New Jersey and the Port of Albany, with the award of sub-grants from those funds to be subject to further approval by the Board; and it is further

RESOLVED, that any actions taken by the Executive Director in connection with the applications for the Grants be and they hereby are ratified; and it is further

RESOLVED, that the form of the foregoing agreements (including the sub-grant agreements) shall be subject to the approval of General Counsel or his authorized representative.

BAYONNE BRIDGE – ASSESSMENT OF IMPACT OF AIR DRAFT ON FUTURE PORT TRADE, NAVIGATIONAL SAFETY AND TRANSPORTATION ECONOMICS – AGREEMENTS WITH UNITED STATES ARMY CORPS OF ENGINEERS (CORPS) – MEMORANDUM OF AGREEMENT WITH CORPS AND UNITED STATES COAST GUARD

It was recommended that the Board authorize the Executive Director to enter into: (1) agreements with the United States Army Corps of Engineers (Corps) that would provide for the Port Authority to pay approximately \$300,000 in funding to the Corps for costs associated with work to be performed by the Corps, with assistance from the United States Coast Guard (Coast Guard), in connection with an independent assessment of the impact of the 151-foot air draft of the Bayonne Bridge on future Port of New York and New Jersey (Port) trade, navigational safety, security and transportation economics, including management of the study and performance of key tasks, such as preparing a cargo and fleet forecast, conducting a cost-benefit analysis for alternative bridge heights and replacement options, and evaluating container vessel designs; and (2) a Memorandum of Agreement (MOA) with the Corps and the Coast Guard to clarify the respective responsibilities of each party with respect to the air draft analysis.

The air draft limitations of the Bayonne Bridge have gradually given rise to concerns, as ocean carriers begin introducing or planning for the introduction of vessels with a capacity and size that will require either vessel modifications or favorable tidal conditions in order for vessel operators to take advantage of the planned 50-foot channels at the Port. The recent decision to widen and deepen the Panama Canal could amplify the significance of the Bayonne Bridge limitation in terms of navigational safety and regional cargo flows. Presently, the Panama Canal can only handle ships carrying up to 5,000, 20-foot equivalent units (TEUs), known as Panamax vessels. However, with wider locks and deeper and wider access channels, the Panama Canal could handle ships carrying 10,000 to 12,000 TEUs, known as post-Panamax vessels. The air draft of the Bayonne Bridge currently presents a limitation for vessels that carry 6,000 to 8,000 TEUs, depending on vessel design.

Under this proposed action, the Corps would conduct an analysis of the impact of the Bayonne Bridge air draft on future Port trade, navigational safety, security and transportation economics, using methods similar to those it used to assess the costs and benefits for the Port Authority's channel deepening projects. This approach would provide both an objective assessment and one that would be consistent with the method used to estimate the transportation cost-saving benefits computed for the Harbor Deepening Program, thereby ensuring that none of the benefits are "double counted." The Coast Guard would assist the Corps in its analysis by providing in-kind services, including, but not limited to, identifying the environmental issues that would need to be evaluated for any alternative, as well as navigational safety and security issues and concerns. It is currently anticipated that the final report of the air draft analysis would be provided to the Port Authority by the Corps in March/April 2009.

Pursuant to federal guidelines, performance of this work by the Corps is not permitted on an ongoing reimbursement basis. Therefore, the Port Authority would provide the full \$300,000 to the Corps upon execution of the agreements, and any unspent portion of the funding would be returned by the Corps to the Port Authority upon completion of the study.

The lack of such an action by the Port Authority could lead to a number of port preference decisions being made by ocean carriers and shippers that would be detrimental to the long-term success of the Port. The proposed action would result in a preliminary assessment of short-term operational alternatives and long-term solutions. Performance of this work by the Corps, with support from the Coast Guard, is the most effective way to assure the maritime industry and the general public of an independent, objective analysis and one that would not conflict with past dredging program benefits assessments

Understanding the costs, benefits and impacts of various short-term and long-term alternatives to addressing the Bayonne Bridge air draft issue will enable the Port Authority to make well-informed decisions about the possible need, and appropriate timing, for seeking planning authorization to conduct a broader analysis of the landside, environmental and other implementation issues associated with any Bayonne Bridge alternatives that may have the potential to improve the cost effectiveness and overall competitiveness of the Port. Such alternatives could also enhance regional mobility and the Port's ability to serve as an economic engine for the region.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Chasanoff, Coscia, Ferer, Mack, Pocino, 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 the United States Army Corps of Engineers (Corps) pursuant to which the Port Authority will provide approximately \$300,000 toward the cost of the work to be conducted by the Corps, with the assistance of the United States Coast Guard (Coast Guard), in conducting an independent assessment of the impact of the Bayonne Bridge air draft on future trade, navigational safety, security and transportation economics in the Port of New York and New Jersey; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into a Memorandum of Agreement with the Corps and with the Coast Guard, at no additional cost to the Port Authority, to clarify the respective responsibilities of the parties with respect to the foregoing Bayonne Bridge air draft analysis; and it is further

