THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES
Wednesday, August 4, 2004

MINUTES of the Meeting of The Port Authority of New York and New Jersey held Wednesday, August 4, 2004, at 225 Park Avenue South, City, County and State of New York.

PRESENT:

NEW JERSEY	**NEW YORK**
Hon. Anthony R. Coscia, Chairman	Hon. Charles A. Gargano, Vice-Chairman
Hon. Angelo J. Genova	Hon. Bruce A. Blakeman
Hon. Raymond M. Pocino	Hon. Michael J. Chasanoff
Hon. Anthony J. Sartor	Hon. Henry R. Silverman
Hon. Jack G. Sinagra	
Hon. David S. Steiner	

Joseph J. Seymour, Executive Director
Jeffrey S. Green, General Counsel

Gwendolyn Archie, Senior Administrator, Office of the Secretary
Kayla M. Bergeron, Director, Public Affairs
A. Paul Blanco, Acting Chief Financial Officer
Bruce D. Bohlen, Treasurer
John D. Brill, Director, Audit
Darrell B. Buchbinder, General Counsel-Elect
Gregory G. Burnham, Chief Technology Officer
Ernesto L. Butcher, Chief Operating Officer
Timothy Castano, Senior Business Consultant, Office of the Chairman
Anthony B. Ciavolella, Public Information Officer, Public Affairs
Arthur J. Cifelli, Acting Deputy Executive Director/Director, Government and Community Affairs
Anthony G. Cracchiolo, Director, Priority Capital Programs
William R. DeCota, Director, Aviation
John C. Denise, Supervisor, Audio Visual/Photography, Operations Services
Michael P. DePallo, Director, PATH
Pasquale DiFulco, Public Information Officer, Public Affairs
Nancy J. Ertag-Brand, Executive Advisor to the Chief Financial Officer
Michael G. Fabiano, Comptroller
Andrew H. Fogel, Assistant Director E-ZPass Program, Tunnels, Bridges and Terminals
Michael B. Francois, Acting Chief of Real Estate/Regional and Economic Development
Linda C. Handel, Assistant Secretary
L. Jay Hector, Senior Policy Advisor to the Vice-Chairman
Edward L. Jackson, Director, Financial Services
Howard G. Kadin, Senior Attorney, Law
Louis J. LaCapra, Chief Administrative Officer
Richard M. Larrabee, Director, Port Commerce
Robert R. Lurie, Chief of Strategic Planning
Stephen Marinko, Attorney, Law
Calixto Martin, Supervising Engineer, Tunnels, Bridges and Terminals
Michael G. Massiah, Director, Human Resources
James E. McCoy, Manager, Board Management Support, Office of the Secretary
Anne Marie C. Mulligan, Deputy Treasurer
Sean Murray-Nolan, Senior Policy Manager, Office of Policy and Planning
Lynn A. Nerney, Senior Administrator, Office of the Secretary
Michael F. O'Connor, Chief of Public Safety and Emergency Management
Catherine F. Pavelec, Manager, Administration, Protocol and Executive Correspondence, Office of the Secretary
Michael A. Petralia, Chief of Public and Government Affairs

Kenneth P. Philmus, Director, Tunnels, Bridges and Terminals
Alan L. Reiss, Deputy Director, Aviation
Edmond F. Schorno, Chief of Staff
Gerald B. Stoughton, Assistant Director, Office of Forecasting and Capital Planning
Tiffany A. Townsend, Public Information Officer, Public Affairs
Emery J. Ungrady, Deputy Chief of Staff
Peter J. Zipf, Deputy Chief Engineer

Guest:
Kevin Corbett, New York Empire State Development Corporation

The public session was called to order by Chairman Coscia at 2:55 p.m. and ended at 3:20 p.m. The Board met in executive session prior to the public session.

Action on Minutes

The Assistant Secretary submitted for approval Minutes of the meeting of June 24, 2004. 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 Finance

The Committee on Finance reported, for information, on matters discussed and action taken in executive session at its meeting on August 4, 2004, which included discussion of certain contract matters, lease matters and matters which could affect the competitive economic position of the Port Authority, the Port District or businesses with which we deal, in addition to matters filed with the Committee pursuant to Board action or separately reported to the Board of Commissioners at this meeting of the Board, and the report was received and is included with these minutes.

Report of Committee on Capital Programs/Port Planning

The Committee on Capital Programs/Port Planning reported, for information, on matters discussed at its meeting on August 4, 2004, which included discussion of planning for the expansion of the new ExpressRail Elizabeth Intermodal Transfer Facility, an agreement to provide funding to New Jersey Transit Corporation for planning and development of the Meadowlands Rail Link, and an agreement with the New Jersey Turnpike Authority to provide funding for the New County Road Grade Separation Project in Secaucus, New Jersey, as well as matters discussed in executive session, which included discussion of contract matters and matters which could affect the competitive economic position of the Port Authority, the Port District or businesses with which we deal, and the report was received.

Report of Committee on Construction

The Committee on Construction reported, for information, on matters discussed at its meeting on August 4, 2004, which included discussion of a project for the implementation of Highway-Speed E-ZPass at the Outerbridge Crossing and recent technological initiatives to facilitate the efficient and effective implementation of capital projects, in addition to matters filed with the Committee pursuant to Board action or separately reported to the Board of Commissioners at this meeting of the Board, and the report was received and is included with these minutes.

Report of Committee on Operations

The Committee on Operations reported, for information, on matters discussed and action taken in executive session at its meeting on August 4, 2004, which included discussion of certain property and contract matters, lease matters, and matters which could affect the competitive economic position of the Port Authority, the Port District or businesses with which we deal, in addition to matters filed with the Committee pursuant to Board action or separately reported to the Board of Commissioners at this meeting of the Board, and the report was received and is included with these minutes.

Chairman's Report

On behalf of the Board, Commissioner Coscia welcomed Commissioner Angelo J. Genova and congratulated him on his recent appointment to the Board by New Jersey Governor James E. McGreevey.

NEWARK LIBERTY INTERNATIONAL AIRPORT – THE GROVE, INC. – LEASE ANB-500 – NEW LEASE

It was recommended that the Board authorize the Executive Director to enter into a lease with The Grove, Inc. (the Lessee) for the operation of a restaurant selling Subway-branded sandwiches, Grove-branded snacks and other food items in Terminal A at Newark Liberty International Airport. The leased premises would consist of a total of approximately 1,311 square feet, composed of food court space of approximately 1,111 square feet and 200 feet of storage space.

The Lessee would pay the greater of a minimum annual guaranteed rent in the amount of $130,000 or percentage rent equal to the sum of 15 percent of gross receipts up to $1.5 million, 17 percent of gross receipts from $1.5 million to $2 million, and 19 percent of gross receipts over $2 million. In addition, the Lessee would pay an additional promotion fee annually equal to 0.5 percent of gross receipts. The lease, and the rent obligation, would commence on or about September 1, 2004. The lease term would be seven years from the date of beneficial occupancy, which would be the date that the space comprising the premises is made available to the Lessee for occupancy. The Lessee would be required to make an initial capital investment of at least $300,000, and the Port Authority would be permitted to terminate the lease on 30 days' notice without cause, in which event it would be obligated to reimburse the Lessee for its unamortized initial capital investment, up to $300,000, calculated on a straight-line basis over the stated lease term.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Coscia, Gargano, Genova, Pocino, Sartor, Silverman, Sinagra 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 Grove, Inc. for the letting of retail space in Terminal A at Newark Liberty International Airport, substantially in accordance with the terms and conditions outlined to the Board; the form of the agreement shall be subject to the approval of General Counsel or his authorized representative.

AGREEMENTS WITH THE CITY OF NEW YORK REGARDING JOHN F. KENNEDY INTERNATIONAL AND LAGUARDIA AIRPORTS AND THE WORLD TRADE CENTER SITE

It was recommended that the Board authorize the Executive Director to enter into agreements with the City of New York (the City) pertaining to: (1) amendment and extension of the lease agreement between the City and the Port Authority (City Lease) covering John F. Kennedy International Airport (JFK) and LaGuardia Airport (LGA), together with such related and ancillary agreements with the City or others as may be deemed necessary or appropriate; (2) amendment of the agreement between the City and the Port Authority (PILOT Agreement) concerning payments in lieu of taxes (PILOT) for the World Trade Center (WTC) site (WTC Site); and (3) modification of the agreement between the City and the Port Authority relating to the City's street system and the transfer of title to land adjacent to and within the WTC Site (the WTC Redevelopment Agreement, previously known as the Street Closing Agreement).

The term of the City Lease under which the Port Authority operates JFK and LGA expires December 31, 2015. At its meeting of November 20, 2003, the Board authorized the Executive Director to enter into a Memorandum of Understanding (MOU) with the City with respect to agreements relating to changes in and extension of the City Lease and in the PILOT Agreement, so that: (1) effective January 1, 2002, the provisions of the existing City Lease would be amended and supplemented to, *inter alia*, extend the term to December 31, 2050, and increase the rental payable to the City; (2) the annual PILOT amounts for the WTC Site paid by the Port Authority to the City would be increased, effective January 1, 2004, and the property covered would be expanded; and (3) all pending arbitration and litigation between the City and the Port Authority involving the City Lease and the PILOT Agreement would be terminated with prejudice and without further payment.

<u>Amended and Restated City Lease</u>

As a result of continuing discussions between staff and City representatives, the City Lease is to be amended and restated, effective January 1, 2002, for a term expiring December 31, 2050, on the principal terms outlined below:

<u>Rent</u> – The rent would be as follows:

- *<u>Initial Lump-Sum Payment</u>* – Upon execution of the amended City Lease, the Port Authority would make a lump-sum payment of $500 million to the City. The rent for 2002, 2003 and the portion of 2004 preceding the signing of the amended City Lease based on the rent formula described below, would be paid, with interest, in one lump sum.
- *<u>Minimum Annual Rent</u>* – Commencing as of January 1, 2002, the Port Authority would pay a minimum annual rent (MAR) of $93.5 million, the amount of which would be reset from time to time. After execution of the amended City Lease, MAR would be payable in equal monthly installments, in advance.

- *Rent Formula and Reset Provisions* – Annual rent would be the greater of the MAR, as reset from time to time, or eight percent of gross revenues at JFK and LGA, with the excess over the MAR to be payable the following March. Beginning in 2007, the MAR would be reset every five years to equal ten percent of the average gross revenues at JFK and LGA for the previous five years, but in no event would the MAR be less than the previous year's MAR. Gross revenues would not include federal grants or monies received as a result of any federal statute, regulation or policy, such as Passenger Facility Charges and amounts used for airport security.

Other Terms –

- The amended City Lease would include provisions for default and termination in the event the Port Authority failed to make any payments due under the lease or to provide the City with full information with respect to airport operations, finances and performance standards. The amended City Lease would also include provisions that the parties believe are appropriate in order to resolve outstanding operational issues.
- The ongoing arbitration under the existing lease would be terminated. If, however, the City is required to repay the lump-sum payment(s), the City would have the right to reinstate the arbitration, and to treat that event as a nonpayment of rent and seek termination of the amended City Lease (although the Port Authority may cure the default by offering to settle the arbitration for the amount that the City was required to repay).
- The City also would have the right to terminate the amended City Lease if the Port Authority's obligation to pay rent is held to be invalid or unenforceable, but only if the Port Authority is in fact actually not paying rent or equivalent consideration to the City. In the event that the lease is terminated, the parties are to use all commercially reasonable efforts to negotiate a substitute lease with respect to JFK and LGA.
- The City would have the right to assign the rent under the amended City Lease to a third party, and the assignee would have the right to sue the Port Authority directly in the event of nonpayment of rent, but would not have the right to terminate the amended City Lease.
- The amended City Lease would contain new or revised provisions related to certain portions of the demised premises (and previously surrendered parcels), indemnification provisions, insurance coverage details, and other issues.

IDA Financing – The New York City Industrial Development Agency and other City agencies would be precluded from financing any projects at JFK or LGA during the term of the amended City Lease, except for projects already authorized.

Airport Board – In connection with airport governance, an Airport Board, composed of an equal number of Port Authority and City (appointed by the Mayor) representatives, is to review operations and performance at JFK and LGA on a quarterly basis. Funding for the Airport Board and for a designated City agency providing airport liaison functions is to be provided from the rent payments. In addition, the Port Authority and the City would establish financial and performance standards (which could be supplemented from time to time by the Airport Board) to be used in the review of airport operations. The Airport Board would retain independent consultants for this purpose, and the Port Authority and the City would each provide up to

$250,000 annually for these consultants (with the City's share to be deducted from the rent payable under the amended City Lease).

Queens Capital Projects – In the years 2004-2008, the Port Authority would provide a total of $100 million to fund projects in the Borough of Queens identified by the City and which qualify as being eligible for Port Authority capital expenditures.

Direct Rail Access – The Port Authority would continue to include in its updated Capital Plan a $30 million project to study the feasibility, with respect to engineering, operational and financial considerations, of extending the Port Authority Trans-Hudson rail system from its terminus at Newark Penn Station to Newark Liberty International Airport (EWR PATH Extension). If, based on this study, the Port Authority determines that the EWR PATH Extension is feasible, it would include funding for this project in its Capital Plan. (Based on preliminary estimates, the EWR PATH Extension would cost at least $500 million.) In consultation with the City, the Port Authority also would study the feasibility, with respect to engineering, operational and financial considerations, of establishing a direct rail service connection between JFK and Downtown Manhattan (JFK-Downtown Rail Line), and include in its updated 2004-2008 Capital Plan a $60 million project for this study. If, based on this study, the Port Authority determines that the JFK-Downtown Rail Line is feasible, the Port Authority would include funding for this project in its Capital Plan in an amount equal to the preliminary $500 million cost estimate for the EWR PATH Extension, or the amount of funding actually provided for that project, whichever is less. Construction of the JFK-Downtown Rail Line would not commence until full funding has been arranged.

A number of "side letters or agreements" would be entered into in connection with the amended City Lease, covering the Airport Board (with the performance standards as an attachment), the Queens capital projects, direct rail access, and the prohibition on City agency financing, all substantially as described above.

The amended City Lease is expected to be executed by the City and the Port Authority sometime in October 2004 and, accordingly, the effective term of the MOU would have to be extended through October 31, 2004, beyond its current expiration date of September 30, 2004.

New PILOT Agreement

Pursuant to the 1962 bi-state legislation that authorized the Port Authority to establish, develop and operate The World Trade Center and the Port Authority Trans-Hudson rail system (the WTC Legislation), both the Port Authority and Port Authority Trans-Hudson Corporation (PATH) entered into agreements relating to PILOT amounts with respect to the portions of the WTC Site each occupied. The PATH PILOT Agreement and the Port Authority PILOT Agreement (as modified) collectively provide for a minimum annual payment to the City equal to $1,708,624.03, and for an additional payment with respect to portions of the WTC leased for hotel and retail purposes and for "office use by private persons engaged in carrying on, within the World Trade Center, a profession or trade or business for profit." For the City's property tax year 2001-2002, this additional payment, based on the calculations in the PILOT Agreements and the fully-leased status of the WTC amounted to approximately $28 million after all applicable credits and adjustments. However, as a result of the destruction of the WTC in

September 2001, beginning in the City's property tax year 2002-2003, there are no rentable areas within the WTC buildings, structures, or improvements that are occupied by private tenants, as defined, and the only PILOT amount currently being paid under these Agreements and the WTC Legislation is the minimum payment specified above.

To accommodate the legitimate interests of the City and the Port Authority regarding the redevelopment of the WTC Site, and to provide for PILOT amounts during the period of and following the reconstruction of the WTC PATH Terminal and the other buildings, structures, and improvements comprising the WTC Site, the City and the Port Authority would enter into a new agreement (the New PILOT Agreement). Replacing the existing agreements, the New PILOT Agreement would provide for payments to replace those currently being made by PATH and the Port Authority and for annual payments with respect to all additional properties to which the Port Authority acquires title and which become part of the WTC Site. This specifically includes the City's consent to the inclusion of properties located south of Liberty Street (the Southern Site) within the WTC Site should the Port Authority acquire title to these properties, identified as the land and building at 130 Liberty Street owned by Deutsche Bank Trust Company Americas, land owned by the Hellenic Orthodox Church, and land owned by 140 Liberty Street Associates.

The terms of the New PILOT Agreement would provide that, commencing January 1, 2004, the Port Authority would pay to the City an annual PILOT for the WTC Site equal to twelve percent of all rent payments or payments in lieu of rent received by the Port Authority from the lessees (the Net Lessees) under the lease agreements entered into by the Port Authority, dated as of July 16, 2001 (Net Leases), pertaining to certain components of the WTC, including the proceeds of business interruption or rent insurance from policies procured and maintained by the Net Lessees, which proceeds are paid over to the Port Authority on account of the Net Lessees' rental obligations under the Net Leases, but excluding: (1) any payments on account of taxes or payments in lieu thereof made by the Net Lessees to the Port Authority which are paid by the Net Lessees to the Port Authority and paid over by the Port Authority to the City; (2) pass-through reimbursements, such as business improvement district payments paid by the Net Lessees to the Port Authority; (3) payments for services or utilities furnished by the Port Authority to the Net Lessees or to any space leased to tenants of the Net Lessees pursuant to the Net Leases including, without limitation, common-area charges; and (4) inspection, permit plan review and other application fees paid by the Net Lessees to the Port Authority.

In addition to the minimum annual PILOT amount, the Port Authority would pay the City on account of the WTC Site an annual payment equal to the excess over the minimum annual PILOT payment of an amount obtained by multiplying $55,000,000 (Base Amount) by an "Escalator," which represents the percentage change over the base year (July 2002-June 2003) in the tax rate for Manhattan commercial office properties and the assessed valuation of a benchmark group of Class A office buildings to be mutually agreed upon by the Port Authority and the City, and multiplying that product by the ratio of the amount of commercial space built at the WTC Site to the total amount of commercial space planned under the WTC Site Master Plan (11.4 million gross square feet). This calculation includes PILOT amounts for the site of the 7 WTC building. The payments to be made would be net of all credits against PILOT payments that the Port Authority has become entitled to as a result of previous agreements with the City.

Upon the inclusion of any of the Southern Site properties in the WTC Site, the Port Authority would pay the City a PILOT amount equal to the full amount of real estate taxes that would have been assessed on the land comprising such site if the land were not owned by the Port Authority. In addition to this land payment, during the 15-year period following the commencement of construction on any such site, the Port Authority would pay to the City in connection with each site as to which there is office, retail, or hotel space available for use for the purposes intended, and which (1) are occupied, whether by private parties or by government agencies, including the federal government and the Port Authority, (2) are under lease to any such party, or (3) have been constructed and which, by installation of tenant improvements, may be made ready for occupancy (Actual Additional World Trade Center Properties Space Available), an amount equal to the product obtained by multiplying Nine Dollars by the number of square feet of Actual Additional World Trade Center Properties Space Available for use for the purposes intended, such amount to be adjusted each year by application to such amount of the Escalator established for the original WTC Site for such year.