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

DOWNTOWN RESTORATION PROGRAM – UNDERWRITING SERVICES FOR FINANCING ONE WORLD TRADE CENTER, THE FREEDOM TOWER, AND WTC RETAIL DEVELOPMENT

It was recommended that the Board authorize the Executive Director to accept the proposal from Citigroup Global Markets Inc. (Citigroup) and thereby select and award Citigroup an agreement to serve as underwriter in connection with the sale of New York Liberty Bonds through the New York City Industrial Development Agency and other debt obligations to be issued by the Port Authority in connection with One World Trade Center, the Freedom Tower and the retail components of the World Trade Center (WTC). Separate authorizations would be requested with respect to the issuance of any such obligations.

At its December 12, 2006 meeting, the Board authorized planning work for the retail component of the WTC site. At its meeting on February 22, 2007, the Board authorized 1 World Trade Center LLC to advance a project to construct One World Trade Center, the Freedom Tower, at the WTC site, at an estimated total cost of \$2.877 billion. The primary sources of funding for the construction of One World Trade Center, the Freedom Tower, and the WTC retail components are expected to be provided through the use of New York Liberty Bonds, the allocation of certain insurance proceeds, direct investment by the Port Authority and other capital sources.

In June 2007, staff prepared a publicly advertised Request for Proposals (RFP), on a “best buy” basis, for performance of expert professional financial advisory and underwriting services related to New York Liberty Bonds and other debt obligations to be issued by the Port Authority for One World Trade Center, the Freedom Tower, and the retail components of the World Trade Center. Following review of the responses related to the provision of financial advisory services, it was determined that most of the services proposed to be performed by the financial advisor were duplicative of functions to be offered by the underwriter, and the attendant cost of such services was significant. As such, the financial advisory services aspect of the RFP was canceled on February 6, 2008, and staff proceeded solely with the process for the selection of an underwriter. Underwriting services would include in-depth research and analysis of the viability of various bond structures, innovative issuance strategies, analysis of market conditions and the need for additional forms of security and credit enhancement, investor education and distribution to primary and secondary capital markets, all in an effort to ensure that the New York Liberty Bond and other debt obligations are issued with the best terms and at the lowest cost available in the capital markets.

On the basis of the “best buy” analysis of the 24 responses to the RFP for underwriting services, it was recommended that Citigroup be selected to serve as the underwriter for New York Liberty Bonds and other debt obligations to be issued by the Port Authority for One World Trade Center, the Freedom Tower, and the retail components of the World Trade Center. Citigroup offered a sound technical approach that considered a variety of bond structures and innovative alternate plans for the sale of these bonds. The firm has significant experience in municipal, project-specific, real estate and construction financing, and can access its firm-wide staff resources to support these issuances. As an institution, Citigroup has the ability to distribute to a broad base of investors, which will be necessary to ensure successful bond sales, particularly for the potentially challenging marketing involved with the sale of project revenue bonds. Additionally, Citigroup’s proposed underwriter’s compensation compared favorably with the other proposals received.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Chasanoff, Ferer, Mack, Pocino, 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 select and award Citigroup Global Markets Inc. an agreement to serve as underwriter for New York Liberty Bonds to be issued through the New York City Industrial Development Agency and other debt obligations to be issued by the Port Authority for One World Trade Center, the Freedom Tower, and the retail components of the World Trade Center.

**ONE WORLD TRADE CENTER, THE FREEDOM TOWER PROJECT –
AUTHORIZATION TO AWARD CONSTRUCTION TRADE CONTRACT FOR
HOLLOW METAL DOORS AND FINISH HARDWARE**

It was recommended that the Board authorize 1 World Trade Center LLC (1 WTC LLC), through its construction manager, Tishman Construction Corporation (Tishman), to enter into a construction trade contract with Long Island Fireproof Door, Inc., to supply hollow metal doors and accessories and finish hardware for construction of One World Trade Center, the Freedom Tower (the Freedom Tower), in the total amount of \$1,790,640, including an eight-percent allowance for extra work.

At its January 25, 2007 meeting, the Board authorized 1 WTC LLC to execute an amendment (Third Freedom Tower Amendment) to the September 2003 General Contractor Agreement to: (1) allow Tishman to provide construction management services for the Freedom Tower Project, for an estimated fee of \$26.5 million; and (2) provide for general conditions work of approximately \$170 million, to be managed by Tishman.

At its February 22, 2007 meeting, the Board authorized 1 WTC LLC to advance construction of the Freedom Tower at the World Trade Center (WTC) site, at a total estimated cost of \$2.877 billion, inclusive of below-grade and above-grade construction, and for common site infrastructure, finance charges associated with the project and coordination of construction with other projects at the WTC site. At that meeting, the Board also authorized 1 WTC LLC to, among other things, enter into construction trade contracts for the Freedom Tower, at an estimated cost of \$429.6 million.

The scope of work for the hollow metal doors and accessories includes, but is not limited to, furnishing and delivery of hollow metal doors and all accessories. All doors and frames would include cutouts, reinforcements, wireways, drilling and tapping as necessary for hardware, and security items. They would be primed, complete with testing laboratory labels, prepared for hardware and glazing. The contractor would construct temporary two-hour-rated partitions and furnish and deliver all hardware for the partitions.

The scope of work for the finish hardware includes, but is not limited to, furnishing and delivery of hinges, locksets, electric locks, magnetic locks, latch sets, lever sets, keys, keying, key cabinet, permanent cylinders, temporary construction cylinders, silencers, electric strikes, door stops, door closing devices, weather-stripping and door bottoms, thresholds, saddles, pushes and pulls, exit devices, flush bolts and coordinators. The contractor would furnish and deliver the power supplies for all electrified hardware, provide a complete keying system, including construction master keying and management master keying, provide temporary (construction) removable cylinders, provide permanent removable core cylinders, and furnish and deliver security hardware. The contractor would construct temporary two-hour-rated partitions and furnish and deliver all hardware for the partitions.

The form of trade contract being utilized by Tishman as construction manager was developed by Port Authority staff and maintains, to the greatest degree possible, Port Authority policies and procedures for the work, including provisions allowing for termination for convenience, and requirements for minority and women-owned business enterprise utilization, confidentiality, security and integrity monitoring, and a competitive bidding process.

The terms of the construction trade contract proposed for award were negotiated and would be awarded to the lowest responsive bidder, in accordance with the procurement procedures established in the Third Freedom Tower Amendment, authorized by the Board at its January 25, 2007 meeting.

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

RESOLVED, that 1 World Trade Center LLC be and it hereby is authorized to enter into a construction trade contract, through its construction manager, Tishman Construction Corporation, with Long Island Fireproof Door, Inc., to supply hollow metal doors and accessories and finish hardware for construction of One World Trade Center, the Freedom Tower, in the total amount of \$1,790,640, including an eight-percent allowance for extra work; and it is further

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

ONE WORLD TRADE CENTER, THE FREEDOM TOWER PROJECT – AUTHORIZATION TO AWARD CONSTRUCTION TRADE CONTRACT FOR FIRE PROTECTION

It was recommended that the Board authorize 1 World Trade Center LLC (1 WTC LLC), through its Construction Manager, Tishman Construction Corporation (Tishman), to enter into a construction trade contract with Rael Automatic Sprinkler Co., Inc. for Fire Protection Packages 1-3, for construction of One World Trade Center, the Freedom Tower (the Freedom Tower), in the total amount of \$37,260,000, including an eight-percent allowance for extra work.

At its January 25, 2007 meeting, the Board authorized 1 WTC LLC to execute an amendment (Third Freedom Tower Amendment) to the September 2003 General Contractor Agreement to: (1) allow Tishman to provide construction management services for the Freedom Tower Project, for an estimated fee of \$26.5 million; and (2) provide for general conditions work of approximately \$170 million, to be managed by Tishman.

At its February 22, 2007 meeting, the Board authorized 1 WTC LLC to advance construction of the Freedom Tower at the World Trade Center (WTC) site, at a total estimated cost of \$2.877 billion, inclusive of below-grade and above-grade construction, and for common site infrastructure, finance charges associated with the project and coordination of construction with other projects at the WTC site. At that meeting, the Board also authorized 1 WTC LLC to, among other things, enter into construction trade contracts for the Freedom Tower, at an estimated cost of \$429.6 million.