Under the New PILOT Agreement, the Port Authority would not make any payments on account of land devoted to public park purposes or established as a public open space. The City would be permitted to securitize the payments due from the Port Authority under the agreement, and the Port Authority would not be permitted any right of setoff or counterclaim against such payments. As long as the Port Authority retains title to the WTC Site, the City would cancel or otherwise satisfy and discharge of record all taxes, assessments and interest against the properties currently constituting part of the WTC Site, including the 7 WTC building, properties occupied by PATH, and all improvements to be constructed on the site, and would mark said properties as exempt on its tax records.

The execution of the New PILOT Agreement would not affect the obligations of the Net Lessees under the Net Leases to pay to the Port Authority a portion of the PILOT amounts that the Port Authority is required to pay to the City. Such payments would continue to be made to the Port Authority based on the terms of the Port Authority's PILOT Agreement.

Upon execution of the New PILOT Agreement, all pending arbitration proceedings and litigation concerning the PILOT Agreements would be discontinued with prejudice, without costs to either party.

Modification of Street Closing Agreement

In order to accommodate the construction and development of the WTC, the Port Authority and the City entered into the Street Closing Agreement relating to changes in the City's street system and to the transfer of title land adjacent to and within the WTC Site. At that time, the Port Authority was given title to sub-surface areas (land below a plane 1.35 feet below curb grade) within the WTC's slurry wall, which include portions of Vesey, West and Liberty Streets. At grade, the WTC property line was fixed as the northerly face of buildings abutting Vesey Street, the easterly face of buildings abutting Church Street, the southerly face of buildings abutting Liberty Street and the westerly face of buildings abutting West Street. The Street Closing Agreement required the Port Authority to convey to the City title to all of the land outside of this property line, which originally was acquired by the Port Authority via condemnation, including the sidewalks and the former street beds. In return, the City was to convey to the Port Authority title to: (1) the portion of Greenwich Street between Barclay Street and Vesey Street within the site of the 7 WTC building, (2) the portion of Greenwich Street between Vesey Street and Liberty Street within the WTC Site, and (3) the portions of Fulton, Dey and Cortlandt Streets between Greenwich and Church Streets within the WTC site. As of this date, the City retains legal title to these former streets, although they have been de-mapped.

The implementation of the WTC Site Master Plan adopted following the destruction of the WTC requires modification to accommodate the redevelopment process for the WTC Site and resolve all property issues related to the present or former streets at the WTC Site. Pursuant to the terms of the WTC Redevelopment Agreement, the City would own the at-grade areas of all streets and sidewalks within the WTC Site and such below-grade areas immediately below the surface of such streets and sidewalks as shall lie above a designated lower-limiting plane. The Port Authority would own all other areas within the WTC Site, including all areas lying below the designated limiting plane. The City would be responsible for maintenance of the City-owned areas of the streets and the sidewalks within the WTC Site. The parties would retain for themselves, and grant to each other, all necessary and appropriate easements for infrastructure, utility and other services. The streets and sidewalks within the WTC Site would be designed and constructed by the Port Authority in accordance with City standards, subject to a mutually agreed-upon security plan that would supersede any existing Memoranda of Understanding between the City and the Port Authority addressing security issues, and the City would operate, manage and maintain the sidewalks and the streets, including traffic patterns and flows, subject to the security plan. Except for streets and sidewalks, the Port Authority would have overall management responsibility for the WTC Site. The City and the Port Authority would mutually agree on all issues relating to curb usage, and the City would consult with the Port Authority on any decisions that would permanently and materially affect vehicular and pedestrian traffic in and through the WTC Site. The Port Authority would develop Design Guidelines consistent with the General Project Plan (GPP) approved by the Lower Manhattan Development Corporation (LMDC). The Design Guidelines would be adopted by LMDC and the Board of Commissioners, with input from involved and interested parties, including the City and the Net Lessees. It is contemplated that the Port Authority would agree with LMDC that the adoption, implementation and modification of all such Design Guidelines would be subject to the agreement of LMDC or any successor. The Port Authority and the City would consult with each other regarding all other major aspects of the WTC redevelopment plan, including phasing, infrastructure development and material funding issues.

Expanding upon a policy adopted by the Board on April 15, 1993, the Port Authority would agree to comply with all applicable Building Code requirements of the City (the Building Code) for all construction work to be performed at the WTC Site, with the exception of certain portions of the permanent WTC PATH Terminal which will comply with the National Fire Protection Association codes. Any proposed variances from the Building Code would require the prior consent of the City Department of Buildings (DOB). Neither the Port Authority nor its lessees and sublessees would be required to obtain any building permits or certificates of occupancy from the City in connection with any construction at the WTC Site. The DOB would have the right to inspect the WTC Site at any time to determine compliance with the Building Code.

The final terms of the WTC Redevelopment Agreement would be subject to review by the Board's WTC Site Planning Sub-committee.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Coscia, Gargano, Genova, Pocino, Sartor, Silverman, Sinagra 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 "Amended and Restated Agreement of Lease of the Municipal Air Terminals" with the City of New York (the City), covering John F. Kennedy International (JFK) and LaGuardia (LGA) Airports, together with such related and ancillary agreements with the City or others as may be deemed necessary or appropriate, and to extend the Memorandum of Understanding between the Port Authority and the City, dated January 16, 2004 (with respect to JFK and LGA and World Trade Center (WTC) payments in lieu of taxes (PILOT) through October 31, 2004, substantially in accordance with the terms and conditions outlined to the Board; and it is further
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> **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 City to resolve all property issues related to the present or former streets at the WTC Site and relating to PILOT amounts during the period of and following the reconstruction of the Port Authority Trans-Hudson system permanent World Trade Center Terminal (known as the WTC Transportation Hub) and the other buildings, structures, and improvements comprising the WTC Site, substantially in accordance with the terms and conditions outlined to the Board; and it is further
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> **RESOLVED**, that the form of the foregoing agreements shall be subject to the approval of General Counsel or his authorized representative.

JOHN F. KENNEDY INTERNATIONAL AND LAGUARDIA AIRPORTS – AUTHORIZATION TO ENTER INTO NEW FLIGHT FEE AGREEMENTS

It was recommended that the Board authorize the Executive Director to enter into new agreements with airlines operating at John F. Kennedy International Airport (JFK) and LaGuardia Airport (LGA) to establish a new methodology, cost recovery and accounting principles in connection with calculating flight fees and the use by the airlines, and the provision, operation and maintenance by the Port Authority, of the public aircraft facilities (PAF) at JFK and LGA, respectively (JFK New Flight Fee Agreements and LGA New Flight Fee Agreements, and collectively, the New Flight Fee Agreements). The Port Authority and each of the airlines that meet certain eligibility criteria (signatory airline) would enter into a New Flight Fee Agreement. Each of the initial New Flight Fee Agreements would have a 20-year term, commencing effective as of January 1, 2004 and expiring December 31, 2023. The New Flight Fee Agreements would become effective only if the requisite number of airlines at both JFK and LGA signed their respective agreements.

The New Flight Fee Agreements would replace the former New York International Airport Airline Leases (also known as the Former Dewey Leases), dated January 1, 1953, entered into by the Port Authority and certain airline lessees then operating at JFK. In 1980, the methodology set forth in the Former Dewey Leases relating to the calculation of flight fees was adopted and incorporated into agreements with airlines serving LGA, with the addition of a specified airport service charge. The LGA New Flight Fee Agreements would supersede provisions of prior agreements at LGA relating to the use of the PAF and calculation of flight fees. The Former Dewey Leases, and the modified flight fee arrangement at LGA, expired December 31, 2003. However, the flight fee methodology and the Former Dewey Leases will be extended through September 30, 2004 by a Standstill Agreement entered into between the Port Authority and each of the lessees under the Former Dewey Leases and other aircraft operators. The Standstill Agreements will also extend the provisions concerning the fuel cost recovery methodology from the Former Dewey Leases through December 31, 2004.

The New Flight Fee Agreements would also contain terms covering the use by the signatory airlines of the PAF and specified common areas at JFK or LGA, as applicable. The New Flight Fee Agreements would contain significant changes from the Former Dewey Leases in the methodology, cost recovery and accounting principles for the calculation of flight fees, but would continue the practice that the flight fees at JFK would be calculated on aircraft take-off weights and the flight fees at LGA would be calculated on aircraft landing weights. The additional airport service charge previously included in the flight fees at LGA under the prior agreements at LGA would not be continued under the New Flight Fee Agreements.

At the airlines' request, the New Flight Fee Agreements would contain a preamble that provides as follows: "IN MEMORY AND IN TRIBUTE TO THOSE WHO LOST THEIR LIVES ON SEPTEMBER 11, 2001 IN SERVICE OF THE UNITED STATES, THE CITY OF NEW YORK, THE PORT AUTHORITY AND THE AVIATION COMMUNITY, THE PORT AUTHORITY AND THE AIRLINES DO HEREBY DESIGNATE THIS AGREEMENT AS THE JOHN F. KENNEDY INTERNATIONAL AIRPORT FREEDOM AGREEMENT."

The New Flight Fee Agreements would contain provisions covering certain qualified affiliates of signatory airlines which would allow such qualified affiliates to pay the flight fee rates of the signatory airlines, provided the signatory airline assumes responsibility for the obligations of its qualified affiliates. If such qualified affiliate were to become a signatory to a New Flight Fee Agreement, the signatory airline would be relieved of this responsibility retroactively to the effective date of the New Flight Fee Agreement, and limitations would be placed on the duration of the responsibility of the signatory airlines in certain situations.

Subsequent to the effective dates of the New Flight Fee Agreements, additional airlines may become signatory airlines if they meet the specified eligibility criteria. Amendments to the New Flight Fee Agreements would require execution by a specified number of signatory airlines at both JFK and LGA for any such amendment to become effective. Extension of the term of the New Flight Fees Agreement beyond December 31, 2023 would require the unanimous agreement of signatory airlines. Once each New Flight Fee Agreement becomes effective, the cost recovery methodology, accounting principles and formula which apply to flight fees would remain in effect through December 31, 2023, notwithstanding the termination of the agreement in any manner or by either the signatory airline, a qualified affiliate or the Port Authority.

The signatory airline would be prohibited from challenging, in any proceeding or forum, the agreed-upon flight fee methodology. Acknowledging the unique history of the New Flight Fee Agreement, the Port Authority has also agreed not to assert its reasonableness in any proceeding or forum or promote the reasonableness of the methodology to other airports as a tool for those airports' use.

The Port Authority would have the right to terminate based on the default of a signatory airline under the New Flight Fee Agreement of that signatory airline. The signatory airline would also have certain rights to terminate the New Flight Fee Agreement under certain circumstances. In the event the Port Authority (by sale, conveyance, transfer, mortgage, pledge or assignment) transfers its interest to any third party as the operator of JFK and LGA, it would be obligated to use best efforts to require the transferee to warrant that: (1) the transferee would retain the cost recovery methodology, accounting principles and formula for the calculation of flight fees, that the transaction would not result in an acceleration of any costs being included in the calculation of the annual costs associated with calculating such flight fees, and that no portion of the consideration paid for the transfer, or any of the transaction-related costs, would be included in the calculation; and (2) the signatory airline would retain the right to use the PAF and common areas pursuant to the New Flight Fee Agreements. If the Port Authority fails to secure the above-described warranties, the New Flight Fee Agreement would automatically terminate, except that accrued liabilities and obligations as of the effective date of termination would survive.

The New Flight Fee Agreements would terminate upon the termination or expiration of the lease covering JFK and LGA between the City of New York (City) and the Port Authority, including amendments thereto (Basic Lease). The amendment and extension of the Basic Lease is contemplated in other action before the Board at this meeting (the proposed amended lease hereinafter, the Amended Basic Lease). The Port Authority may enter into an agreement with the City which results in the Basic Lease being amended, supplemented, surrendered, cancelled or terminated, except that the Port Authority cannot take any action, or agree to any action of the City, which is both inconsistent with the New Flight Fee Agreements and adversely affects the signatory airlines, or increases the fees or obligations of the signatory airlines under the New Flight Fee Agreements, except to the extent that such increased charges or obligations are in exchange for bona fide services or benefits rendered by the City to the Port Authority for the direct benefit of some or all of the items which are taken into account in calculating the flight fees. Further, if the Port Authority enters into a supplement or amendment to the Basic Lease, or a substitute new lease agreement with the City, which causes an increase in the rent owed to the City, such agreement cannot either supersede the provisions of the New Flight Fee Agreements relating specifically to the proportion of the rent to be paid by the airlines in the flight fee calculation or increase fees charged to or obligations of the signatory airlines under the New Flight Fee Agreements. It is the intent of the Port Authority that the foregoing references to City rent would refer to base rent under the Basic Lease.

The signatory airlines would have certain rights to assign the New Flight Fee Agreement without being required to obtain the Port Authority's consent, so long as a satisfactory assignment and assumption agreement is executed, pursuant to which the assignee assumes all the obligations of the airline as if it were the original signatory airline under the New Flight Fee Agreement.

Under the New Flight Fee Agreements, the Port Authority would assume certain obligations to the signatory airlines, including the obligation to operate JFK and LGA in accordance with Title 14, Code of Federal Regulations, Part 139 and other laws which apply to the Port Authority's operation of the PAF, as well as the obligation to consult with the signatory airlines on certain matters such as airport rules and regulations prior to their effectiveness. In addition, except in certain limited situations, the agreements would provide that no Scheduled Aircraft Operator would be charged lower flight fee rates for use of the PAF, or offered more favorable terms and conditions for the use of the PAF and common areas, than the rates offered under the New Flight Fee Agreements unless such more favorable rates, terms and conditions are offered concurrently to the signatory airlines.

The signatory airlines would obey and observe existing Rules and Regulations of the Port Authority as published in the "Air Terminal Rules and Regulations" issued or dated March 2002 and such reasonable future Rules and Regulations promulgated by the Port Authority. Future Rules and Regulations could not change the cost recovery methodology, accounting principles and formula for calculating flight fees. Except in the case of emergencies, the Port Authority would make a good-faith effort to consult with the signatory airlines prior to the adoption of any future rule or regulation which it knows would affect the signatory airlines' operations and, also except in the case of emergencies, it would give at least 30 days' notice to the signatory airlines prior to the date on which the airlines would be required to comply.

The environmental provisions of the New Flight Fee Agreements as they relate to the PAF vary from the standard provisions that exist in other Port Authority agreements for JFK and LGA. The New Flight Fee Agreements would include as an attachment an excerpt of the environmental provisions in the Amended Basic Lease, and the Port Authority would agree that the provisions of such excerpt would be applicable to the signatory airlines.

Each signatory airline would indemnify and hold harmless the Port Authority from and against all claims of third parties arising out of its default, operations or use of the PAF under the New Flight Fee Agreements and out of its acts or omissions, excluding the sole negligence or willful misconduct of the Port Authority. The Port Authority would indemnify and hold harmless each signatory airline from claims and demands of third parties arising out of the sole negligence or willful misconduct of the Port Authority, its Commissioners, officers, employees and agents in performing or observing any term or provision of the New Flight Fee Agreements.

The provisions of the New Flight Fee Agreements would not modify, amend or supersede the provisions of other Port Authority agreements in effect as of January 1, 2004, except to the extent the provisions in such pre-existing agreements conflict with the provisions of the New Flight Fee Agreements concerning rights and obligations as to operations on the PAF, in which case the provisions of the New Flight Fee Agreements would control.

The New Flight Fee Agreements for JFK and LGA would provide new methodology, cost recovery and accounting principles in connection with the determination of flight fee rates and flight fees in accordance with the following:

I - Operating & Maintenance Expenses

1. 100 percent of expenses charged to the PAF.

2. A proportionate share (based on the average recovery rate during the period from 1999 to 2003) of expenses for:

   a. Various airport systems (communications and signal, electric, water, gas distribution, storm and sanitary, and air terminal highway systems).
   b. Port Authority administration space.
   c. General costs of the airport, which are activities incurred for the benefit of various areas of the airport, including manager's office, policing and traffic control, and administrative and clerical activities.
   d. Direct prorated expenses, which represent the general supervision, promotion, planning and operation of activities performed centrally for the benefit of the airport.
   e. General administrative and development expenses.

3. (JFK only) 40 percent of the expenses charged to the AirTrain JFK.

4. The portion of rent payable to the City under the Amended Basic Lease that will be included in the flight fee shall be:

   a. For JFK the lesser of:
      i. $27,482,455 in 2004 escalated by one percent per annum thereafter
      or
      ii. 29.393 percent of the minimum annual rent payable to the City as defined in the Amended Basic Lease..

   b. For LGA the lesser of:
      i. $14,798,245 in 2004 escalated by one percent per annum thereafter
      or
      ii. 15.827 percent of the minimum annual rent payable to the City as defined in the Amended Basic Lease.

No other portion of rent paid to the City by the Port Authority shall be allocated in any other charges, rents, or fees charged to the signatory airlines by the Port Authority, except that if the Basic Lease is amended, supplemented, surrendered, canceled or terminated, the Port Authority may agree that the City may take an action which increases the fees charged to, or obligations of, the signatory airlines to the extent such increased charges or obligations are in exchange for bona fide services or benefits rendered by the City to the Port Authority for the direct benefit of any or all of the items that are taken into account in calculating the flight fees.

In the event the Port Authority should take ownership of the airports from the City, the amounts set forth in this paragraph would continue to be paid by the signatory airlines as part of the flight fee calculation notwithstanding that the Port Authority's rental payments to the City would end, and such amounts would be in lieu of any amounts relating to the purchase price.

5. The flight fees will also include certain costs that were historically included in the calculation, such as taxi dispatch, cargo police, a portion of various bus services at JFK and a portion of the budget of the Aviation Development Council and the Council for Airport Opportunities at LGA & JFK.

6. 100 percent of bad debts relating to flight activity will be included in the flight fees.

II - Capital Investment

1. 100 percent of all fixed charges (amortization and interest) on Port Authority investment in the PAF.

2. A proportionate share (based on the average recovery rate during the period from 1999 to 2003) of fixed charges on Port Authority investment in:

a. Airport systems (communications and signal, electric, water and gas distribution, storm and sanitary), except that for the air terminal highway system, the recovery rate will be set at 40 percent for JFK and 45 percent for LGA

b. Port Authority administration space.

3. (JFK only) 40 percent of fixed charges on the initial and subsequent additional or replacement investment in the AirTrain JFK System. For the purpose of this fixed charges calculation, the Port Authority's <u>initial</u> investment in the AirTrain is limited to $300 million. The recoverability through the flight fee of any capital investment for the extension of the AirTrain to points outside the AirTrain system will be the subject of future negotiation between the parties.