The scope of work for Package 1 of Fire Protection (core and shell) includes, but is not limited to, the following: all temporary Fire Protection Service work; all Fire Protection from the ground floor to the roof; all work related to the Fire Protection System as on contract documents, including, but not limited to, Fire Pumping Systems, Wet Piping Systems, Standpipe Systems, Pre-Action Systems, Dry Pipe Systems, sprinkler system drainage piping and a fire reserve water storage tank system. The contractor is also to furnish and install the necessary pumps, controller, automatic transfer switches, test headers, relief valves, base elbow supports, sight glasses and all other appurtenances as required for a complete Fire Pumping system, as well as all work associated with a pre-action sprinkler system, and combination domestic and fire reserve house tanks.

The scope of work for Package 2 of Fire Protection (Tenant Floors 20-34, 50-59, 70-79) includes, but is not limited to, the performance of all core area Wet Sprinkler System work for Floors 20-34, 50-59, and 70-79, the installation of all necessary sleeves through shear walls and the provision of connections for future work.

The scope of work for Package 3 of Fire Protection (Tenant Floors 35-49, 60-69, 80-88) includes, but is not limited to, the performance of all core area Wet Sprinkler System work for Floors 35-49, 60-69, and 80-88, the installation of all necessary sleeves through shear walls and the provision of connections for future work.

The Fire Protection System for the Freedom Tower has been designed to meet, and for certain elements, exceed New York City Codes, in consultation with the New York City Fire Department.

The form of trade contract being utilized by Tishman as construction manager was developed by Port Authority staff and maintains, to the greatest degree possible, Port Authority policies and procedures for the work, including provisions allowing for termination for convenience, and requirements for minority and women-owned business enterprise utilization, confidentiality, security and integrity monitoring, and a competitive bidding process.

The terms of the construction trade contract proposed for award were negotiated and would be awarded to the lowest responsive bidder, in accordance with the procurement procedures established in the Third Freedom Tower Amendment, authorized by the Board at its January 25, 2007 meeting.

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

RESOLVED, that 1 World Trade Center LLC be and it hereby is authorized to enter into a construction trade contract, through its construction manager, Tishman Construction Corporation, with Rael Automatic Sprinkler Co., Inc. for Fire Protection Packages 1-3, for construction of One World Trade Center, the Freedom Tower (the Freedom Tower), in the total amount of \$37,260,000, including an eight-percent allowance for extra work; and it is further

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

**ONE WORLD TRADE CENTER, THE FREEDOM TOWER PROJECT –
AUTHORIZATION TO AWARD CONSTRUCTION TRADE CONTRACT FOR
WATER COOLED DIRECT EXPANSION AIR CONDITIONING UNITS**

It was recommended that the Board authorize 1 World Trade Center LLC (1 WTC LLC), through its construction manager, Tishman Construction Corporation (Tishman), to enter into a construction trade contract with AAF-McQuay, Inc., d/b/a McQuay International, c/o Prem-Air Group of New York, LLC for the Pre-Purchase of Packaged Water Cooled Direct Expansion Air Conditioning Units (DX Units) that will provide for the heating and air conditioning of ventilation air to be supplied to One World Trade Center, the Freedom Tower (the Freedom Tower), in the total amount of \$15,189,754, including an eight-percent allowance for extra work.

At its January 25, 2007 meeting, the Board authorized 1 WTC LLC to execute an amendment (Third Freedom Tower Amendment) to the September 2003 General Contractor Agreement to: (1) allow Tishman to provide construction management services for the Freedom Tower Project, for an estimated fee of \$26.5 million; and (2) provide for general conditions work of approximately \$170 million, to be managed by Tishman.

At its February 22, 2007 meeting, the Board authorized 1 WTC LLC to advance construction of the Freedom Tower at the World Trade Center (WTC) site, at a total estimated cost of \$2.877 billion, inclusive of below-grade and above-grade construction, and for common site infrastructure, finance charges associated with the project and coordination of construction with other projects at the WTC site. At that meeting, the Board also authorized 1 WTC LLC to, among other things, enter into construction trade contracts for the Freedom Tower, at an estimated cost of \$429.6 million.