4. A coverage factor of .3 times fixed charges computed on PAF, airport systems, AirTrain, and Port Authority administration space shall be included in the flight fees.

5. Investment that is taken out of service will not incur an accelerated fixed charge and will be amortized over the estimated useful life first established when the asset was placed into service.

III – Credits

1. PAF costs will be credited for flight fee revenues earned from airlines that are not signatory to the New Flight Fee Agreements. Non-signatory airlines will be charged a rate per thousand pounds of maximum gross takeoff weight for JFK, or maximum allowable landing weight for LGA that is 10 percent higher than either the rate charged to signatory airlines or the estimated final flight fee rate. Commuter airlines, which under the previous flight fee agreements were subject to the Port Authority's Schedule of Charges for Air Terminals, will now be eligible to be signatories.

2. (JFK only) PAF will be credited with:

a. 40 percent of AirTrain revenues (fare box, rental car contributions, advertisements, etc.), plus

b. \$1 million in 2004, \$2 million in 2005, \$3 million in 2006, \$4 million in 2007, and \$4 million plus an annual escalation of 3 percent per annum beginning in 2008 and for each year thereafter.

The total credit in any year shall not exceed 40 percent of the AirTrain JFK operating and maintenance expense.

3. PAF will be credited with 25 percent of the coverage factor amount computed on PAF, airport systems, AirTrain (JFK only) and Port Authority administration space (see II –4 above).

4. PAF will be credited with an amount equal to half the previously imputed overhead included in fixed charges on investments that commenced prior to December 31, 2003, with a continued amortization in 2004 and beyond.

5. PAF will be credited with revenue earned for aircraft parking and storage on areas designated as PAF, and any other PAF-related revenues.

6. PAF costs will be adjusted each year based on under-collections or over-collections from the previous year, with the adjustment being reflected in the current year's flight fee rates.

IV – Flight Fee

The final flight fee shall be the total costs and credits attributed to PAF, for JFK, divided by the Maximum Weight for Take-off (in thousands of pounds) of aircraft of signatory airlines and their qualified affiliates, and for LGA, divided by the

Maximum Allowable Landing Weight (in thousands of pounds) of aircraft of signatory airlines and their qualified affiliates.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Coscia, Gargano, Genova, Pocino, Sartor, Silverman, Sinagra 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 new agreements with airlines operating at John F. Kennedy International Airport and with airlines operating at LaGuardia Airport which establish a new methodology, cost recovery and accounting principles in connection with calculating flight fees, 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.

JOHN F. KENNEDY INTERNATIONAL AIRPORT – AUTHORIZATION TO ENTER INTO MEMORANDUM OF AGREEMENT FOR THE REHABILITATION, RESTORATION AND ADAPTIVE REUSE OF TERMINAL 5

The TWA Terminal (Terminal 5) at John F. Kennedy International Airport (JFK), designed by Eero Saarinen, was identified as eligible for listing on the National and State Registers of Historic Places by the New York State Historic Preservation Officer in 1989 and designated an official New York City Landmark by the New York City Landmarks Preservation Commission in 1994. As a result, any alteration or demolition of this building would be subject to state and federal historic preservation regulations.

It was recommended that the Board authorize the Executive Director to enter into a Memorandum of Agreement (MOA) with the New York State Historic Preservation Office, the Federal Aviation Administration (FAA), and the Advisory Council on Historic Preservation for the rehabilitation, restoration, and adaptive reuse of TWA Terminal 5. This MOA is necessary to conform to federal environmental and historic preservation regulations and to effectuate the redevelopment of the Terminals 5 and 6 sites at JFK. It contains stipulations as to the restoration and rehabilitation of the TWA Terminal and the manner in which adverse effects to the historic resource resulting from redevelopment of the Terminals 5 and 6 sites will be resolved. The execution of the MOA would allow the FAA to approve an Environmental Assessment that covers the redevelopment of both the Terminal 5 and Terminal 6 sites.

Upon execution of the MOA, the Port Authority would be obligated, prior to demolition of the TWA Terminal Flight Wings, to retain a consultant to prepare a National Register of Historic Places Nomination for the TWA Terminal building, the East and West Tubes, and Flight Wings 1 and 2 of the Terminal, and to conduct a thorough recordation of the historic elements of the site in accordance with federal regulations. In addition, the MOA would require the establishment of a Redevelopment Advisory Council (Council) consisting of certain signatories to the MOA and various consulting parties. This Council would have an advisory role only and would be provided an opportunity to comment on plans for redevelopment of the Terminals 5 and 6 sites. Further authorization will be required for a lease agreement to be entered into with a tenant for a new terminal. The Flight Wings may not be removed until such lease is executed and the development plan for the new terminal is in place. Further authorization would also be necessary to enter into an agreement with a developer to restore, rehabilitate and adaptively reuse the historic TWA Terminal Building upon completion of a Request for Proposals process. Total historic preservation costs are estimated at $67 million.

Improving customer service and aeronautical capacity are two important components of our airport business plan. Execution of the MOA would lay the regulatory groundwork for the redevelopment of the Terminals 5 and 6 sites to proceed, which would provide a new modern terminal building that would significantly improve customer service and provide enhanced capacity in an area of the airport that is significantly underutilized.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Coscia, Gargano, Genova, Pocino, Sartor, Silverman, Sinagra 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 Memorandum of Agreement with the Federal Aviation Administration, the New York State Historic Preservation Office and the Advisory Council for Historic Preservation to provide for the rehabilitation, restoration and adaptive reuse of TWA Terminal 5 at John F. Kennedy International Airport, substantially in accordance with the terms outlined to the Board; and it is further

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

JOHN F. KENNEDY INTERNATIONAL AIRPORT - JETBLUE AIRWAYS CORPORATION - LEASE AYD-350 AND PROJECT AUTHORIZATION FOR REDEVELOPMENT OF TERMINAL 5 SITE

It was recommended that the Board authorize the Executive Director to: (1) enter into a lease (the Lease) with JetBlue Airways Corporation (JetBlue) pertaining to the design, construction, outfitting and leasing of a new passenger terminal facility on the Terminal 5 site and adjacent areas (the New Passenger Terminal) at John F. Kennedy International Airport (JFK), including certain associated environmental, improvement and infrastructure work and a new parking garage, and (2) take such action with respect to purchase and construction contracts, contracts for professional and advisory services and such other contracts and agreements to be entered into in connection therewith (all of the foregoing, collectively, the Terminal 5 Redevelopment Work), at a total cost to the Port Authority of approximately $825 million (the New Passenger Terminal Cost), with JetBlue to provide approximately $50 million of additional expenditures for the New Passenger Terminal.

At its meeting of September 28, 2000, the Board authorized: (1) Phase I of a project for the redevelopment of the Terminal 5 site for Trans World Airlines, Inc. (TWA) and United Air Lines, Inc. (United) and improvements intended to serve Terminals 5 and 6, including the design and construction of a parking garage; and (2) the award of a contract for the planning and design of the redevelopment of Terminal 6 for JetBlue (collectively, the Former Project Authorization). Subsequently, TWA ceased operating at JFK, and United indicated that it no longer was interested in participating in the redevelopment of Terminal 5, thereby making the Terminal 5 site available for redevelopment by JetBlue. It has been determined that the Terminal 6 site is too small to accommodate JetBlue's projected growth. Further, redevelopment of the Terminal 5 site by JetBlue would permit JetBlue to continue its current operations at Terminal 6 without interference by construction activities, and hence would enable JetBlue to construct its New Passenger Terminal at substantially lower cost than at the Terminal 6 site. This authorization would supersede the Former Project Authorization.

Under the terms of the Lease, JetBlue would design and construct a new state-of-the-art passenger terminal facility of approximately 640,000 square feet with 26 gates and approximately 50,000 square feet of concession space on an initial site of approximately 57.5 acres. An additional area of approximately seven acres would be added to the premises upon the earlier of notice from JetBlue or the commencement of enplanement rental and contingency rental, and another approximately 5.5 acres of land that is currently part of JetBlue's Terminal 6 premises at JFK would be added to the premises under the Lease upon the expiration of JetBlue's lease for Terminal 6. The Port Authority would have the right to recover approximately one acre of the Terminal 5 premises if required for the redevelopment of the remaining Terminal 6 site.

The redevelopment of the Terminal 5 site would render five of the existing 13 gates at Terminal 6 unusable. Additionally, the Lease would require the Port Authority to ensure that adequate levels of vehicular and pedestrian circulation in the Terminal 5/Terminal 6 quadrant are maintained if Terminal 6 is used after JetBlue vacates the terminal. Future use of Terminal 6 may be further limited unless the Port Authority or a future Terminal 6 lessee constructs additional vehicular and pedestrian circulation areas to serve Terminal 6.

The New Passenger Terminal Cost would include costs incurred by the Port Authority in connection with the Terminal 5 Redevelopment Work and an estimated amount of up to $730 million to be paid by the Port Authority for costs incurred by JetBlue to perform portions of the Terminal 5 Redevelopment Work. JetBlue would design and construct the New Passenger Terminal. Additionally, it is anticipated JetBlue would construct a parking garage containing at least 1,500 spaces and access, roadway and utility improvements associated with the New Passenger Terminal. Port Authority costs for the Terminal 5 Redevelopment Work would include Port Authority financial expense, project costs incurred pursuant to the Former Project Authorization, Port Authority project management costs, certain environmental costs, and any other components of the Terminal 5 Redevelopment Work performed by the Port Authority (such project management, environmental and components performed by the Port Authority, the Terminal 5 Project). The Commissioners would be advised of individual contracts or agreements to be acted on pursuant to this authorization for the Terminal 5 Project prior to taking such action. JetBlue would provide $50 million of the cost for the New Passenger Terminal as well as additional costs for the Terminal 5 Redevelopment Work in excess of agreed-upon amounts covering specified portions of the Terminal 5 Redevelopment Work.

JetBlue would pay a reduced ground rental during construction. Commencing on the earlier of the fourth anniversary of the Lease commencement date or the completion of the New Passenger Terminal (the Full Rental Commencement Date), JetBlue would pay full ground rental and a variable enplanement rental. The enplanement rental would be based upon the greater of an annual minimum amount or actual number of enplaned passengers. The per-passenger enplanement rental, but not the annual minimum enplanement rental, would be reduced by specified amounts in the event that certain project cost savings were achieved. Commencing on the earlier of the 30th anniversary of lease commencement or on the 26th anniversary of the Full Rental Commencement Date, JetBlue would pay at its election either the continuation of the enplanement rental or a rental intended to reflect the fair market value for the New Passenger Terminal. Additionally, JetBlue would pay a project contingency rental associated with incurring certain project costs and an additional land rental attributable to certain increases in Port Authority project costs.

JetBlue would pay all costs associated with the remediation of above-ground environmental contamination. JetBlue would pay 40 percent, and the Port Authority would pay 60 percent, of incremental costs related to disposal of contaminated soil excavated as part of the Terminal 5 Redevelopment Work which could be, but is not, reused at the site, and for incremental costs of construction-related dewatering of contaminated groundwater. All or a portion of the Port Authority's 60 percent incremental costs would be included in the New Passenger Terminal Cost, and if certain cost savings are achieved, JetBlue's 40 percent incremental costs in excess of $4 million may be included in the New Passenger Terminal Cost. The Port Authority and JetBlue each would take title to one half of all contaminated soil disposed of off-site in the performance of the Terminal 5 Redevelopment Work. JetBlue would be responsible for remediation of subsurface contamination at the premises above an agreed-upon groundwater and soil baseline, except for (1) contamination that is subsequently discovered on the premises that is not in the baseline which JetBlue can prove to the satisfaction of the Port Authority existed on the premises prior to the performance of the baseline and was not caused by JetBlue, (2) contamination caused by the Port Authority, and (3) contaminants that have migrated onto the premises.

The Port Authority is currently completing the remediation of portions of the Terminal 5 site pursuant to Administrative Consent Order for JFK entered into between the Port Authority and the New York State Department of Environmental Conservation. The cost of this current remediation performed prior to the effective date of the Lease would not be included in the New Passenger Terminal Cost. In the event that the Port Authority disposes of any soil from the premises in connection with the performance of the Terminal 5 Redevelopment Work, the Port Authority would indemnify JetBlue against any claims arising from the Port Authority's failure to have disposed of such soil in accordance with applicable laws.

The existing terminal on the Terminal 5 site (the Saarinen Building) was designed by Eero Saarinen and is eligible for listing on the National Register or Historic Places. The construction of the New Passenger Terminal would require the demolition of the existing Saarinen Building flight wings and some other ancillary structures. Prior to the execution of the Lease, a Memorandum of Agreement (MOA) must be entered into among the Port Authority, the New York State Historic Preservation Office, the Federal Aviation Administration and the Advisory Council on Historic Preservation covering the siting and design of the New Passenger Terminal as it affects the Saarinen Building, the demolition of the flight wings and the rehabilitation and the restoration and adaptive reuse of the Saarinen Building, as contemplated in other action before the Board at this meeting. The New Passenger Terminal Cost would not include any costs for the rehabilitation and the restoration and adaptive reuse of the Saarinen Building, but might include costs to provide access required by the MOA and to relocate elements of the Saarinen Building flight wings into the New Passenger Terminal and other costs incurred by JetBlue in its construction of the New Passenger Terminal to comply with the MOA. JetBlue would be obligated to comply with all the terms and conditions of the MOA as it applies to the premises under the Lease.

The Lease would not be entered into until: (1) JetBlue and the Port Authority have executed new flight fee agreements for JFK and LaGuardia (LGA) Airports, (2) the extension to the Port Authority's Lease with the City of New York covering JFK and LGA has been executed, (3) the MOA has been executed, and (4) JetBlue's stage 2 design drawings for the portion of the Terminal 5 Redevelopment Work it is to perform have been approved by the Port Authority. If the estimated total project costs based upon such approved stage 2 drawings exceed $875 million, the Lease would not be entered into unless additional funding was identified.

The term of the Lease would expire on December 31, 2015, subject to annual extensions at the election of the Port Authority, with such annual extensions not to extend beyond the earlier of the day preceding the 34th anniversary of the commencement of the Lease or the 30th anniversary of the completion of the New Passenger Terminal (the Outside Expiration Date). However, if subsequent to August 16, 2004, the Port Authority, except with respect to Terminal 4 and as set forth below, enters into any agreement of lease, sublease or other agreement covering passenger gates at JFK or any amendment to a passenger gate lease, sublease or other agreement which materially changes the terms and conditions of such agreement, and thereafter such new or amended agreement (a "Trigger Agreement") expires after December 31, 2015 and is for a fixed term of more than a year, the Lease would be extended to expire on the expiration date of such other agreement (December 31, 2015 or such extended date being referred to as the Expiration Date). The term of the Lease would not be so extended if after 2015 the fixed term of a Trigger Agreement were longer than a year as a result of the Port Authority having exercised a one-time right to relocate an airline to another passenger terminal. If the Port Authority were to elect not to annually renew the Lease after the Expiration Date, JetBlue's obligations to pay any future rentals under the Lease would terminate and the Port Authority would incur certain obligations as set forth in the Lease (the Non-Extension Obligations). The Non-Extension Obligations would include but not be limited to: (1) payment of the unamortized investment in the premises; (2) the accommodation of JetBlue's passenger operations at JFK in substantially equivalent facilities at no greater cost to JetBlue; and (3) payment of JetBlue's reasonable costs to relocate its passenger operations at JFK to such substantially equivalent facilities and to maintain the continuity of JetBlue's operations during such relocation, if applicable. The Non-Extension Obligations would continue through the Outside Expiration Date with respect to each location at JFK from which JetBlue is required to relocate as a result of the term of its occupancy agreement at such location not having been extended on an annual basis and, if JetBlue has been so relocated to 18 or more gates, then JetBlue would occupy such gates on a fixed-term basis until the Outside Expiration Date. In addition to the right to have the Expiration Date of the Lease extended as set forth above, JetBlue would have the right at its election, except with respect to the outside lease expiration date and investment, to substitute the term provisions of the Lease with the term provisions contained in any Trigger Agreement which JetBlue determined were different to it than the terms and conditions outlined above. The Lease will contain different term provisions than those in the proposed supplement to the lease with American Airlines, Inc. for Terminals 8 and 9 at JFK, due to the unique operating characteristics of each airline. However, JetBlue may elect to exercise its rights to include American's term provisions in its Lease.

The Lease would permit the Port Authority to terminate JetBlue's leasehold interest in one or more of the gates in the premises, from time to time, in the event that specified gate utilization standards are not met or JetBlue does not accommodate an airline in accordance with the preferential gate-use requirements set forth in the Lease. Upon such termination of a gate, the ground rental, minimum enplanement rental, project contingency rental, if any, building rental, if any, and additional land rental, if any, would be appropriately reduced or abated, and the Port Authority would be obligated to pay JetBlue an amount equal to an agreed-upon pro rata share of the unamortized investment in the premises and, if appropriate, JetBlue's maintenance expenses for the gate. The new provisions covering gate utilization standards or preferential gate-use would become void in the event that any Trigger Agreement does not contain gate utilization standards or preferential gate-use requirements. Further, if any such Trigger Agreement contains gate utilization or preferential gate-use provisions that are different than the provisions contained in the Lease, JetBlue would be entitled to replace the Lease provisions with such different provisions. The Lease would contain different gate utilization and preferential gate-use provisions than those in the proposed supplement to the lease with American Airlines, Inc. for Terminals 8 and 9, due to the unique operating characteristics of each airline. However, JetBlue may elect to exercise its rights to include American's gate utilization and preferential gate-use provisions in its Lease.

Prior to execution, the final terms and conditions of the Lease will be reviewed by the Committee on Operations, the Chairman and the Executive Director.

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

RESOLVED, that the Executive Director be and he is hereby authorized, for and on behalf of the Port Authority, to enter into a lease (the Lease) with JetBlue Airways Corporation (JetBlue) pertaining to the design, construction, outfitting and leasing of a new passenger terminal facility on the Terminal 5 site and adjacent areas (the New Passenger Terminal) at John F. Kennedy International Airport, including certain associated environmental, improvement and infrastructure work and a new parking garage, and to take such action, subject to advising the Commissioners of individual contracts or agreements to be acted on pursuant to this authorization prior to taking such action, with respect to purchase and construction contracts, contracts for professional and advisory services and such other contracts and agreements to be entered into in connection therewith, substantially in accordance with terms and conditions outlined to the Board, at a total cost to the Port Authority of approximately $825 million, with JetBlue to provide approximately $50 million of additional costs for the New Passenger Terminal; and it is further

RESOLVED, that the final terms and conditions of the Lease shall be reviewed by the Committee on Operations, the Chairman and the Executive Director prior to execution of the Lease on behalf of the Port Authority; and it is further

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

JOHN F. KENNEDY INTERNATIONAL AIRPORT – AMERICAN AIRLINES, INC. – REDEVELOPMENT OF TERMINALS 8 AND 9 – LEASE AYB-085R – LEASE SUPPLEMENT

It was recommended that the Board authorize the Executive Director to enter into a supplemental agreement (the Supplement) to Lease AYB-085R (the Lease) with American Airlines, Inc. (American) at John F. Kennedy International Airport (the Airport) to facilitate the continued financing and redevelopment of Terminals 8 & 9 (the Premises) at the Airport, and to execute such agreements and documents necessary and/or appropriate to effectuate the terms and conditions outlined to the Board in connection therewith.

The Supplement would permit American to construct a new 36-gate terminal instead of a 55-gate terminal as now required under the Lease. Commencing on the date the 36-gate terminal is completed, American would pay an additional rental of $2.5 million per annum escalated annually by one-half of the Consumer Price Index (the Additional Rental) until such time as it constructs 55 gates on the Premises or the Port Authority terminates a portion of the leasehold covering a parcel of approximately 30 acres of the Premises that would remain undeveloped after the completion of the 36-gate terminal (the Undeveloped Parcel).

The building and ground rentals under the Lease would remain unchanged, except that the abatement of building rentals received by American based upon the amount of its investment in the new terminal would not continue beyond December 21, 2010, unless by such date the required conditions are met. The required conditions under the Lease (Required Conditions) would be changed in the Supplement for the 36-gate terminal and would be the completion of a new 36-gate terminal that contains at least 24 wide-body gates and no more than 10 regional jet gates, and an investment in the construction of the new terminal of not less than $850 million. In the event the Required Conditions have not occurred on or before December 21, 2010, full building rental would be paid until all the Required Conditions have been met. Additionally, if the Required Conditions are not met by December 21, 2010, the Port Authority would have the right to terminate the Lease, provided the Port Authority pays American or its qualified assignee or the successor lessee resulting from the exercise of the Reletting Rights as hereinafter defined (each of the foregoing, the Lessee) its unamortized investment in the redevelopment work, and pays the Bond Obligation, as hereinafter defined. The sum of the Lessee's unamortized investment and principal amount of the Bond Obligation would not exceed $1.274 billion for a 36-gate terminal and $1.571 billion for a 55-gate terminal (the Unamortized Obligation). The Bond Obligation would either be an amount equal to the outstanding principal balance of bonds issued by the New York City Industrial Development Agency (IDA) under an existing master indenture to finance the construction of the new terminal (the Bonds), together with accrued interest thereon, or all future principal and interest on the Bonds. Debt service would be structured substantially on an equal-annual-payment basis and the Lessee's investment would be amortized on a straight-line basis. The Bonds would mature on or before December 21, 2031. Additionally, the Supplement and associated agreements may grant the Port Authority the right to have the Lease and certain bond documents assigned to it if the Required Conditions have not been met by December 21, 2010, upon essentially the same terms and conditions as for the exercise of the termination right.

The Supplement would provide that the Port Authority would have the right to terminate that portion of the leasehold with respect to the Undeveloped Parcel commencing on the earlier of January 1, 2008 or the completion of the 36-gate terminal. This right of termination would be suspended at such time as the Lessee has submitted a written notice of its intention to expand the terminal to 55 gates and thereafter commences and continues the construction of the additional 19 gates, and would end upon the completion of the 55-gate terminal. Effective upon the termination of that portion of the leasehold covering the Undeveloped Parcel, the Lessee would no longer have an obligation to pay ground rental on the Undeveloped Parcel or the Additional Rental.

The Supplement would not be entered into until American and the Port Authority have executed new flight fee agreements for airlines operating at John F. Kennedy International (JFK) and LaGuardia (LGA) Airports, and the extension to the Port Authority's lease with the City of New York covering JFK and LGA has been executed. Additionally, the Supplement would not be entered into until the earlier of the IDA's next issuance of additional Bonds or the date on which the Required Conditions have been met. If the issuance of the next Bonds occurs before the completion of the 36-gate terminal and the amount of next issuance of Bonds was insufficient to complete the 36-gate terminal, American would deposit funds estimated to be sufficient to complete the terminal into an account that would be used solely for the completion of the terminal. Further, the consent of the trustee for the Bonds to certain terms and provisions of the Supplement may be required prior to the execution of the Supplement.

The Lease permits American (or a qualified assignee of American) to mortgage its leasehold interest in the Lease to the trustee of the Bonds for the benefit of the holders of all of the Bonds (the Leasehold Mortgage). Currently, the Leasehold Mortgage, which is subordinate to the Port Authority's rights under the Lease, would become effective upon the completion of an $850 million, 55-gate terminal containing not fewer than 35 wide-body gates and not fewer than two narrow-body gates. The Supplement would provide that the Leasehold Mortgage would instead become effective upon the earlier of the date of the next issuance of Bonds or on the date the Required Conditions have been met, and would otherwise amend the leasehold mortgaging provisions of the Lease to facilitate the issuance of additional Bonds, including without limitation, extending the periods that the trustee for the Bonds as mortgagee (the Leasehold Mortgagee) could elect to exercise, and exercise, its rights to obtain a successor lessee (the Reletting Rights), reducing the Leasehold Mortgagee's obligations to the Port Authority that must be fulfilled in order for the Leasehold Mortgagee to be entitled to exercise its Reletting Rights, liberalizing the requirements for a successor lessee and amending the amounts to be paid to the Port Authority for the granting of the Reletting Rights to the Leasehold Mortgagee.

The Lease would be amended to expire on December 31, 2015, subject to extension as follows if the Required Conditions have been met. If, subsequent to August 16, 2004, the Port Authority, except with respect to Terminal 4 and as set forth below, enters into any agreement of lease, sublease or other agreement covering passenger gates at the Airport or any amendment to a passenger-gate lease, sublease or other agreement that materially changes the terms and conditions of such agreement, and such new or amended agreement (a Trigger Agreement) thereafter expires after December 31, 2015 and has a fixed term of greater than one year, then once the Required Conditions have been met, the Lease would be extended to expire on the expiration date of such other agreement (December 31, 2015 or such extended date being referred to as the Expiration Date). The term of the Lease would not be so extended if after 2015 the fixed term of a Trigger Agreement was longer than a year as a result of the Port Authority having exercised a one-time right to relocate an airline to another passenger terminal. If the Required Conditions have been fulfilled on or before December 31, 2015, the Lease would be renewable after the Expiration Date on an annual basis at the Port Authority's sole option through December 21, 2036. If the Required Conditions have been met by December 31, 2015 and the Port Authority elects not to renew the lease annually after the Expiration Date, the Port Authority would be obligated to (1) pay the Unamoritized Obligation, (2) accommodate the Lessee's passenger operations at the Airport in substantially equivalent facilities at no greater cost to the Lessee than as set forth in the Lease, and (3) if the Lessee's operations are relocated to another terminal, pay the Lessee its reasonable costs to relocate its passenger operations at the Airport to such substantially equivalent facilities (all of the foregoing to be referred to as the Non-Extension Obligations). The Non-Extension Obligations would continue through December 21, 2036 with respect to each location at the Airport from which the Lessee is required to relocate. In addition to the right to have the Expiration Date of the Lease extended as set forth above, the Lessee would have the right at its election, except with respect to the outside lease expiration date and investment, to substitute the term provisions of the Lease with the term provisions contained in any Trigger Agreement containing different provisions than the terms and conditions outlined above. The Lease would contain different term conditions than those in the proposed lease with JetBlue Airways Corporation (JetBlue) for Terminal 5 at the Airport, due to the unique operating characteristics of each airline. However, the Lessee may elect to exercise its rights to include JetBlue's term provisions in its Lease.

If the Required Conditions have been met by December 31, 2015, the Supplement and related agreements may additionally grant the Port Authority the right to have the Lease and certain bond documents assigned to it, provided that the Non-Extension Obligations have been met. If the Required Conditions have not been met by December 31, 2015, the Lease would expire on that date.

The Supplement would also amend the Lease to permit the Port Authority, from and after the date on which all of the Required Conditions have been fulfilled, to terminate the Lessee's leasehold interest in one or more of the gates in the Premises, from time to time, in the event that higher gate utilization standards are not met or the Lessee does not accommodate an airline under the preferential gate-use requirements of the Lease. Upon such termination of a gate, the ground rental and building rental, if any, would be appropriately abated and the Port Authority would be obligated to pay the Lessee an amount equal to an agreed-upon pro rata share of the Unamoritized Obligation and the Lessee's maintenance expenses for the gate. The new provisions covering higher gate utilization standards and preferential gate-use would become void in the event that a Trigger Agreement does not contain gate utilization standards and preferential gate-use requirements. Further, if the gate utilization provisions or preferential gate-use provisions contained in a Trigger Agreement are different than those contained in the Lease, the Lessee would be entitled to substitute the gate utilization and preferential gate-use provisions of the Trigger Agreement for those in the Lease. The Lease would contain different gate utilization and preferential gate-use provisions than those in the proposed lease with JetBlue for Terminal 5, due to the unique operating characteristics of each airline. However, the Lessee may also elect to exercise its rights to include JetBlue's gate utilization and preferential gate-use provisions in its Lease.

The Lease would further be amended to strengthen American's obligation to use the Port Authority's exclusive provider of wireless services for public use at the Premises.

American has requested that the Port Authority secure funding from the United States Transportation Security Administration (TSA) for payment of eligible project costs in connection with American's construction and installation of an in-line baggage security system at the new terminal, if such funding is available. In the event such funding is available, the Port Authority would enter into appropriate agreement(s) with the TSA and American covering the TSA's payment of a portion of such costs. It is anticipated that this arrangement would make an estimated $14 million of federal funding available to American.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Coscia, Gargano, Genova, Pocino, Sartor, Silverman, Sinagra 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 execute such contracts, agreements and documents necessary and/or appropriate to effectuate the terms and conditions outlined to the Board, including without limitation, authorization to enter into a supplemental agreement to Lease AYB-085R with American Airlines, Inc. (American) at John F. Kennedy International Airport and agreements with the United States Transportation Security Administration and American to make federal funds available for in-line baggage security project costs incurred by American; and it is further
>
> **RESOLVED,** that the form of all contracts, agreements and documents in connection with the foregoing shall be subject to the approval of General Counsel or his authorized representative.

ALL AIRPORTS – AUTHORIZATION TO EXTEND A REIMBURSABLE AGREEMENT WITH THE FEDERAL AVIATION ADMINISTRATION

It was recommended that the Board authorize: (1) the Executive Director to enter into an extension agreement to an existing reimbursable agreement with the Federal Aviation Administration (FAA), for an additional three years, to provide for reimbursement to the FAA for costs and expenses associated with work performed on the Port Authority's behalf in connection with capital and operating improvement projects at Port Authority airports, up to a total amount of $2.5 million; and (2) the Director of Aviation to enter into project-specific amendments as contemplated under the agreement.

Port Authority airfield improvement projects routinely impact FAA navigational and communication systems and infrastructure. When Port Authority projects create such impacts, the FAA requests reimbursement for the costs it incurs in order to allow the improvement to be completed. For years, these agreements were entered into on a case-by-case basis, which proved to be a very time-consuming process.

In June 2001, the Board authorized the Executive Director to enter into a three-year reimbursable agreement with the FAA at a total amount of $3 million, which allowed staff to enter into project-specific amendments as contemplated under the agreement. The existing process has eliminated delays in project implementation that had occurred in the past and enabled key projects to proceed in a timely manner. Examples of projects advanced under the existing reimbursable agreement include:

- Newark Liberty International Airport – Extension of Taxiway "P" Rehabilitation of Runway 4R-22L
- John F. Kennedy International Airport – Rehabilitation of Runway 4R-22L
- Teterboro Airport – Installation of Aircraft Guidance and Runway End Identification Lights
- LaGuardia Airport – Runway Deck Conduit Externalization Project

The total cost for FAA services under the reimbursable agreement was approximately $860,000.

In the next three years, we expect to implement a number of airfield improvement projects that will impact FAA facilities. Examples of such projects include:

- John F. Kennedy International Airport – Runway 13R/31L Overlay Project
- LaGuardia Airport – Installation of Touchdown Zone Lights on Runway 13
- Newark Liberty International Airport – Runway 11/29 Overlay Project
- Teterboro Airport – Runway 6/24 Overlay
- All Airports – Various Runway Safety Area Improvements

Extending the existing reimbursable agreement with the FAA for another three years would enable such key projects to proceed in a timely manner.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Coscia, Gargano, Genova, Pocino, Sartor, Silverman, Sinagra 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 extension agreement to an existing reimbursable agreement with the Federal Aviation Administration (FAA), for an additional three years, to provide for reimbursement to the FAA for costs and expenses associated with work performed on the Port Authority's behalf in connection with capital and operating improvement projects at Port Authority airports, up to a total amount of $2.5 million; and it is further

RESOLVED, that the Director of Aviation be and he hereby is authorized, for and on behalf of the Port Authority, to enter into project-specific amendments as contemplated by the foregoing agreement; and it is further

RESOLVED, that the form of the extension agreement and all amendments shall be subject to the approval of General Counsel or his authorized representative.

ELIZABETH-PORT AUTHORITY MARINE TERMINAL AND PORT NEWARK – PORT INTERMODAL RAIL DEVELOPMENT PROGRAM – EXPRESSRAIL ELIZABETH – PLANNING AUTHORIZATION

It was recommended that the Board, as part of the ongoing Port Intermodal Rail Development Program, authorize the planning and preliminary design of: (1) the expansion of the new ExpressRail Elizabeth Intermodal Transfer Facility (ExpressRail Elizabeth) from ten tracks to eighteen tracks; (2) a second lead track to ExpressRail Elizabeth; and (3) the partial relocation of Bay Avenue within the Elizabeth-Port Authority Marine Terminal (EPAMT), at a total estimated cost of $5 million.

Rail volume at the Port of New York and New Jersey (Port) has grown an average of 17 percent per year over the last ten years and is conservatively projected to grow 7-8 percent per year over the next decade and 3-5 percent per year thereafter. At these growth rates, the Port could be handling close to 1.4 million rail movements by 2030.

In response to this growth in rail traffic, a comprehensive Port Intermodal Rail Development Program is in progress to design and construct the ExpressRail System, which will result in each of the Port's major container terminals having a dedicated rail facility (ExpressRail Elizabeth, ExpressRail Port Newark and ExpressRail Staten Island at the Howland Hook Marine Terminal), and the necessary support track to integrate the rail traffic coming from these facilities (ExpressRail Corbin Street Intermodal Support Facility).

At its meeting on June 2, 2000, the Board authorized planning, design, reconfiguration and redevelopment of the container terminals at the EPAMT, which included construction for the new ExpressRail Elizabeth facility. ExpressRail Elizabeth was originally envisioned and authorized to provide the capacity to handle up to 500,000 containers annually. The facility was designed to have ten railroad tracks connected by a single lead track from the Conrail mainline tracks on the west side of Corbin Street, thereby doubling the number of tracks and capacity of the existing facility. The facility was to be developed in two phases (Phases I and II) on a 70-acre site as the property became available for construction. Phase I, which consists of a 50-acre site that contains eight tracks, is scheduled to be completed and operational in August 2004. It is currently anticipated that the construction contract for Phase II development (two additional tracks and an administration building) will be awarded in May 2005, contingent upon the availability of 20 acres of property to be surrendered to the Port Authority by Maher Terminals, Inc. to complete the 70-acre facility.

Since the original authorization for ExpressRail, staff has determined through further design discussions with the proposed facility operator and the railroads, and by advances in intermodal handling equipment, that a throughput of up to one million containers annually could be achieved within the same 70-acre facility by utilizing a denser, more efficient operation and by constructing eight additional tracks and a second lead track to the facility. The proposed expansion of ExpressRail Elizabeth from a 500,000-lift facility to a one million-lift facility with 18 railroad tracks and a second lead track would ensure that sufficient capacity is available to accommodate the forecasted growth in rail cargo.

For the rail facilities to operate as efficiently as possible, support track is necessary to integrate the rail traffic coming from the three ExpressRail facilities. At its meeting on March 20, 2003, the Board authorized the expenditure of $3.7 million for the planning and preliminary design of the ExpressRail Corbin Street Intermodal Support Facility at Port Newark and the EPAMT to provide this additional rail support capacity. The second lead track would provide improved access to ExpressRail Elizabeth from the ExpressRail Corbin Street Intermodal Support Facility and the Conrail mainline tracks on the west side of Corbin Street, and the capacity and flexibility that the operating railroads require. The new lead track would also require the partial relocation of Bay Avenue to minimize road and rail conflicts and increase the safety of our Port customers.

The work would include the planning and evaluation of alternative rail and roadway alignments and designs, the selection of a preferred alternative and a preliminary design for each project for which planning and preliminary design authorization is being requested, the investigation of underground and overhead utility conflicts and proposed utility relocations, a determination of environmental and geotechnical conditions and permit requirements, and the provision of expert rail engineering and operational planning technical advice.

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

RESOLVED, that, as part of the Port Intermodal Rail Development Program, planning and preliminary design work for: (1) the expansion of the new ExpressRail Elizabeth Intermodal Rail Facility (ExpressRail Elizabeth) from ten tracks to eighteen tracks; (2) a second lead track to ExpressRail Elizabeth; and (3) the partial relocation of Bay Avenue within the Elizabeth-Port Authority Marine Terminal, at a total estimated 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 and preliminary design work, subject to advising the Commissioners of individual contracts or agreements to be acted on pursuant to this authorization prior to taking or authorizing such action; and it is further

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

ELIZABETH–PORT AUTHORITY MARINE TERMINAL – NEW OPERATING AGREEMENT WITH MILLENNIUM RAIL FOR EXPRESSRAIL ELIZABETH – TERMINATION OF CURRENT EXPRESSRAIL AGREEMENTS

It was recommended that the Board authorize the Executive Director to: (1) enter into a ten-year agreement (Permit) with Millennium Rail (Operator), a joint venture of APM Terminals North America, Inc. and Maher Terminals, Inc., for the operation and maintenance of the new approximately 70-acre ExpressRail Elizabeth intermodal facility at the Elizabeth-Port Authority Marine Terminal; and (2) enter into agreements for the termination of the existing ExpressRail facility.

The term of the Permit would commence on or about September 1, 2004. The Operator would have two ten-year options to renew the Permit, provided that the Operator would not be in default under the Permit and would meet the negotiated throughput requirements.

The Operator would supply labor, software systems and all necessary equipment for the operation of the terminal, at an initial estimated cost of $12 million. The Port Authority would not reimburse the Operator for its investment in this facility.