The scope of work of the subject construction trade contract includes the furnishing of the DX Units. These units would provide for the heating and air conditioning of ventilation air to be supplied to the Freedom Tower. All units would be finished products that are fully assembled, tested and ready for installation. Units would be provided with factory-mounted controls, industry standard Building Automation and Control Network compatible. Each unit would be furnished with factory-mounted variable frequency drives. The contractor would deliver all equipment to a location designated by the construction manager in partial shipments. The contractor would provide complete shipping, handling and rigging procedures for all equipment furnished under this contract, including rigging weights, dimensions, point loading, acceptable rigging orientation, lifting eye arrangements, etc. Complete personal training sessions would take place for all building operations personnel. A comprehensive warranty would be provided, from the date of formal owner acceptance of each piece of equipment until December 31, 2013.

The form of trade contract being utilized by Tishman as construction manager was developed by Port Authority staff and maintains, to the greatest degree possible, Port Authority policies and procedures for the work, including provisions allowing for termination for convenience, and requirements for minority and women-owned business enterprise utilization, confidentiality, security and integrity monitoring, and a competitive bidding process.

The terms of the construction trade contract proposed for award were negotiated and would be awarded to the lowest responsive bidder, in accordance with the procurement procedures established in the Third Freedom Tower Amendment, authorized by the Board at its January 25, 2007 meeting.

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

RESOLVED, that 1 World Trade Center LLC be and it hereby is authorized to enter into a construction trade contract, through its construction manager, Tishman Construction Corporation, with AAF-McQuay, Inc., d/b/a McQuay International, c/o Prem-Air Group of New York, LLC, for the Pre-Purchase of Packaged Water Cooled Direct Expansion Air Conditioning Units that will provide for the heating and air conditioning of ventilation air to be supplied to One World Trade Center, the Freedom Tower, in the total amount of \$15,189,754, including an eight-percent allowance for extra work; and it is further

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

DOWNTOWN RESTORATION PROGRAM – AUTHORIZATION TO ACCEPT ASSIGNMENT OF TRADE CONTRACT FOR STRUCTURAL CONCRETE FOR THE WORLD TRADE CENTER (WTC) MEMORIAL AND MEMORIAL MUSEUM AND WTC INFRASTRUCTURE PROJECTS, INCLUDING ASSOCIATED PAYMENTS INTO AN ESCROW ACCOUNT

It was recommended that the Board authorize the Executive Director to: (1) accept assignment of a construction trade contract to Navillus Contracting Inc. for construction of structural concrete, including all slab-on-grade, topping slabs, slab-on-deck, hardened walls, steel member encasements and certain shear walls for the World Trade Center (WTC) Memorial and Memorial Museum, and WTC infrastructure projects from the National September 11 Memorial and Museum at the World Trade Center Foundation, Inc. (NS11MM), in an estimated total construction cost of \$90.5 million, inclusive of an authorization for extra work; and (2) accept a partial assignment of NS11MM's contract with Bovis Lend Lease LMB, Inc. (Bovis) for construction management (CM) services associated with this trade contract, at an estimated cost of \$13.4 million. It was also recommended that the Board authorize the Executive Director to make payments into an escrow account, in an amount not to exceed \$40 million, for the Port Authority's costs associated with the structural concrete and CM services contracts.

In December 2006, the Board authorized the Executive Director to finalize agreements with NS11MM providing for the Port Authority to accept an assignment of the CM contract with Bovis and manage all construction work for the WTC Memorial and Memorial Museum project. In anticipation of the Bovis assignment, NS11MM proceeded with procurement of the footings and foundations, structural concrete and slurry liner wall trade contracts, as essential components of the critical path schedule for the Memorial and Museum project.

NS11MM will award the structural concrete trade contract to Navillus Contracting Inc., the lowest qualified bidder selected utilizing the competitive procurement procedure established in the Bovis CM contract.

Approximately \$13.8 million of the proposed Port Authority payments is included in the \$150 million commitment authorized by the Board in July 2006 for common and exclusive site infrastructure work associated with the WTC Memorial and Memorial Museum project, bringing the total authorized payments under this commitment to \$57.2 million.

An escrow account was jointly established and initially funded by NS11MM to provide for contractor payments. The Port Authority previously has agreed to payments into the escrow account of \$84.6 million, and the proposed authorization would bring total anticipated Port Authority payments to \$124.6 million.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to: (1) accept assignment of a construction trade contract from the National September 11 Memorial and Museum at the World Trade Center Foundation, Inc. (NS11MM) in connection with the installation of

structural concrete for the World Trade Center Memorial, Memorial Museum, and World Trade Center infrastructure projects, at an estimated total construction cost of \$90.5 million, which includes an eight-percent authorization for extra work; and (2) accept a partial assignment of the NS11MM's contract with Bovis Lend Lease LMB, Inc. for construction management services associated with this trade contract, at an estimated cost of \$13.4 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 make payments into an escrow account, in an amount not to exceed \$40 million, to be used for the payment of costs associated with the construction of the structural concrete for the aforementioned projects; and it is further