The construction of the first phase of the ExpressRail Elizabeth facility will be completed in August 2004 at an estimated cost of $38 million. This project is part of the overall Port Intermodal Rail Development Program, the cost of which is currently estimated at $600 million. The development of this intermodal facility is part of an overall rail strategy to create the ExpressRail System, which will include the design and construction of two additional intermodal facilities (ExpressRail Port Newark and ExpressRail Staten Island) and the ExpressRail Corbin Street Intermodal Support Facility that will provide the necessary support track to integrate the rail traffic coming from the three ExpressRail on-dock transfer facilities.

The intermodal rail terminals would generate revenues through a fee for every container passing through each facility. The fee would be established at a level required to recover the Port Authority's costs associated with its rail development program and would be recovered through the Port Authority's Marine Terminal Tariff. Collection of this fee would be the responsibility of each terminal operator.

The Operator would be obligated to maintain a gate to accept outside delivery of cargo for rail shipment.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to: (1) enter into an agreement with Millennium Rail, a joint venture of APM Terminals North America, Inc. and Maher Terminals, Inc., for the operation and maintenance of the new ExpressRail Elizabeth, substantially in accordance with the terms and conditions outlined to the Board; and

(2) enter into agreements for the termination of the existing ExpressRail facility; the form of the agreements shall be subject to the approval of General Counsel or his authorized representative.

OUTERBRIDGE CROSSING – HIGHWAY-SPEED E-ZPASS – PROJECT AUTHORIZATION AND AWARD OF CONTRACT AKO-284.039

It was recommended that the Board authorize: (1) a project for the construction of the Port Authority's initial highway-speed E-ZPass toll plaza to be located at the Outerbridge Crossing (OBX), at a total estimated project cost of $9.9 million; and (2) the Executive Director to (a) award Contract AKO-284.039 – Outerbridge Crossing – Highway Speed E-Z Pass, at an estimated construction cost of $4.4 million, to the lowest bidder from a select list of bidders approved by the Chief Engineer, and (b) enter into a ten-year license agreement with ACS State and Local Solutions, Inc. (ACS) in the amount of $900,000 for the use of ACS's proprietary open highway electronic toll collection software at OBX and at any or all of the other Port Authority toll facilities.

For more than a year, staff has been working on a Highway-Speed E-ZPass Toll Plaza Program. The original planning study to increase E-ZPass toll lane speeds was a parallel effort to similar initiatives at the New York State Thruway, the New Jersey Turnpike and the Garden State Parkway for improved regional mobility through faster toll collection speeds. The public has enthusiastically accepted higher-speed E-ZPass lanes, and the Port Authority has, to date, increased E-ZPass toll collection speeds from 5 miles per hour (mph) to 15 mph to 25 mph, where appropriate. The construction and operation of a highway-speed plaza at the OBX would enable our customers to enjoy a higher level of service and mobility at that facility, as is increasingly being implemented in the region. With the approval of this project, staff would further evaluate similar highway-speed plazas at other bridge facilities, where appropriate. No such increase in plaza speeds is foreseen at the Holland or Lincoln Tunnels, due to the flow restrictions created by the tunnels themselves and the short distance between the plazas and the tunnel entrances.

Proven electronic toll collection technology has now advanced to the point that the performance of E-ZPass and the level of customer service can be further enhanced by moving to highway speed and making physical changes to toll plazas that will provide many benefits, including: more efficient traffic flow, less weaving upon entering and leaving toll plazas, improved physical separation of faster and slower moving traffic, and increased plaza capacity.

In addition to the above benefits, the project would enable the Port Authority to keep current with the level of customer service expected by our customers and increasingly being provided by other regional toll agencies. Other agencies in the region already have five such plazas in operation and may have as many as nine in the future.

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

> **RESOLVED**, that a project for the construction of the Port Authority's initial highway-speed E-ZPass toll plaza to be located at the Outerbridge Crossing (OBX), at an estimated project cost of $9.9 million (the Project), including payments to contractors, allowances for extra work (if necessary) and net cost work,

engineering, administrative and financial expenses and a contingency (if necessary), 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 obtain necessary approvals and permits, and to take action with respect to purchase and construction contracts, contracts for professional and advisory services and such other contracts and agreements as may be necessary to effectuate the Project, subject to advising the Commissioners of individual contracts or agreements to be acted upon pursuant to this authorization prior to taking or authorizing such action; 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 Contract AKO-284.039-Outerbridge Crossing – Highway-Speed E-ZPass, at an estimated construction cost of $4.4 million, to the lowest bidder from a select list of bidders approved by the Chief Engineer; 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 ten-year license agreement with ACS State and Local Solutions, Inc. (ACS) in the amount of $900,000, for use of ACS's proprietary open highway electronic toll collection software at OBX and at any or all of the other Port Authority toll facilities; and it is further

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

GEORGE WASHINGTON BRIDGE BUS STATION – GOLAN ENTERPRISES, INC. – NEW LEASE

It was recommended that the Board authorize the Executive Director to enter into an agreement of lease with Golan Enterprises, Inc. (Golan) covering the letting of approximately 500 square feet of retail space on the second level of the George Washington Bridge Bus Station for a five-year, three-month term, commencing on or about September 1, 2004.

Under the proposed lease, Golan would invest approximately $70,000 to design and construct a new retail store selling mobile phones, related equipment and subscription mobile phone service agreements. Golan would pay an aggregate rental of $120,000 over the term, with payment of rental to commence on the earlier of the opening of the store or three months following lease commencement. The Port Authority would have the right to terminate the lease, without cause, on 30 days' notice. In the event the Port Authority exercises such right, it would reimburse Golan for the unamortized portion of Golan's initial capital investment in the premises.

Golan has been in business for four years and currently operates six stores in the metropolitan New York City area, including three stores in the Washington Heights section of New York City.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Coscia, Gargano, Genova, Pocino, Sartor, Silverman, Sinagra 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 lease agreement with Golan Enterprises, Inc. covering the letting of retail space at the George Washington Bridge Bus Station, substantially in accordance with the terms and conditions outlined to the Board, or on such other terms and conditions as the Executive Director deems appropriate, subject to the conditions set forth in the following delegation; and it is further

RESOLVED, that the Committee on Operations be and it hereby is authorized to approve the final terms and conditions of the agreement of lease in the event the rental payment terms and/or the term of the letting are not substantially in accordance with the terms outlined to the Board; and it is further

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

DOWNTOWN RESTORATION PROGRAM – WORLD TRADE CENTER SITE PREPARATION AND CONSTRUCTION COORDINATION – DECONSTRUCTION OF 130 LIBERTY STREET (AKA DEUTSCHE BANK BUILDING) – AGREEMENT WITH LOWER MANHATTAN DEVELOPMENT CORPORATION

It was recommended that the Board authorize the Executive Director to enter into an agreement with the Lower Manhattan Development Corporation (LMDC) for the Port Authority to provide engineering services for the deconstruction of the Deutsche Bank Building, with the agreement to provide for full reimbursement by LMDC of all costs expended by the Port Authority, estimated at $2 million, as a sub-recipient of U.S. Department of Housing and Urban Development (HUD) funds.

The September 11, 2001 terrorist attacks caused tremendous damage to the buildings surrounding the World Trade Center (WTC) site, including the Deutsche Bank Building. The building suffered a 15-story gash after the South Tower collapsed, and has not been occupied or materially repaired pending resolution of disposition options.

On January 17, 2004, LMDC released a Draft Generic Environmental Impact Statement (DGEIS) that identified a "Southern Site" for inclusion in the final WTC Site Master Plan and General Project Plan (GPP). The Southern Site, located immediately south of the WTC site and including the Deutsche Bank Building site, was proposed as the location of a new office tower above grade, as well as a vehicular entrance facility below grade.

On February 27, 2004, New York State Governor George E. Pataki and New York City Mayor Michael Bloomberg announced an accord between Deutsche Bank Trust Company Americas (Deutsche Bank) and its insurers (principally AXA and Allianz) to remove the Deutsche Bank Building, which would provide increased open space on the current WTC site for the future WTC Memorial. LMDC would acquire the Deutsche Bank property for $90 million and perform deconstruction work up to a cost of $45 million. The insurers would be responsible for certain costs beyond the $45 million cap. In April 2004, in furtherance of the accord, the LMDC's Board authorized a contract with Gilbane Construction Company to perform the cleaning and deconstruction work for the Deutsche Bank Building.

LMDC has also started condemnation proceedings for the acquisition of the Deutsche Bank Building, including a public hearing held on May 18, 2004. This condemnation process is expected to be finalized by September 2004 and the property acquired by agreement with Deutsche Bank. On June 2, 2004, LMDC issued its Record of Decision (ROD) on the WTC Memorial and Redevelopment Plan Final Generic Environmental Impact Statement (FGEIS). The GPP and the ROD indicate that the Deutsche Bank property will be incorporated into an expanded WTC site. It is anticipated that the Port Authority ultimately would acquire the entire Southern Site, including the Deutsche Bank Building site, from LMDC, in connection with a WTC site property disposition for the WTC Memorial.

A formal Environmental Characterization regarding the condition of the Deutsche Bank Building will be required, and is expected to be issued prior to the start of construction. The deconstruction work is expected to begin in September 2004 and be completed by the end of 2005. This work will enable full redevelopment of the WTC site to proceed, including creating space for off-site bus parking and a vehicular entrance and security processing facility for cars, trucks and buses, reducing construction density on the current WTC site, and accommodating the WTC Memorial in the existing WTC "bathtub." In July 2004, LMDC issued a Request for Proposals for a construction manager for the deconstruction work.

The Port Authority would furnish engineering services for the work. The construction management contract and deconstruction contract would be entered into by LMDC. The scope of engineering services to be provided by the Port Authority includes preparation of a scope-of-work document to expedite building and site acquisition, contract negotiations, and development of specifications and drawings for the deconstruction and site work, as well as reviews of contractor submittals. The Port Authority would provide these services through existing staff and call-in consultant contracts.

The Port Authority would be indemnified by appropriate parties with regard to any pre-existing conditions at the Deutsche Bank Building, as well as with regard to construction operations by LMDC's construction manager(s) and contractor(s).

The Port Authority's costs for engineering services, including internal Port Authority administrative costs, would be fully reimbursed by LMDC under the proposed agreement through a HUD sub-recipient agreement to be incorporated therein.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Coscia, Gargano, Genova, Pocino, Sartor, Silverman, Sinagra 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 Lower Manhattan Development Corporation (LMDC) for the Port Authority to provide engineering services for the deconstruction of the Deutsche Bank Building, with the agreement to provide for full reimbursement by LMDC of all costs expended by the Port Authority, estimated at $2 million, as a sub-recipient of U.S. Department of Housing and Urban Development funds; and it is further

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

AUTHORIZATION TO ENTER INTO MEMORANDUM OF UNDERSTANDING WITH NEW YORK POWER AUTHORITY, THE CITY OF NEW YORK, NEW YORK CITY HOUSING AUTHORITY AND METROPOLITAN TRANSPORTATION AUTHORITY

It was recommended that the Board authorize the Executive Director to enter into a Memorandum of Understanding (MOU) with New York Power Authority (NYPA), the City of New York New York City Housing Authority and Metropolitan Transportation Authority under which the parties would agree to work collaboratively to assess and assist in shaping NYPA's electricity procurement and pricing policies and strategies and thus help ensure that the Port Authority and the other NYPA governmental customer signatories in Southeastern New York State (SENY Customers) continue to receive competitive, low-cost electricity supplies from NYPA. The MOU would be coterminous with the Port Authority's electricity supply agreement with NYPA. Further, authorization is requested for the Executive Director to fund consulting support services in connection with the MOU through the end of 2005 in an amount not exceeding $300,000, including the retention of Science Applications International Corporation at a cost of up to $210,000 for consulting services in connection with the MOU.

In April 2004, NYPA trustees approved a power rate increase that will result in increases in the electric bills for the Port Authority's New York facilities. NYPA has agreed to share with SENY Customers a broad range of data to permit collaborative assessment of the efficiency of NYPA's power procurement and pricing policies. The MOU would provide a formal framework under which the MOU signatories would individually and jointly prepare work plans, develop and undertake energy supply and cost reviews and analyses, evaluate proposed rate and rate design changes, intervene in rate increase administrative proceedings and implement strategies for short-term and long-term power cost containment. Pursuant to the MOU, the Port Authority would join with certain MOU signatories in sharing the costs of retaining utility cost and supply consulting services to perform load and cost studies, present testimony in regulatory proceedings and advise on issues affecting the cost of electric service to SENY Customers.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to: (1) enter into a Memorandum of Understanding (MOU) with New York Power Authority, the City of New York, New York City Housing Authority and Metropolitan Transportation Authority; and (2) authorize the Executive Director to fund consulting support services in connection with the MOU through the end of 2005 in an amount not to exceed $300,000, substantially in accordance with the terms outlined to the Board; the form of the MOU shall be subject to the approval of General Counsel or his authorized representative.

AUTHORIZATION TO PROVIDE FUNDING TO NEW JERSEY TRANSIT CORPORATION FOR PLANNING AND DEVELOPMENT OF THE MEADOWLANDS RAIL LINK

It was recommended that the Board authorize the Executive Director to enter into an agreement with the New Jersey Transit Corporation (NJ Transit) for the Port Authority to provide up to $5 million to NJ Transit for NJ Transit's costs incurred in connection with the planning and development of a project (Rail Link Project) to construct an extension from its Pascack Valley Rail Line (PV Line) in East Rutherford, New Jersey that would connect the PV Line with the site of the Meadowlands Sports Complex (Sports Complex), and the proposed Xanadu Redevelopment Project (Xanadu).

It is currently expected that the Rail Link Project would include the construction of a two-track rail spur of approximately two miles in length from the PV Line in East Rutherford to a location at the site of the Sports Complex and Xanadu, as well as changes to NJ Transit's Bergen and PV Lines to accommodate the rail spur, the construction of a rail station on the site of the Sports Complex and related improvements to roadways and rail freight lines.

Currently, the only mass transit access to the Sports Complex is by bus, which has proved increasingly inadequate in handling the growing activities at this site. The limited mass transit access contributes to traffic congestion on nearby roadways and at Port Authority trans-Hudson vehicular crossings that lead to the Sports Complex. The severity of these problems likely would increase with the development of Xanadu, which would create a complex of retail, recreational and entertainment venues adjacent to the Sports Complex site. A passenger rail connection to this site would encourage greater usage of Port Authority Trans-Hudson (PATH) rail system service, particularly because NJ Transit plans to run shuttle service at peak times from Hoboken, New Jersey to the rail link. Providing enhanced mass transit access to the Sports Complex site via PATH and other rail lines also would relieve traffic congestion on our trans-Hudson vehicular crossings.

Under the proposed agreement, the Port Authority would provide NJ Transit with up to $5 million for NJ Transit's costs incurred in connection with the planning and development of the Rail Link Project. The agreement would provide that the Port Authority would have no responsibility or liability with respect to the planning, design and construction of the project. Authorization may be sought in the future for the Port Authority to provide additional funds to NJ Transit in connection with the construction of the Rail Link Project.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into an agreement with New Jersey Transit Corporation (NJ Transit), to provide up to $5 million to NJ Transit for NJ Transit's costs incurred in connection with the planning and development of a project to construct a rail link between the Pascack Valley Line in East Rutherford, New

Jersey and the site of the Meadowlands Sports Complex (Sports Complex) and the proposed Xanadu Redevelopment Project, as well as changes to NJ Transit's Bergen and PV Lines to accommodate the rail spur, the construction of a rail station on the site of the Sports Complex, and related improvements to roadways and passenger and freight rail lines; 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.

AGREEMENT WITH THE NEW JERSEY TURNPIKE AUTHORITY TO PROVIDE FUNDING FOR THE NEW COUNTY ROAD GRADE SEPARATION PROJECT IN SECAUCUS, NEW JERSEY

It was recommended that the Board authorize the Executive Director to enter into an agreement with the New Jersey Turnpike Authority (Turnpike Authority) for the Port Authority to provide up to $30 million in funding for the Turnpike Authority's New County Road Grade Separation Project (New County Road Project).

The New County Road Project is part of the Turnpike Authority's overall $235 million Secaucus Interchange Project to construct a new interchange (Secaucus Interchange) for the Eastern Spur of the New Jersey Turnpike. The New County Road Project entails construction of a grade separation and elimination of an existing railroad "at grade" crossing between New County Road in Secaucus, New Jersey and tracks of Norfolk Southern railroad, as well as relocation of 4,000 feet of 100-year-old aqueducts. The tracks to be grade separated are part of the Southern Tier Main Line, as well as the connection between the Croxton Intermodal facility (Croxton) and the CQ rail yard that support intermodal as well as general carload traffic to and from the region. Croxton is Norfolk Southern's major domestic and international (mini-landbridge) container terminal in northern New Jersey. It provides major links for rail traffic originating from and destined to the Southeast, Midwest, and West Coast. Croxton also serves as an auxiliary "overflow" facility for container traffic normally handled at ExpressRail.

The frequent periods each day when the flow of traffic along New County Road is interrupted for extended time periods by long lines of freight cars occupying the existing "at grade" crossing have led the Secaucus police to issue summonses to Norfolk Southern for the loss of use of the public thoroughfare. A traffic detour to avoid the intersection would be too circuitous and too disruptive to local travel to be an acceptable alternative. Eliminating the "at grade" crossing bottleneck would reduce congestion and improve the flow of local and regional trucking traffic to and from Croxton and other nearby major freight generators that require access from County Road and New County Road.

Removal of the "at grade" crossing would help the area road systems to handle more effectively projected increases in demand for myriad freight and commercial services offered in the Secaucus area for the protection and promotion of the commerce of the Port District. The new and more direct connection to the New Jersey Turnpike would reduce truck traffic on other local roads, including Paterson Plank Road and Tonnelle Avenue, and the flow of regional truck traffic doubtlessly would be improved through this efficient connection to the region's truck highway system.

The New County Road Project would create a major improvement for general and commercial traffic using New County Road for local travel, and would enhance access to the new Secaucus Interchange to the New Jersey Turnpike currently under construction. The proposed improvements also would increase access to commuter bus and rail service to Midtown Manhattan. Such diversions of traffic would help mitigate demand during the congested peak hours at the Lincoln Tunnel and the Exclusive Bus Lane leading to the tunnel. The New County Road Project also would support the creation of critical network redundancy in the Midtown

Manhattan transportation corridor. It would strengthen the utility of Croxton as a close-in rail distribution location for the New York-New Jersey metropolitan area, thereby reducing the possibility that traffic might be "short-stopped" in eastern Pennsylvania, with cargo then trucked into the core market. Finally, the project would provide a link to other transportation improvements in the area (*e.g.,* New Jersey Transit Corporation's Secaucus Rail Station, and other improvements to Hudson County's local road system).