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

ENVIRONMENTAL SUSTAINABILITY POLICY

In June 1993, the Port Authority formally issued an environmental policy statement recognizing its long-standing commitment to provide transportation, terminal and other facilities of commerce within the Port District, to the greatest extent practicable, in an environmentally sound manner. Additionally, the Port Authority expressed its commitment to manage its activities consistent with applicable environmental laws and regulations and to deal with identified environmental matters on a responsible, timely and efficient basis. Over the years, each of the Port Authority's facilities has been involved to some degree in actively pursuing capital and operating strategies that address various air, land, water quality and other environmental matters.

In recent years, human-induced climate change has emerged as one of the most significant challenges to economic and social well-being. The most significant driver of climate change is the worldwide emission of greenhouse gases (GHG) from economic activity. The effects of climate change are already apparent in the rise of air and ocean temperatures, geographic shifts in the habitats of plants, animals and insects, melting glaciers and sea ice, and a rise in sea levels. Scientists expect that further global warming will lead to more frequent and intense storms, greater storm surge, flooding, more incidents of extreme temperatures, and significant losses of biodiversity. The generation of heat-trapping GHG emissions, if not reduced by substantial levels, is expected to cause irreversible harm around the world, especially to areas with significant low-lying coastal regions, including the Port District.

Consistent with its mission and its responsibility to promote and protect the commerce of the Port District, it is appropriate for the Port Authority to lead efforts within the region to reduce GHG emissions. In furtherance of this responsibility, in 2007, the Chairman of the Port Authority formulated an agency goal for the reduction of GHG emissions related to its facilities by 80% from 2006 levels, by 2050. Soon thereafter, the Executive Director set an annual GHG emissions reduction target of 5% and directed staff to commence a survey of the agency's GHG emissions in order to establish the 2006 emissions baseline. The survey included emissions from the Port Authority's own operations, as well as emissions produced by activities of the users of agency facilities (i.e., tenants and patrons). Earlier this month, staff completed its emissions survey for 2006. The survey shows that emissions from the Port Authority's own operations in 2006 were approximately 298,000 metric tons of carbon dioxide equivalent units (CO₂e), while all emissions from activities of the users of agency facilities were approximately 5.07 million metric tons of CO₂e. On an annual basis, Port Authority staff will track the agency's emissions against the 2006 baseline.

Today, the Board of Commissioners is reaffirming its support of the Port Authority's continuing sustainability initiatives. As such, the Board of Commissioners is expanding the Port Authority's environmental policy to include a sustainability component that explicitly addresses the problem of global warming and ensures that the agency maintains an aggressive posture in its efforts to reduce GHG emissions within the region (Sustainability Policy). In particular, as the Port Authority pursues its long term goal of reductions in all GHG emissions related to its facilities, it shall establish an additional near-term goal of net zero GHG emissions with respect to emissions from the agency's own operations by 2010.

Implementation of the Sustainability Policy shall be predicated on the following principles:

- The Port Authority will continue to use its best efforts to reduce all GHG emissions related to its facilities by 80% from 2006 levels, by 2050. The reduction of GHG emissions by 5% annually will be the central focus of the Port Authority's sustainability efforts. The majority of these reductions will come from improvements made through new capital investments and changes in operations (e.g., lighting and HVAC system upgrades; fuel switching).
- The Port Authority will establish a goal of net zero GHG emissions from its own operations by 2010. In pursuit of this goal, the Port Authority may make use of new and emerging strategies in the marketplace that are available to help organizations account for their net GHG footprint in the near term. The use of such strategies – including, for example, carbon credits, renewable energy credits, allowances, and other tools – has become an increasingly accepted methodology, provided that organizations direct their primary energies to reducing their own emissions. Accordingly, the Port Authority shall use such strategies only to account for GHG emissions the agency determines that it is unable to reduce through capital investments and changes in operations.
- The Port Authority will encourage its customers, tenants, and partners to conduct their businesses in a more sustainable fashion, including reductions in their own GHG emissions, providing support for these efforts in all cases where it is practical to do so. Moreover, wherever possible, the Port Authority will also seek out innovative mechanisms and partnerships through which the region's overall GHG footprint may be reduced. It is anticipated that these outside partnerships may provide opportunities for the Port Authority to contribute to regional GHG reductions on a much shorter timeline than would be possible by focusing solely on capital and operational improvements within the organization.
- The Port Authority will develop strategies that reduce the risk posed by climate change to its facilities and operations and, in collaboration with other regional stakeholders, develop strategies that mitigate the risk to the region posed by climate change in a manner that will promote a sustainable environment.

It is anticipated that implementation of the Sustainability Policy will, among other things, achieve cost savings from improved operational efficiencies and reduced consumption of energy, help reduce the threat posed by climate change to the agency's facilities, enhance the agency's reputation and strengthen its position with respect to attracting potential business partners, prepare the agency in the event a regulatory regime is created that mandates GHG reductions, and lead to investment and/or product development opportunities relating to GHG emissions reductions.

The proposed Sustainability Policy is consistent with a number of the projects in the Updated 2007-2016 Capital Plan, including, among others, installation of light-emitting diode lighting at the Holland Tunnel and the George Washington Bridge, and building the world's first

on-airport geothermal project at John F. Kennedy International Airport, which projects are intended to reduce the agency's GHG emissions while lowering long-term operating and maintenance costs.

Pursuant to the foregoing report, the following Port Authority Sustainability Policy was adopted with Commissioners Bauer, Chasanoff, Coscia, Ferer, Mack, Pocino, Silverman and Steiner voting in favor; none against:

RESOLVED, that it is the policy of the Port Authority that it shall continue to use its best efforts to reduce all GHG emissions related to its facilities by 5% annually and by 80% from 2006 levels by 2050; and it is further

RESOLVED, that Port Authority actions shall be directed to achieving a goal of net zero GHG emissions from its own operations by 2010, taking into account direct reductions in the agency's GHG emissions and making use of new and emerging strategies in the marketplace that are available to help organizations account for their net GHG footprint in the shorter term; and it is further

RESOLVED, that in pursuit of this policy, the Port Authority shall give preference to GHG reduction strategies that provide auxiliary benefits to the region (e.g., supporting economic growth); and it is further

RESOLVED, that the Port Authority shall encourage its customers, tenants, and partners to conduct their businesses in a more sustainable fashion, including reductions in their own GHG emissions, providing support for these efforts in all cases where it is practical to do so; and it is further

RESOLVED, that the Port Authority will develop strategies that reduce the risk posed by climate change to its facilities and operations and, in collaboration with other regional stakeholders, develop strategies that mitigate the risk to the region posed by climate change in a manner that will promote a sustainable environment.

PORT AUTHORITY SUSTAINABILITY PROGRAM AUTHORIZATION

It was recommended that the Board authorize the Executive Director to take the necessary actions to determine the feasibility of options that would enable the agency to attain net zero carbon emissions from its operations by 2010, including the retention of professional and advisory services to enable a thorough evaluation of options such as the purchase of carbon credits or other financial tools by the Port Authority to offset greenhouse gas (GHG) emissions, at a cost not to exceed \$200,000.

The Port Authority has long recognized the importance of operating its facilities in an environmentally sound manner – a position first formalized in an environmental policy adopted in June 1993 and cited frequently since then as waterway cleanup, recycling, and other environmental programs have come before the Board for approval. More recently, the agency has placed special emphasis on reducing GHG emissions, in light of growing scientific consensus regarding the perils of global warming. As such, in May 2007 the Chairman formulated an agency goal to reduce all GHG emissions related to its facilities by 80 percent from 2006 levels by 2050. The Executive Director further elucidated this target in the 2008 Budget, which defined a GHG emissions reduction target of 5% annually. Last year the Board authorized projects totaling in excess of \$12 million geared toward reducing the agency's overall GHG output. In addition, the Port Authority committed to develop its newest facility, Stewart International Airport, as a carbon negative facility, and also earmarked \$25 million for sustainability projects in its 2008 Capital Program. And most recently, the Board adopted a Sustainability Policy that, among other things, set an additional goal of net zero carbon emissions from the Port Authority's own operations (that portion of the agency's overall emissions profile generated by buildings it operates, heavy equipment and other vehicles it uses, etc.) by 2010

The agency's first priority is and will continue to be the reduction of all GHG emissions related to its facilities in accordance with its targets – reductions to be achieved through capital and operating improvements. However, a growing scientific consensus suggests that there is a need for additional immediate action to prevent climate impacts that could be devastating for areas with significant low-lying coastal areas, including the Port District. Accordingly, the agency has begun to consider potential benefits to be gained through entry into markets for environmental commodities – so-called “carbon markets.”