Because the Turnpike Authority is performing ongoing construction in the immediate vicinity, it would take the lead in providing for design engineering and construction management and in securing all applicable environmental permits. Norfolk Southern would convey its property rights as may be necessary, without seeking compensation, and the County of Hudson would provide the Turnpike Authority with up to $5 million to cover additional property acquisition costs.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, subject to further actions, if any, required under the Port Authority's existing agreements with the holders of its obligations, to enter into an agreement with the New Jersey Turnpike Authority (Turnpike Authority) for the Port Authority to provide up to $30 million in funding for the Turnpike Authority's New County Road Grade Separation Project (New County Road Project), a railroad freight project for the protection and promotion of the commerce of the Port District, which would also relieve congestion in the Lincoln Tunnel corridor; 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.

REGIONAL ECONOMIC DEVELOPMENT PROMOTION PROGRAM

It was recommended that the Board authorize: (1) a Regional Economic Development Promotion Program (Program) to provide $10 million ($5 million each with respect to the State of New York and the State of New Jersey) for promotion of regional economic development in the bi-state region served by the Port Authority; and (2) the Executive Director to enter into agreements, in consultation with the Chairman and Vice-Chairman, with the New Jersey Redevelopment Authority, the New Jersey Economic Development Authority, the Empire State Development Corporation and/or other state and local governmental entities for the creation and implementation of economic development advertising programs through the Program.

At its meeting of October 25, 2001, the Board authorized provision of a total of $20 million in funding to the State of New York and the State of New Jersey for the promotion of economic activity in the bi-state region served by the Port Authority. The Program would permit the continuation of these promotion efforts, which continue to be important to the economic vitality of the Port Authority's facilities.

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

> **RESOLVED,** that a Regional Economic Development Promotion Program (Program) to provide $10 million ($5 million each with respect to the State of New York and the State of New Jersey) for the promotion of economic development activity in the bi-state region served by the Port Authority 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 enter into appropriate agreements, in consultation with the Chairman and Vice-Chairman, with the New Jersey Redevelopment Authority, the New Jersey Economic Development Authority, the Empire State Development Corporation and/or other state and local governmental entities for the creation and implementation of economic development advertising programs through the Program; and it is further
>
> **RESOLVED,** that all agreements and documents necessary to effectuate the foregoing shall be subject to the approval of General Counsel or his authorized representative.

TRIBUTE TO BRUCE D. BOHLEN

The following resolution was unanimously adopted by the Board of Commissioners upon the retirement of Bruce D. Bohlen, Treasurer.

WHEREAS, from the time he joined the Port Authority in 1966 throughout his tenure as Treasurer, Bruce D. Bohlen has been a dedicated public servant who committed himself to the highest standards of financial management, performance and achievement; and

WHEREAS, in April 2004, Bruce D. Bohlen was awarded the Robert F. Wagner Distinguished Public Service Medal for this dedication and commitment to public service and the Port Authority; and

WHEREAS, during his more than 37 years of distinguished service, Bruce D. Bohlen was involved in the financial, accounting, debt administration, investment, credit, and risk financing activities of the Port Authority; and

WHEREAS, as Treasurer, Bruce D. Bohlen oversaw the agency's investment and insurance activities, implemented various innovative financing techniques, and played a prominent role in the issuance of approximately $13 billion in Consolidated Notes and Bonds; and

WHEREAS, Bruce D. Bohlen was instrumental in negotiating favorable settlements with the agency's insurance carriers following the 1993 World Trade Center Bombing and has been a driving force in managing the Port Authority's unprecedented insurance matters following the events of September 11, 2001; and

WHEREAS, through his involvement with the investment community and bond rating agencies, Bruce D. Bohlen has been instrumental in maintaining the reputation of the Port Authority in the financial community during the most difficult time in the agency's history,

NOW, therefore, be it

RESOLVED, that the Commissioners of The Port Authority of New York and New Jersey hereby express to Bruce D. Bohlen their sincere appreciation for his lifetime of 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 Bruce D. Bohlen as a token of the high esteem in which he is held by the Board and staff alike.

CONTRACT AND PURCHASE ORDER AUTHORIZATION AND AMENDMENTS – QUARTERLY REPORT

REPORT: In accordance with Article XII, sections (g)(1) and (g)(2) of the By-Laws, the Executive Director reported, for information only, the following contracts were awarded or amended for the period of January 1, 2004 through March 31, 2004.

AWARDEE	DESCRIPTION	AUTHORIZATION AMOUNT	PROCUREMENT METHOD
Document Technologies, Inc.	Black & White Copying - New Jersey	$125,560	Publicly Bid
Pravco, Inc.	Roof Installation & Call-in Repair at EWR	$500,000	Publicly Bid
Environmental Monitoring	Carbon Monoxide Monitoring - TB&T	$88,606	Publicly Bid
Premier Plumbing & Heating	Plumbing & Other Mechanical Services – NY Facilities	$348,419	Publicly Bid
Helicopter Support, Inc.	Helicopter Spindles	$110,185	Negotiated
Parts Distributors, LLC	Auto Parts	$500,000	Government Contract
Computercool Iceage Mechanical	HVAC Maintenance, Installation & Repair - Teleport	$113,579	Publicly Bid
Control Environmental Services	Landscaping- JFK Bow Tie areas	$752,356	Publicly Bid
Sagem-Morpho, Inc.	Fingerprint Scanner	$131,900	Government Contract
Heritage Environmental Services	E-Z Pass Tag Disposal TB&T	$115,141	Publicly Advertised Request for Proposals
Vector Technologies, Ltd.	Sandblaster – Operation Services Dept.	$287,921	Government Contract

CONTRACT AND PURCHASE ORDER AUTHORIZATION AND AMENDMENTS – QUARTERLY REPORT

AWARDEE	DESCRIPTION	AUTHORIZATION AMOUNT	PROCUREMENT METHOD
Deer Park Transmissions	Transmission Repair	$181,925	Publicly Bid
Transpo Industries, Inc.	Traffic Crash Cushions & Components	$498,618	Government Contract
Gales Industrial Supply	General Hardware Items	$328,547	Publicly Bid
Fremont Industrial Corp.	Various Safety Items	$261,146	Publicly Bid
Joseph T Ryerson & Son, Inc.	Aluminum Sheet	$129,900	Publicly Bid
Aon Solutions	Leadership Training; 2-yr Corporate Requirements Contract	$300,000	Government Contract
Commercial Blue Print & Supply	Engineering Drawings	$127,968	Publicly Bid
FLM Graphics Corp.	Engineering Drawings	$99,351	Publicly Bid
Storagetek Storage Technology Corp.	Automated Tape Cartridges	$94,440	Government Contract
Knoll, Inc.	PABT -- Police Desk Furnishings	$75,804	Government Contract
Manhattan Towing Company	Towing Service for PA Vehicles	$182,725	Publicly Bid
3M Company	Reflective Materials for Port Newark	$400,000	Government Contract
Ever Ready First Aid	Medical Supplies	$187,358	Publicly Bid

CONTRACT AND PURCHASE ORDER AUTHORIZATION AND AMENDMENTS – QUARTERLY REPORT

AWARDEE	DESCRIPTION	AUTHORIZATION AMOUNT	PROCUREMENT METHOD
Trim-A-Lawn	Lawn & Garden Tools & Equipment	$181,382	Publicly Bid
Work Area Protection Corporation	Traffic Cones	$384,000	Government Contract
Cintas Corporation	Toll Uniforms - TB&T	$228,284	Government Contract
Monarch Electric Co.	Wire & Cable	$104,428	Publicly Bid
Kova Corporation	Networked Digital Logging Recorder	$480,170	Government Contract
Moveway Transfer & Storage, Inc.	Moving Services- Office Space	$395,125	Publicly Bid
Davidson Machine Services Company	Printing press	$88,700	Publicly Bid
Mochan Painting Supplies	Misc. painting supplies	$152,159	Publicly Bid
DHL Express	Overnight Courier Service	$400,000	Government Contract
PMC	Vertex Mobile Radios & Parts	$76,727	Government Contract

Tort Claim Settlements - Report

The Executive Director reported, for information only, that in accordance with the authority granted under Article XII, section (g)(4) of the By-Laws, the following claims were previously settled, and reported closed during the period January 1, 2004 to March 31, 2004.

TORT CLAIMS OF THE PORT AUTHORITY, CLOSED

NAME	FACILITY	AMOUNT COLLECTED
ACADEMY EXPRESS	Lincoln Tunnel	$ 1,642.49
ADIRONDACK TRANSIT	Lincoln Tunnel	2,053.11
BOYD VERNA	John F. Kennedy International Airport	300.00
BUDGET RENT A CAR	Holland Tunnel	1,462.70
CHANDARASON P	LaGuardia Airport	586.17
CHEN SHO PAO	LaGuardia Airport	1,633.43
CHOI YOUNG J	George Washington Bridge	6,340.07
CPO LIMO MGMT	LaGuardia Airport	7,590.00
GEMINI AIR CARGO	John F. Kennedy International Airport	476,487.86
GLOBE GROUND NO AM	John F. Kennedy International Airport	500.00
GREEN BUS LINES	John F. Kennedy International Airport	7,560.00
GRIMM CHARLES V JR	Goethals Bridge	2,318.17
HOLMES IGNACIO	Brooklyn-Port Authority Marine Terminal	1,409.54
HONDA LEASE TRUST	Holland Tunnel	196.75
HRUNKA MICHAEL	Holland Tunnel	2,496.45
JEM SANITATION OF NJ	Lincoln Tunnel	5,348.06
LANDAIR TRANSPORT	LaGuardia Airport	4,058.11
LATIN ATC INC	Lincoln Tunnel	4,493.75
NORCON ELECTRONICS	John F. Kennedy International Airport	1,600.00
NORTHWEST AIRLINES	John F. Kennedy International Airport	1,242.76
PETER PAN BUS LINES	Lincoln Tunnel	2,053.11
SALVABEO LOUIS J	George Washington Bridge	1,924.70
SINGH CHARAN	LaGuardia Airport	1,211.26
TNP TRUCKING	John F. Kennedy International Airport	3,207.54
TRAN ANA N	Newark Liberty International Airport	912.50
TRI COMM SERVICES	Newark Liberty International Airport	899.77
WHEELS INC	John F. Kennedy International Airport	585.00
WILLIAM CASTILLO	Port Newark	3,750.00
	TOTAL	**$ 543,863.30**

TORT CLAIMS AGAINST THE PORT AUTHORITY, CLOSED

NAME	FACILITY	AMOUNT PAID
ROLDAN SONIA	John F. Kennedy International Airport	$ 6,250.00
MONZON SILVELYN (INF)	John F. Kennedy International Airport	3,000.00
BRONT MICHAEL	George Washington Bridge	14,700.00
CARTIGIANO MICHELE	Bayonne Bridge	6,000.00
SMITH WESSENIA	Port Authority Bus Terminal	6,500.00
MAZEN KARIM	Newark Liberty International Airport	18,000.00
LADENHEIM DAVID S	LaGuardia Airport	548.05
MIROSHNICHENKO ANDRE	LaGuardia Airport	1,211.86
MUNOZ IRENE	Newark Liberty International Airport	445.00
TAMMARO MICHAEL	Outerbridge Crossing	425.00
COULTMAN EDMUND A	John F. Kennedy International Airport	163.00
SAGE JAMES	Outerbridge Crossing	415.00
RIVERA WILBERTO	Newark Liberty International Airport	1,955.70
HUSSEIN MOHAMED	George Washington Bridge	146.92
BARRERA JOHN	Holland Tunnel	455.87
WASHINGTON BRIDGE PLZ	Off Property	9,237.88
DE GUZMAN MARILYN-LIB	Off Property	2,555.00
VISCEGLIE MICHAEL	Goethals Bridge	102.65
ROSE JUNE	Off Property	830.16
CASCIELLO LOUIS	George Washington Bridge	875.19
DILLON WILLIAM	Port Newark	1,575.00
LACALAMITO WILLIAM	Teleport	53.77
ZAMPESE THOMAS	Lincoln Tunnel	748.26
DE MARTINO MICHAEL	Lincoln Tunnel	500.00
CRAVELLO RICHARD J	Lincoln Tunnel	275.87
MERAZZI GIAN MARCO	Newark Liberty International Airport	81.48
WALUS WIESLAW	Newark Liberty International Airport	283.61
DOBROWOLSKI MONIKA	Newark Liberty International Airport	298.35
LUHMANN KEITH	Newark Liberty International Airport	195.44
YANGA BLISS O	Newark Liberty International Airport	69.54
LIPARI ROBERT	Lincoln Tunnel	206.70
MC GUIRE MENDY	Newark Liberty International Airport	411.49
COLON CARLOS	Holland Tunnel	789.70
BURKE PATRICIA	LaGuardia Airport	171.28
FALLO GERALDINE	Off Property	702.46
ASPROMONTI V – NATION	Off Property	2,193.32
GEIGER ROBERT	John F. Kennedy International Airport	417.71
MUSNICKI ANTHONY	Outerbridge Crossing	424.00
KONOVALOV VIKTOR	Newark Liberty International Airport	245.00
STEWART M – PENN NAT	John F. Kennedy International Airport	1,049.56

TORT CLAIMS AGAINST THE PORT AUTHORITY, CLOSED (continued)

NAME	FACILITY	AMOUNT PAID
BRYDA TADEUSZ	Newark Liberty International Airport	143.16
RIENZI VINCENT	Newark Liberty International Airport	523.64
PORT ELIZABETH TERM	Port Newark	694.26
KIRKWOOD ALAN	Newark Liberty International Airport	151.47
MONTI GABRIEL	Newark Liberty International Airport	100.70
GUILBEAULT RONALD	Newark Liberty International Airport	187.72
ORTIZ MIGUEL A	Goethals Bridge	1,683.74
PALOMO DANIEL G	Newark Liberty International Airport	105.95
TWITCHELL REBECCA	Newark Liberty International Airport	556.41
GLAZER CAROLEE	Teleport	62.53
GRONER IZHAR	Newark Liberty International Airport	361.00
ESPASA CRISTINA	Newark Liberty International Airport	89.01
BYRON J S	Newark Liberty International Airport	87.50
HERTZ CLAIM MGMT	John F. Kennedy International Airport	2,319.90
BAUMANN GENE	John F. Kennedy International Airport	543.64
BARLOW DELORES	Off Property	411.81
WOLFE JOHN J	LaGuardia Airport	800.00
ABEL LESLIE	Lincoln Tunnel	3,793.85
ZELANO JOHN A	Off Property	881.70
RODGERS MILTON	Newark Liberty International Airport	649.75
MALDONADO VANESSA	Newark Liberty International Airport	675.06
AARON BRENT D	Lincoln Tunnel	1,095.00
FUSSELL ANTHONY	George Washington Bridge	176.31
INTRAVAIA BENADETTO	Brooklyn-Port Authority Marine Terminal	1,306.92
MICOLTA MANUEL	Newark Liberty International Airport	118.69
FENNELLY JOHN	Lincoln Tunnel	1,000.00
RAUCH HEATHER	George Washington Bridge	570.15
SONG JONG SUN	George Washington Bridge	200.00
SCARELLA THOMAS	Goethals Bridge	1,031.39
KIM JONGRAK	George Washington Bridge	141.50
LINDENMEIER KATHLEEN	John F. Kennedy International Airport	952.99
GRIGLIO JAMES	Port Newark	548.00
EMPACES REYNALDO	George Washington Bridge	1,851.56
ANTE CINDDRIC	Off Property	6,337.63
VALLETTA MICHAEL	Port Authority Technical Center	630.58
VALLETTA MICHAEL	Port Authority Technical Center	3,122.28
FORMICOLA DOROTHY	Newark Liberty International Airport	1,320.00
MARTINEZ-CASAS BEATRIZ	Port Authority Bus Terminal	35.03
SERRANO ANGEL	Lincoln Tunnel	1,000.00
ELSOBKY MAHOUD/FIVE	Newark Liberty International Airport	357.56
MC CUE JOSEPH	Port Authority Bus Terminal	479.39

TORT CLAIMS AGAINST THE PORT AUTHORITY, CLOSED (continued)

NAME	FACILITY	AMOUNT PAID
WHITE STEVEN M	Lincoln Tunnel	256.46
GORDON ROBERT A	Lincoln Tunnel	297.75
SFERRA ALBERT A	Lincoln Tunnel	191.14
GRAZIANO LOUIS A	Outerbridge Crossing	153.66
SKYERS GUAJANA	Lincoln Tunnel	336.06
BUDGET CAR & TRUCK	Newark Liberty International Airport	297.00
VILLAR FRANCISCO	John F. Kennedy International Airport	1,500.00
LAVKER PASHA	World Trade Center	3,000.00
DE PASQUALE CLAIRE	Port Authority Bus Terminal	2,000.00
	TOTAL	**$ 129,639.67**

PROFESSIONAL, TECHNICAL AND ADVISORY SERVICES CONTRACT AUTHORIZATIONS AND AMENDMENTS - REPORT

In accordance with Article XII, paragraph (g)(2) of the By-Laws, staff reported the following Professional, Technical and Advisory Services Contract was authorized during the period March 1 to March 31, 2004.

AUTHORIZATION	SERVICE	RETAINER FEE AND EXPENSES
For the Director of Real Estate to retain the services of: Buyers Laboratory, Inc. Hackensack, NJ 07601	Technical assistance and support in connection with the development of contract documents and solicitation of manufacturers for the procurement of multifunctional copier equipment for all facilities.	$9,500

FINAL CONTRACT PAYMENTS

The Comptroller's Department reported, for information only, that the contracts set forth hereafter have been completed satisfactorily by the contractors. Final payments have been made in the period of May 1, 2004 to May 31, 2004.

CONTRACT NUMBER	CONTRACT TITLE FACILITY AND CONTRACTOR	ORIGINAL AUTHORIZATION	TOTAL AUTHORIZED	TOTAL PAYMENTS
QW417057	EAST RIVER WHARF	2,376,875 (A)	2,376,875	2,376,875
	RECONSTRUCTION PROJECT	648,125 (B)	648,125	611,959
	RECONSTRUCTION OF WHARF	440,000 (C)	440,000	674,168
	QUEENS WEST	242,000 (D)	900,000 (F,G)	600,493
	CAROLINA CASUALTY INSURANCE	32,438 (E)	32,438	32,438
	COMPANY	3,739,438	4,397,438	4,295,933
MFP315660	ASBESTOS REMOVAL	500,000 (C)	500,000	256,628
	NEW JERSEY MARINE TERMINALS	500,000	500,000	256,628
	TRIO ASBESTOS REMOVAL CORP.			

(A) Lump Sum.
(B) Classified Work.
(C) Net Cost - amount in the "Total Authorized" column represents the authorized estimated net cost amount. However, the amount in the "Total Payments" column is the actual net cost amount paid.
(D) Extra Work.
(E) Premium for furnishing performance and payment bond as provided for in the contract.
(F) Increase in extra work in the amount of $250,000 authorized on 12/22/97.
(G) Increase in extra work in the amount of $408,000 authorized on 4/30/98.