In general terms, carbon markets are a reflection of the scientific realities of climate change. Greenhouse gases have a global impact, no matter where they are emitted, and so it is possible to “offset” emissions created in one place by supporting emissions reductions elsewhere. Various strategies have been created in the marketplace to fund green energy and carbon capture programs by commoditizing the environmental benefits of those projects, making projects that otherwise could not support themselves financially viable.

The benefits of participation in the markets for environmental commodities are numerous, provided that participation is well structured.

- First, purchasing these various environmental commodities has become an increasingly accepted strategy for organizations attempting to reduce their net carbon footprint, so long as it is coupled with serious efforts to reduce internal emissions and tremendous care is taken to ensure that the commodities purchased are of high quality.

- Second, the so-called “green technology” sector, on which the market for environmental commodities is based, is widely expected to be a powerful economic engine in the coming decades. By investing in this market in the region, the Port Authority can advance its core regional economic development mission at the same time that it helps to reduce its net carbon output.
- Third, some environmental commodities produce secondary benefits in the reduction of priority pollutants in the area where they are emitted (which cause asthma and other health problems), thereby improving the health of the local population.

However, the environmental commodity market is still in its relative infancy, and the quality of providers and available products varies widely. For this reason, it is crucial that before entering into this market, the agency obtain high quality advisory services that will allow it to understand the vagaries and risks of the market and structure a rigorous procurement process accordingly. These advisory services would also allow staff to make the most informed decisions as to how to leverage investments in the environmental commodities market to support the region’s green economy and improve local health.

The proposed authorization would support the analysis necessary to both assess the potential of the carbon markets as a tool to help the Port Authority meet the objective set out in its Sustainability Policy of net zero GHG emissions from its own operations no later than 2010, and to structure any eventual procurement of environmental commodities on this market. It would also demonstrate the Port Authority’s commitment to lead efforts within the region to reduce GHG emissions. This initiative will focus on carbon credits, renewable energy credits, allowances, and other strategies in the marketplace that would allow the Authority to offset any emissions that it is not able to eliminate through aggressive capital and operating measures.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Chasanoff, Coscia, Ferer, Mack, Pocino, 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 take the necessary actions to determine the feasibility of options to attain net zero carbon emissions, including the retention of professional and advisory services and other agreements that may be necessary to enable a thorough evaluation of options such as the purchase of carbon credits or other financial tools by the Port Authority to offset GHG emissions, at a cost not to exceed \$200,000; and it is further

RESOLVED, that, in effectuating the foregoing, the Executive Director shall consider strategies that give preference to investments that provide direct economic and/or health benefits to the region; 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.

TRIBUTE TO ANDREA ROITMAN

The following resolution was unanimously adopted by the Board of Commissioners upon the retirement of Andrea Roitman.

WHEREAS, Andrea Roitman has served with great pride and distinction throughout her nearly 38-year career with The Port Authority of New York and New Jersey; and

WHEREAS, from the time Andrea joined the Port Authority in July 1970 she has held a variety of key positions within the agency, including increasingly responsible positions in the Comptroller's, Information Services and Procurement Departments, culminating with her appointment as Director of Procurement in December 2005; and

WHEREAS, Andrea Roitman has served with great distinction in leading the Procurement Department by providing outstanding direction and guidance to ensure the agency's conformance and adherence to the best practices in public procurement; and

WHEREAS, Andrea Roitman has been instrumental in managing critical procurements in support of the agency's security needs and major Capital Program initiatives, including significant procurements related to the redevelopment of the World Trade Center site; and

WHEREAS, Andrea Roitman spearheaded agency efforts to adopt a groundbreaking wage and benefits policy for non-trade labor service contract employees that ensures a basic level of health insurance coverage and fair wages for contract employees, affecting the lives of thousands of workers and families and providing a lasting legacy of the Port Authority's commitment to the citizens of the region we serve; and

WHEREAS, in keeping with the Port Authority's continuing tradition of excellence and achievement, Andrea has led the Port Authority to earn the Achievement of Excellence in Procurement Award from The National Purchasing Institute for demonstration of dynamic and innovative practices in the procurement industry; and

NOW, therefore, be it

RESOLVED, that the Commissioners of The Port Authority of New York and New Jersey hereby express to Andrea Roitman their sincere appreciation for her 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 Andrea Roitman as a token of the high esteem in which she is held by the Board and staff alike.

CONFIDENTIAL ITEM

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

Whereupon, the meeting was adjourned.

Secretary