INVESTMENTS, DEPOSITS, INTEREST RATE EXCHANGE CONTRACTS AND VARIABLE RATE MASTER NOTE PLACEMENTS

The Committee on Finance reported, for infonation only, that in accordance with authority granted by the Committee, the Executive Director had authorized the following security transactions, time accounts, interest rate exchange contracts and variable rate master note agreements during the period of May 1, 2004 through May 31, 2004.

REPORT A

Purchase of Port Authority Bonds
(Unless otherwise noted, all Port Authority Bonds are callable at par).

Purchase Date	Par Value	Description	Coupon Rate	Maturity Date	Purchase Price	Call Year	YTC @ Cost	BEY @ Cost	Total Principal	Dealer

No new transactions this period.

INVESTMENTS, DEPOSITS, INTEREST RATE EXCHANGE CONTRACTS AND VARIABLE RATE MASTER NOTE PLACEMENTS

Purchase of Securities

Purchase Date	Par Value	Description	Coupon Rate	Maturity Date	Purchase Price	Discount Rate	BEY @Cost	Principal	Dealer
05/03/04	$50,000,000	UBSFIN CP	--	05/04/04	99.99	1.020%	1.025%	$49,998,583.35	Lehman Brothers
05/03/04	27,045,000	UBSFIN CP	--	05/04/04	99.99	1.020	1.025	27,044,233.73	Lehman Brothers
05/03/04	900,000	JFK-APO	6.365%	12/01/15	99.90	--	6.377	899,100.00	JFKIAT-APO
05/04/04	50,000,000	CITIGROUP	--	05/05/04	99.99	1.000	1.005	49,998,611.11	Citigroup
05/04/04	32,000,000	CITIGROUP	--	05/05/04	99.99	1.000	1.005	31,999,111.11	Citigroup
05/05/04	50,000,000	FHDN	--	05/28/04	99.94	0.960	0.965	49,969,333.33	Mizuho
05/05/04	50,000,000	UBSFIN CP	--	05/06/04	99.99	0.990	0.995	49,998,625.00	Banc of America
05/05/04	30,000,000	UBSFIN CP	--	05/06/04	99.99	0.990	0.995	29,999,175.00	Banc of America
05/06/04	50,000,000	GECC CP	--	05/07/04	99.99	0.980	0.985	49,998,638.89	G.E. Capital
05/06/04	50,000,000	UBSFIN CP	--	05/07/04	99.99	1.000	1.005	49,998,611.10	Merrill Lynch
05/06/04	38,000,000	UBSFIN CP	--	05/07/04	99.99	1.000	1.005	37,998,944.44	Merrill Lynch
05/07/04	50,000,000	GECC CP	--	05/10/04	99.99	0.980	0.985	49,995,916.67	G.E. Capital

INVESTMENTS, DEPOSITS, INTEREST RATE EXCHANGE CONTRACTS AND VARIABLE RATE MASTER NOTE PLACEMENTS

Purchase of Securities (Cont.)

Purchase Date	Par Value	Description	Coupon Rate	Maturity Date	Purchase Price	Discount Rate	BEY @Cost	Principal	Dealer
05/07/04	$50,000,000	GECC CP	--	05/10/04	99.99	0.980%	0.985%	$49,995,916.67	G.E. Capital
05/07/04	30,900,000	UBSFIN CP	--	05/10/04	99.99	0.980	0.985	30,897,476.49	Lehman Brothers
05/10/04	25,000,000	USTB	--	10/21/04	99.44	1.235	1.246	24,859,347.22	Deutsche Bank
05/10/04	15,000,000	USTN	1.750%	12/31/04	100.18	--	1.461	15,026,953.13	Merrill Lynch
05/10/04	50,000,000	GE CORP CP	--	05/11/04	99.99	1.000	1.005	49,998,611.11	G.E. Capital
05/10/04	50,000,000	GE CORP CP	--	05/11/04	99.99	1.000	1.005	49,998,611.11	G.E. Capital
05/10/04	31,070,000	UBSFIN CP	--	05/11/04	99.99	1.000	1.005	31,069,136.94	Banc of America
05/10/04	10,000,000	USTN	2.250	04/30/06	99.75	--	2.382	9,975,000.00	Merrill Lynch
05/10/04	10,000,000	USTN	2.250	02/15/07	97.96	--	3.021	9,796,093.75	Banc of America
05/11/04	49,250,000	USTB	--	09/30/04	99.55	1.152	1.161	49,026,208.00	Morgan Stanley
05/11/04	50,000,000	GE CORP CP	--	05/12/04	99.99	0.990	0.995	49,998,625.00	G.E. Capital
05/11/04	50,000,000	GE CORP CP	--	05/12/04	99.99	0.990	0.995	49,998,625.00	G.E. Capital

INVESTMENTS, DEPOSITS, INTEREST RATE EXCHANGE CONTRACTS AND VARIABLE RATE MASTER NOTE PLACEMENTS

Purchase of Securities (Cont.)

Purchase Date	Par Value	Description	Coupon Rate	Maturity Date	Purchase Price	Discount Rate	BEY @Cost	Principal	Dealer
05/11/04	$36,500,000	UBSFIN CP	--	05/12/04	99.99	0.980%	0.985%	$36,499,006.39	Banc of America
05/12/04	50,000,000	FHDN	--	07/07/04	99.84	1.010	1.016	49,921,444.44	Greenwich Capital
05/12/04	50,000,000	GE CORP CP	--	05/13/04	99.99	0.980	0.985	49,998,638.89	G.E. Capital
05/12/04	50,000,000	GE CORP CP	--	05/13/04	99.99	0.980	0.985	49,998,638.89	G.E. Capital
05/12/04	45,485,000	UBSFIN CP	--	05/13/04	99.99	0.970	0.975	45,483,774.43	Banc of America
05/13/04	50,000,000	GE CORP CP	--	05/14/04	99.99	0.980	0.985	49,998,638.89	G.E. Capital
05/13/04	50,000,000	GE CORP CP	--	05/14/04	99.99	0.980	0.985	49,998,638.89	G.E. Capital
05/13/04	35,190,000	UBSFIN CP	--	05/14/04	99.99	0.970	0.975	35,189,051.84	Lehman Brothers
05/14/04	50,000,000	FHDN	--	07/16/04	99.82	1.030	1.036	49,909,875.00	Greenwich Capital
05/14/04	50,000,000	GECC CP	--	05/17/04	99.99	0.980	0.985	49,995,916.67	G.E. Capital
05/14/04	50,000,000	GECC CP	--	05/17/04	99.99	0.980	0.985	49,995,916.67	G.E. Capital
05/14/04	38,100,000	UBSFIN CP	--	05/17/04	99.99	0.990	0.995	38,096,856.75	Banc of America

INVESTMENTS, DEPOSITS, INTEREST RATE EXCHANGE CONTRACTS AND VARIABLE RATE MASTER NOTE PLACEMENTS

Purchase of Securities (Cont.)

Purchase Date	Par Value	Description	Coupon Rate	Maturity Date	Purchase Price	Discount Rate	BEY @Cost	Principal	Dealer
05/14/04	$10,000,000	USTN	2.250%	04/30/06	99.26	--	2.642%	$9,925,781.25	Deutsche Bank
05/17/04	25,000,000	USTB	--	11/04/04	99.41	1.250%	1.262	24,851,562.50	Deutsche Bank
05/17/04	50,000,000	GE CORP CP	--	05/18/04	99.99	1.040	1.045	49,998,555.56	G.E. Capital
05/17/04	50,000,000	UBSFIN CP	--	05/18/04	99.99	1.040	1.045	49,998,555.56	Merrill Lynch
05/17/04	35,000,000	CITIGROUP	--	05/18/04	99.99	1.020	1.025	34,999,008.33	Citigroup
05/18/04	25,000,000	USTB	--	09/16/04	99.64	1.080	1.088	24,909,250.00	ABN AMRO
05/18/04	20,000,000	USTB	--	06/03/04	99.96	0.860	0.864	19,992,355.56	Deutsche Bank
05/18/04	25,000,000	USTB	--	11/12/04	99.36	1.295	1.308	24,839,923.61	ABN AMRO
05/18/04	50,000,000	GE CORP CP	--	05/19/04	99.99	1.020	1.025	49,998,583.33	G.E. Capital
05/18/04	50,000,000	GE CORP CP	--	05/19/04	99.99	1.020	1.025	49,998,583.33	G.E. Capital
05/18/04	19,890,000	UBSFIN CP	--	05/19/04	99.99	1.000	1.005	19,889,447.50	Lehman Brothers
05/18/04	50,000,000	CITIGLOBAL	--	05/19/04	99.99	1.000	1.005	49,998,611.11	Citiglobal

INVESTMENTS, DEPOSITS, INTEREST RATE EXCHANGE CONTRACTS AND VARIABLE RATE MASTER NOTE PLACEMENTS

Purchase of Securities (Cont.)

Purchase Date	Par Value	Description	Coupon Rate	Maturity Date	Purchase Price	Discount Rate	BEY @Cost	Principal	Dealer
05/18/04	$50,000,000	CITIGLOBAL	--	05/19/04	99.99	1.000%	1.005%	$49,998,611.11	Citiglobal
05/18/04	30,000,000	FHDN	--	05/21/04	99.99	0.970	0.975	29,997,575.00	Mizuho
05/19/04	50,000,000	GE CORP CP	--	05/20/04	99.99	0.990	0.995	49,998,625.00	G.E. Capital
05/19/04	50,000,000	GE CORP CP	--	05/20/04	99.99	0.990	0.995	49,998,625.00	G.E. Capital
05/19/04	50,000,000	UBSFIN CP	--	05/20/04	99.99	0.980	0.985	49,998,638.90	Banc of America
05/19/04	26,550,000	UBSFIN CP	--	05/20/04	99.99	0.980	0.985	26,549,277.26	Banc of America
05/20/04	35,617,000	USTB	--	09/23/04	99.62	1.090	1.098	35,481,121.15	JPMorgan
05/20/04	25,585,000	USTB	--	09/16/04	99.64	1.075	1.083	25,494,084.41	Citiglobal
05/20/04	50,000,000	FCDN	--	06/14/04	99.93	0.960	0.965	49,966,666.67	Mizuho
05/20/04	50,000,000	GECC CP	--	05/21/04	99.99	0.990	0.995	49,998,625.00	G.E. Capital
05/20/04	50,000,000	GECC CP	--	05/21/04	99.99	0.990	0.995	49,998,625.00	G.E. Capital
05/20/04	50,000,000	UBSFIN CP	--	05/21/04	99.99	0.980	0.985	49,998,638.89	Banc of America

INVESTMENTS, DEPOSITS, INTEREST RATE EXCHANGE CONTRACTS AND VARIABLE RATE MASTER NOTE PLACEMENTS

Purchase of Securities (Cont.)

Purchase Date	Par Value	Description	Coupon Rate	Maturity Date	Purchase Price	Discount Rate	BEY @Cost	Principal	Dealer
05/20/04	$30,000,000	UBSFIN CP	--	05/21/04	99.99	0.980%	0.985%	$29,999,183.33	Banc of America
05/20/04	5,000,000	UBSFIN CP	--	05/21/04	99.99	0.990	0.995	4,999,862.50	Banc of America
05/21/04	50,000,000	USTB	--	06/03/04	99.97	0.870	0.874	49,984,291.67	Deutsche Bank
05/21/04	50,000,000	USTB	--	06/17/04	99.93	0.880	0.884	49,967,000.00	Deutsche Bank
05/21/04	50,000,000	USTB	--	08/19/04	99.75	0.995	1.001	49,875,625.00	Legg Mason
05/21/04	18,000,000	FHDN	--	07/21/04	99.82	1.040	1.046	17,968,280.00	Mizuho
05/21/04	40,000,000	GECC CP	--	05/24/04	99.99	0.980	0.985	39,996,733.33	G.E. Capital
05/21/04	44,000,000	GE CORP CP	--	06/02/04	99.97	1.000	1.005	43,985,333.33	G.E. Capital
05/24/04	38,500,000	UBSFIN CP	--	05/25/04	99.99	0.990	0.995	38,498,941.25	Banc of America
05/25/04	38,395,000	UBSFIN CP	--	05/26/04	99.99	0.980	0.985	38,393,954.81	Merrill Lynch
05/26/04	50,000,000	USTB	--	07/01/04	99.91	0.865	0.869	49,956,750.00	ABN AMRO
05/26/04	50,000,000	USTB	--	07/01/04	99.91	0.865	0.869	49,956,750.00	ABN AMRO

INVESTMENTS, DEPOSITS, INTEREST RATE EXCHANGE CONTRACTS AND VARIABLE RATE MASTER NOTE PLACEMENTS

Purchase of Securities (Cont.)

Purchase Date	Par Value	Description	Coupon Rate	Maturity Date	Purchase Price	Discount Rate	BEY @Cost	Principal	Dealer
05/26/04	$50,000,000	USTB	--	07/01/04	99.91	0.865%	0.869%	$49,956,750.00	ABN AMRO
05/26/04	50,000,000	USTB	--	07/15/04	99.88	0.890	0.895	49,938,194.44	Deutsche Bank
05/26/04	45,000,000	USTB	--	07/15/04	99.88	0.890	0.895	44,944,375.00	Deutsche Bank
05/26/04	1,275,000	USTB	--	10/28/04	99.47	1.236	1.247	1,268,214.87	ABN AMRO
05/26/04	45,640,000	GE CORP CP	--	05/27/04	99.99	1.000	1.005	45,638,732.22	G.E. Capital
05/26/04	50,000,000	CITIGLOBAL	--	06/02/04	99.98	1.020	1.025	49,990,083.33	Citiglobal
05/27/04	50,000,000	USTB	--	07/01/04	99.91	0.888	0.892	49,956,857.64	Deutsche Bank
05/27/04	25,000,000	USTB	--	07/01/04	99.91	0.888	0.892	24,978,428.82	Deutsche Bank
05/27/04	50,000,000	USTB	--	07/01/04	99.91	0.888	0.892	49,956,857.64	Deutsche Bank
05/27/04	30,000,000	USTB	--	07/01/04	99.91	0.888	0.892	29,974,114.58	Deutsche Bank
05/27/04	50,000,000	USTB	--	07/01/04	99.91	0.885	0.889	49,956,979.17	ABN AMRO
05/27/04	44,000	USTB	--	07/01/04	99.91	0.885	0.889	43,962.14	ABN AMRO

INVESTMENTS, DEPOSITS, INTEREST RATE EXCHANGE CONTRACTS AND VARIABLE RATE MASTER NOTE PLACEMENTS

Purchase of Securities (Cont.)

Purchase Date	Par Value	Description	Coupon Rate	Maturity Date	Purchase Price	Discount Rate	BEY @Cost	Principal	Dealer
05/27/04	$49,500,000	FHDN	--	06/02/04	99.98	0.960%	0.965%	$49,492,080.00	Lehman Brothers
05/28/04	50,000,000	GECC CP	--	06/01/04	99.99	1.000	1.005	49,994,444.44	G.E. Capital
05/28/04	41,900,000	DBKFIN CP	--	06/01/04	99.99	1.030	1.035	41,895,204.80	Deutsche Bank
05/28/04	50,000,000	CITIGLOBAL	--	06/01/04	99.99	1.020	1.025	49,994,333.33	Citiglobal
	$3,484,336,000							$3,482,067,534.57	

BEY - Bond Equivalent Yield

INVESTMENTS, DEPOSITS, INTEREST RATE EXCHANGE CONTRACTS AND VARIABLE RATE MASTER NOTE PLACEMENTS

Sale of Securities

Sale Date	Par Value	Description	Coupon Rate	Maturity Date	Sale Price	Discount Rate	Principal	Dealer

No transactions this period.

INVESTMENTS, DEPOSITS, INTEREST RATE EXCHANGE CONTRACTS AND VARIABLE RATE MASTER NOTE PLACEMENTS

Repurchase Transactions

Dealer	**Purchase Date**	**Sale Date**	**Par Value**	**Interest Rate**	**Total Interest Earned**	
BNP Paribas	05/03/04	05/06/04	$ 3,350,000	0.920%	$ 256.83	
BNP Paribas	05/03/04	05/06/04	9,614,000	0.920	737.07	
BNP Paribas	05/03/04	05/06/04	9,775,000	0.920	749.42	
BNP Paribas	05/03/04	05/06/04	9,781,000	0.920	749.88	
BNP Paribas	05/03/04	05/06/04	16,668,000	0.920	1,277.88	
BNP Paribas	05/03/04	05/06/04	20,136,000	0.920	1,543.76	
BNP Paribas	05/03/04	05/06/04	24,463,000	0.920	1,875.50	
BNP Paribas	05/03/04	05/06/04	34,386,000	0.920	2,636.26	
BNP Paribas	05/06/04	05/07/04	1,721,000	0.900	43.03	
Morgan Stanley	05/06/04	05/10/04	16,670,000	0.900	1,667.00	
Lehman Brothers	05/06/04	05/10/04	25,093,750	0.910	2,453.61	*
Morgan Stanley	05/06/04	05/10/04	26,063,000	0.900	2,606.30	

INVESTMENTS, DEPOSITS, INTEREST RATE EXCHANGE CONTRACTS AND VARIABLE RATE MASTER NOTE PLACEMENTS

Repurchase Transactions (Cont.)

Dealer	Purchase Date	Sale Date	Par Value	Interest Rate	Total Interest Earned
Morgan Stanley	05/06/04	05/10/04	$34,388,000	0.900%	$ 3,438.80
BNP Paribas	05/06/04	05/07/04	38,368,000	0.900	959.20
Lehman Brothers	05/06/04	05/07/04	44,842,500	0.880	1,096.15 *
Lehman Brothers	05/06/04	05/07/04	44,842,500	0.880	1,096.15 *
BNP Paribas	05/06/04	05/07/04	47,000,000	0.900	1,175.00
Morgan Stanley	05/06/04	05/10/04	47,444,000	0.900	4,744.40
Mizuho	05/06/04	05/07/04	47,476,250	0.900	1,186.91 *
Mizuho	05/06/04	05/07/04	47,476,250	0.900	1,186.91 *
Mizuho	05/06/04	05/10/04	47,476,250	0.900	4,747.63 *
Mizuho	05/06/04	05/07/04	47,476,250	0.900	1,186.91 *
BNP Paribas	05/06/04	05/07/04	48,911,000	0.900	1,222.78
Daiwa	05/07/04	05/10/04	8,948,000	0.870	648.73

INVESTMENTS, DEPOSITS, INTEREST RATE EXCHANGE CONTRACTS AND VARIABLE RATE MASTER NOTE PLACEMENTS

Repurchase Transactions (Cont.)

Dealer	Purchase Date	Sale Date	Par Value	Interest Rate	Total Interest Earned	
Daiwa	05/07/04	05/10/04	$14,644,000	0.870%	$ 1,061.69	
Daiwa	05/07/04	05/10/04	32,356,000	0.870	2,345.81	
Daiwa	05/07/04	05/10/04	36,591,000	0.870	2,652.85	
Banc of America	05/07/04	05/10/04	39,950,000	0.880	2,929.67	*
Banc of America	05/07/04	05/10/04	39,950,000	0.880	2,929.67	*
Daiwa	05/07/04	05/10/04	43,461,000	0.870	3,150.92	
Morgan Stanley	05/10/04	05/11/04	16,696,000	0.880	408.12	
Morgan Stanley	05/10/04	05/11/04	25,479,000	0.880	622.82	
Morgan Stanley	05/10/04	05/11/04	27,173,000	0.880	664.23	
Morgan Stanley	05/10/04	05/11/04	34,403,000	0.880	840.96	
Mizuho	05/10/04	05/27/04	41,188,125	0.880	17,504.95	*
Mizuho	05/10/04	05/27/04	41,188,125	0.880	17,504.96	*

INVESTMENTS, DEPOSITS, INTEREST RATE EXCHANGE CONTRACTS AND VARIABLE RATE MASTER NOTE PLACEMENTS

Repurchase Transactions (Cont.)

Dealer	Purchase Date	Sale Date	Par Value	Interest Rate	Total Interest Earned
Mizuho	05/10/04	05/27/04	$41,188,125	0.880%	$ 17,504.96 *
Mizuho	05/10/04	05/27/04	41,188,125	0.880	17,504.96 *
Morgan Stanley	05/10/04	05/11/04	46,844,000	0.880	1,145.08
Morgan Stanley	05/10/04	05/11/04	49,026,000	0.880	1,198.41
BNP Paribas	05/11/04	05/12/04	16,696,000	0.860	398.85
Banc of America	05/11/04	Open	24,843,750 *	Variable **	13,519.15 ***
BNP Paribas	05/11/04	05/12/04	25,479,000	0.860	608.67
BNP Paribas	05/11/04	05/12/04	27,173,000	0.860	649.13
BNP Paribas	05/11/04	05/12/04	34,403,000	0.860	821.85
Lehman Brothers	05/11/04	05/20/04	42,446,875	0.900	9,739.20 *
Lehman Brothers	05/11/04	05/20/04	42,446,875	0.900	9,739.20 *
Lehman Brothers	05/11/04	05/20/04	42,446,875	0.900	9,739.20 *

INVESTMENTS, DEPOSITS, INTEREST RATE EXCHANGE CONTRACTS AND VARIABLE RATE MASTER NOTE PLACEMENTS

Repurchase Transactions (Cont.)

Dealer	Purchase Date	Sale Date	Par Value	Interest Rate	Total Interest Earned
Lehman Brothers	05/11/04	05/20/04	$42,446,875	0.900%	$ 9,739.20 *
Banc of America	05/11/04	Open	44,268,750 *	Variable **	24,089.60 ***
Banc of America	05/11/04	05/18/04	44,887,500	0.880	7,830.38 *
Banc of America	05/11/04	05/18/04	44,887,500	0.880	7,830.38 *
BNP Paribas	05/11/04	05/12/04	46,845,000	0.860	1,119.08
Citiglobal	05/12/04	05/25/04	900,000	0.900	303.25 *
Citiglobal	05/12/04	05/14/04	1,120,000	0.900	55.38 *
Nomura	05/12/04	05/13/04	5,491,000	0.870	132.70
Nomura	05/12/04	05/13/04	16,697,000	0.870	403.51
Banc of America	05/12/04	05/13/04	21,978,000	0.870	531.14 *
Nomura	05/12/04	05/13/04	25,088,000	0.870	606.29
Nomura	05/12/04	05/13/04	27,174,000	0.870	656.71

INVESTMENTS, DEPOSITS, INTEREST RATE EXCHANGE CONTRACTS AND VARIABLE RATE MASTER NOTE PLACEMENTS

Repurchase Transactions (Cont.)

Dealer	Purchase Date	Sale Date	Par Value	Interest Rate	Total Interest Earned	
Nomura	05/12/04	05/13/04	$28,913,000	0.870%	$ 698.73	
Nomura	05/12/04	05/13/04	46,730,000	0.870	1,129.31	
Citiglobal	05/12/04	05/14/04	48,780,000	0.900	2,411.90	*
Citiglobal	05/12/04	05/25/04	49,000,000	0.900	16,510.29	*
BNP Paribas	05/13/04	05/14/04	16,697,000	0.870	403.51	
BNP Paribas	05/13/04	05/14/04	19,201,000	0.870	464.02	
Daiwa	05/13/04	05/14/04	20,373,000	0.870	492.35	
BNP Paribas	05/13/04	05/14/04	24,683,000	0.870	596.51	
Daiwa	05/13/04	05/14/04	28,401,000	0.870	686.36	
Mizuho	05/13/04	05/20/04	29,270,700	0.880	5,171.16	*
Daiwa	05/13/04	05/14/04	29,627,000	0.870	715.99	
BNP Paribas	05/13/04	05/14/04	34,405,000	0.870	831.45	

INVESTMENTS, DEPOSITS, INTEREST RATE EXCHANGE CONTRACTS AND VARIABLE RATE MASTER NOTE PLACEMENTS

Repurchase Transactions (Cont.)

Dealer	Purchase Date	Sale Date	Par Value	Interest Rate	Total Interest Earned
BNP Paribas	05/13/04	05/14/04	$45,884,000	0.870%	$ 1,108.86
Daiwa	05/13/04	05/14/04	48,774,000	0.870	1,178.71
Citiglobal	05/14/04	05/25/04	915,000	0.900	263.07 *
BNP Paribas	05/14/04	05/18/04	16,697,000	0.900	1,669.70
BNP Paribas	05/14/04	05/18/04	24,683,000	0.900	2,468.30
Nomura	05/14/04	05/17/04	28,239,000	0.890	2,094.39
Lehman Brothers	05/14/04	Open	29,437,500 *	Variable **	13,868.34 ***
BNP Paribas	05/14/04	05/18/04	34,406,000	0.900	3,440.60
Nomura	05/14/04	05/17/04	40,067,000	0.890	2,971.64
BNP Paribas	05/14/04	05/18/04	45,885,000	0.900	4,588.50
Nomura	05/14/04	05/17/04	48,938,000	0.890	3,629.57
Citiglobal	05/14/04	05/25/04	48,985,000	0.900	14,083.19 *

INVESTMENTS, DEPOSITS, INTEREST RATE EXCHANGE CONTRACTS AND VARIABLE RATE MASTER NOTE PLACEMENTS

Repurchase Transactions (Cont.)

Dealer	**Purchase Date**	**Sale Date**	**Par Value**	**Interest Rate**	**Total Interest Earned**
Morgan Stanley	05/17/04	05/18/04	$30,309,000	0.960%	$ 808.24
Morgan Stanley	05/17/04	05/18/04	930,000	0.960	24.80
Morgan Stanley	05/17/04	05/18/04	49,070,000	0.960	1,308.53
Morgan Stanley	05/17/04	05/18/04	49,070,000	0.960	1,308.53
Nomura	05/18/04	05/19/04	16,699,000	0.950	440.67
Nomura	05/18/04	05/19/04	20,291,000	0.950	535.46
Nomura	05/18/04	05/19/04	25,494,000	0.950	672.76
Nomura	05/18/04	05/19/04	34,409,000	0.950	908.02
Nomura	05/18/04	05/19/04	34,480,000	0.950	909.89
Nomura	05/18/04	05/19/04	44,560,000	0.950	1,175.89
Nomura	05/19/04	05/24/04	16,699,000	0.930	2,156.95
Nomura	05/19/04	05/24/04	20,292,000	0.930	2,621.05

INVESTMENTS, DEPOSITS, INTEREST RATE EXCHANGE CONTRACTS AND VARIABLE RATE MASTER NOTE PLACEMENTS

Repurchase Transactions (Cont.)

Dealer	Purchase Date	Sale Date	Par Value	Interest Rate	Total Interest Earned
Morgan Stanley	05/19/04	05/20/04	$25,495,000	0.950%	$ 672.78
Nomura	05/19/04	05/24/04	34,410,000	0.930	4,444.63
Morgan Stanley	05/19/04	05/20/04	35,481,000	0.950	936.30
Nomura	05/19/04	05/24/04	44,561,000	0.930	5,755.80
Banc of America	05/20/04	Open	9,950,000 *	Variable **	3,153.61 ***
Lehman Brothers	05/20/04	05/27/04	44,493,750	0.950	8,206.62 *
Lehman Brothers	05/20/04	Open	44,493,750 *	Variable **	14,188.56 ***
Lehman Brothers	05/24/04	05/27/04	860,000	0.950	67.85 *
BNP Paribas	05/24/04	05/25/04	16,702,000	0.940	436.11
BNP Paribas	05/24/04	05/25/04	19,223,000	0.940	501.93
Banc of America	05/24/04	05/28/04	29,940,000	0.950	3,143.70 *
BNP Paribas	05/24/04	05/25/04	34,415,000	0.940	898.61

INVESTMENTS, DEPOSITS, INTEREST RATE EXCHANGE CONTRACTS AND VARIABLE RATE MASTER NOTE PLACEMENTS

Repurchase Transactions (Cont.)

Dealer	Purchase Date	Sale Date	Par Value	Interest Rate	Total Interest Earned	
Banc of America	05/24/04	05/27/04	$39,880,000	0.950%	$ 3,123.93	*
BNP Paribas	05/24/04	05/25/04	42,393,000	0.940	1,106.93	
Lehman Brothers	05/24/04	05/27/04	48,990,000	0.950	3,864.76	*
BNP Paribas	05/25/04	05/26/04	16,702,000	0.940	436.11	
BNP Paribas	05/25/04	05/26/04	19,224,000	0.940	501.96	
BNP Paribas	05/25/04	05/26/04	34,416,000	0.940	898.64	
BNP Paribas	05/25/04	05/26/04	42,394,000	0.940	1,106.95	
Nomura	05/26/04	05/27/04	2,567,000	0.930	66.31	
Nomura	05/26/04	05/27/04	7,228,000	0.930	186.72	
Daiwa	05/26/04	05/27/04	16,702,000	0.930	431.47	
Daiwa	05/26/04	05/27/04	19,224,000	0.930	496.62	
Daiwa	05/26/04	05/27/04	34,417,000	0.930	889.11	

INVESTMENTS, DEPOSITS, INTEREST RATE EXCHANGE CONTRACTS AND VARIABLE RATE MASTER NOTE PLACEMENTS

Repurchase Transactions (Cont.)

Dealer	Purchase Date	Sale Date	Par Value	Interest Rate	Total Interest Earned
Daiwa	05/26/04	05/27/04	$42,395,000	0.930%	$ 1,095.20
Nomura	05/26/04	05/27/04	42,772,000	0.930	1,104.94
Nomura	05/26/04	05/27/04	48,816,000	0.930	1,261.08
BNP Paribas	05/27/04	06/01/04	1,932,000	0.950	254.92
Mizuho	05/27/04	05/28/04	2,658,000	0.960	70.88
BNP Paribas	05/27/04	06/01/04	16,746,000	0.950	2,209.54
BNP Paribas	05/27/04	06/01/04	29,439,000	0.950	3,884.31
BNP Paribas	05/27/04	06/01/04	37,748,000	0.950	4,980.64
BNP Paribas	05/27/04	06/01/04	39,297,000	0.950	5,185.02
Mizuho	05/27/04	05/28/04	48,671,000	0.960	1,297.89
Mizuho	05/27/04	05/28/04	48,671,000	0.960	1,297.89
BNP Paribas	05/27/04	06/01/04	49,452,000	0.950	6,524.92

INVESTMENTS, DEPOSITS, INTEREST RATE EXCHANGE CONTRACTS AND VARIABLE RATE MASTER NOTE PLACEMENTS

Repurchase Transactions (Cont.)

Dealer	Purchase Date	Sale Date	Par Value	Interest Rate	Total Interest Earned
Mizuho	05/28/04	06/01/04	$ 6,782,000	0.970%	$ 730.95
Lehman Brothers	05/28/04	Open	910,000 *	Variable **	98.08 ***
Mizuho	05/28/04	06/01/04	48,962,000	0.970	5,277.02
Lehman Brothers	05/28/04	Open	49,015,000 *	Variable **	5,282.73 ***

* This transaction was executed simultaneously with a like reverse/repurchase agreement.

** This rate subject to change daily.

*** Total interest earned is to the last day of the month.

INVESTMENTS, DEPOSITS, INTEREST RATE EXCHANGE CONTRACTS AND VARIABLE RATE MASTER NOTE PLACEMENTS

Reverse Repurchase Transactions (All transactions are executed simultaneously with a like repurchase agreement)

Dealer	**Sale Date**	**Purchase Date**	**Par Value**	**Interest Rate**	**Total Interest Paid**
Mizuho	05/06/04	05/07/04	$47,476,250	0.800%	$1,055.03
Mizuho	05/06/04	05/07/04	47,476,250	0.800	1,055.03
Mizuho	05/06/04	05/10/04	47,476,250	0.800	4,220.11
Mizuho	05/06/04	05/07/04	47,476,250	0.800	1,055.03
Lehman Brothers	05/06/04	05/07/04	44,842,500	0.780	971.59
Lehman Brothers	05/06/04	05/07/04	44,842,500	0.780	971.59
Lehman Brothers	05/06/04	05/10/04	25,093,750	0.760	2,139.94
Banc of America	05/07/04	05/10/04	39,950,000	0.780	2,596.75
Banc of America	05/07/04	05/10/04	39,950,000	0.780	2,596.75
Mizuho	05/10/04	05/27/04	41,188,125	0.780	15,445.55
Mizuho	05/10/04	05/27/04	41,188,125	0.780	15,445.55
Mizuho	05/10/04	05/27/04	41,188,125	0.780	15,445.55

INVESTMENTS, DEPOSITS, INTEREST RATE EXCHANGE CONTRACTS AND VARIABLE RATE MASTER NOTE PLACEMENTS

Reverse Repurchase Transactions (All transactions are executed simultaneously with a like repurchase agreement)

Dealer	Sale Date	Purchase Date	Par Value	Interest Rate	Total Interest Paid
Mizuho	05/10/04	05/27/04	$41,188,125	0.780%	$15,445.55
Banc of America	05/11/04	05/18/04	44,887,500	0.800	7,032.37
Banc of America	05/11/04	05/18/04	44,887,500	0.800	7,032.37
Banc of America	05/11/04	Open	44,268,750	Variable *	9,591.58 **
Lehman Brothers	05/11/04	05/20/04	42,446,875	0.800	7,864.47
Lehman Brothers	05/11/04	05/20/04	42,446,875	0.800	7,864.47
Lehman Brothers	05/11/04	05/20/04	42,446,875	0.800	7,864.47
Lehman Brothers	05/11/04	05/20/04	42,446,875	0.800	7,864.47
Banc of America	05/11/04	Open	24,843,750	Variable *	4,837.64 **
Citiglobal	05/12/04	05/14/04	49,900,000	0.800	2,190.06
Citiglobal	05/12/04	05/25/04	49,900,000	0.800	14,110.60
Banc of America	05/12/04	05/13/04	21,978,000	0.470	286.94

INVESTMENTS, DEPOSITS, INTEREST RATE EXCHANGE CONTRACTS AND VARIABLE RATE MASTER NOTE PLACEMENTS

Reverse Repurchase Transactions (All transactions are executed simultaneously with a like repurchase agreement)

Dealer	Sale Date	Purchase Date	Par Value	Interest Rate	Total Interest Paid
Mizuho	05/13/04	05/20/04	$29,270,700	0.780%	$ 4,276.77
Citiglobal	05/14/04	05/25/04	49,900,000	0.700	11,920.54
Lehman Brothers	05/14/04	Open	29,437,500	Variable *	9,640.78 **
Lehman Brothers	05/20/04	05/27/04	44,493,750	0.850	7,304.39
Lehman Brothers	05/20/04	Open	44,493,750	Variable *	12,433.53 **
Banc of America	05/20/04	Open	9,950,000	Variable *	1,155.32 **
Lehman Brothers	05/24/04	05/27/04	49,850,000	0.800	3,323.33
Banc of America	05/24/04	05/27/04	39,880,000	0.800	2,658.66
Banc of America	05/24/04	05/28/04	29,940,000	0.700	2,436.78
Lehman Brothers	05/28/04	Open	49,925,000	Variable *	4,826.08 **

* This rate subject to change daily.

** Total interest paid is to the last day of the month.

INVESTMENTS, DEPOSITS, INTEREST RATE EXCHANGE CONTRACTS AND VARIABLE RATE MASTER NOTE PLACEMENTS

REPORT B: In addition to the transactions described in Report A of this report, the Executive Director also reports the following transactions during the period of May 1, 2004 through May 31, 2004, pertaining to investments in United States Treasury securities and interest rate options contracts with respect to United States Treasury securities pursuant to the guidelines established by the Board of Commissioners on August 25, 1988.

Options Transactions - Purchased

Transaction Date	Par Value	Description	Price	Exercise Price	Expirations/ Settlement	Dealer	Option Premium

No new transactions this period.

Options Transactions - Sold

Transaction Date	Par Value	Description	Price	Exercise Price	Expirations/ Settlement	Dealer	Option Premium

No new transactions this period.

INVESTMENTS, DEPOSITS, INTEREST RATE EXCHANGE CONTRACTS AND VARIABLE RATE MASTER NOTE PLACEMENTS

REPORT C: In addition to the transactions described in Report A and B, the Executive Director also reports the following transactions during the period of May 1, 2004 through May 31, 2004 pertaining to the execution or cancellation of Interest Rate Exchange Contracts pursuant to the guidelines established by the Board of Commissioners on December 10, 1992.

Interest Rate Exchange Contracts

Date	Counterparty	Notional Amount	Start Date	Termination Date	Fixed Interest Rate Paid	Variable Interest Rate Received

No new transactions this period.

As of May 31, 2004, the Port Authority has interest rate exchange contracts in place on notional amounts totaling $377 million, all of which pertain to refundings.

REPORT D: In addition to the transactions described in Report A, B and C, the Executive Director also reports the following transactions during the period of May 1, 2004 through May 31, 2004 under the Variable Rate Master Note Program as amended and supplemented through October 13, 1994.

Variable Rate Master Note Placements

Date of Issuance	Amount	Purchaser	Term	Variable Rate Index

No new transactions this period.

Appointment of Treasurer

Chairman Coscia then announced the appointment of Annemarie C. Mulligan as Treasurer.

Whereupon, the meeting was adjourned.

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Assistant Secretary