

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Thursday, February 19, 2009

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MINUTES of the Meeting of The Port Authority of New York and New Jersey held Thursday, February 19, 2009 at 225 Park Avenue South, City, County and State of New York

PRESENT:

NEW JERSEY

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

NEW YORK

Hon. Henry R. Silverman, Vice-Chairman
 Hon. Michael J. Chasanoff
 Hon. Stanley E. Grayson
 Hon. Fred P. Hochberg
 Hon. H. Sidney Holmes III

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

A. Paul Blanco, Chief Financial Officer
 John D. Brill, Director, Audit
 Ernesto L. Butcher, Chief Operating Officer
 Arthur J. Cifelli, Director, PABT Air Rights Development
 Steven J. Coleman, Assistant Director, Media Relations, Public Affairs
 Arpan Dasgupta, Executive Assistant to the Deputy Executive Director
 William R. DeCota, Director, Aviation
 John C. Denise, Audio Visual Supervisor, Public Affairs
 Michael P. DePallo, Director, Rail Transit
 Pasquale DiFulco, Executive Communications Specialist, Media Relations, Public Affairs
 Francis A. DiMola, Deputy Director, Real Estate
 John J. Drobny, Director, Security Projects
 Michael G. Fabiano, Deputy Chief Financial Officer/Comptroller
 Michael B. Francois, Chief, Real Estate & Development
 Jennifer Friedberg, Staff Public Information Officer, Media Relations, Public Affairs
 Linda C. Handel, Assistant Secretary
 Alan H. Hicks, Senior Public Information Officer, Public Affairs
 Mark D. Hoffer, Special Advisor to the Executive Director
 Howard G. Kadin, Esq., Law
 Victoria C. Kelly, Director, Tunnels, Bridges and Terminals
 Kevin J. Kirchman, Director, Marketing, Public Affairs
 Louis J. LaCapra, Chief Administrative Officer
 Cristina M. Lado, Director, Government and Community Affairs
 Conor Lanz, Leadership Fellow, Human Resources
 Richard M. Larrabee, Director, Port Commerce
 Susan Bass Levin, Deputy Executive Director
 Francis J. Lombardi, Chief Engineer
 Stephen Marinko, Esq., Law
 Candace McAdams, Director, Media Relations, Public Affairs
 James E. McCoy, Manager, Board Management Support, Office of the Secretary

Sanjay S. Mody, Advisor to the Chairman
Anne Marie C. Mulligan, Treasurer
Lynn A. Nerney, Senior Business Manager, Office of the Secretary
Diane Paonessa, Associate Board Management Support Specialist, Office of the Secretary
Nina C. Phelps, Board Management Support Specialist, Office of the Secretary
Steven P. Plate, Director, World Trade Center Construction
Samuel J. Plumeri, Superintendent of Police/Director of Public Safety
Jessica Schultz, Senior Government Community Affairs Manager, Government and
Community Affairs
Stephen H. Sigmund, Chief, Public and Government Affairs
Timothy G. Stickelman, Assistant General Counsel
Gerald B. Stoughton, Director, Office of Financial Analysis
Ralph Tragale, Assistant Director, Government and Community Affairs
David B. Tweedy, Chief, Capital Programs
Lillian D. Valenti, Director, Procurement
Sheree R. Van Duyne, Manager, Policies and Protocol, Office of the Secretary

Guest:

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

The public meeting was called to order by Chairman Coscia at 1:33 p.m. and ended at 1:47 p.m. The Board met in executive session prior to the public session and on February 10, 2009.

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of January 22, 2009. She reported that copies of these Minutes were delivered to the Governors of New York (in electronic form) and New Jersey (in paper form) on January 26, 2009. She reported further that the time for action by the Governors of New York and New Jersey expired at midnight on February 9, 2009.

Whereupon, the Board of Commissioners unanimously approved the Minutes.

Report of Audit Committee

The Audit Committee reported, for information, on matters discussed in executive session at its meeting on February 19, 2009, which included discussion of matters involving external or internal investigations or audits, and the report was received.

Report of Governance and Ethics Committee

The Governance and Ethics Committee reported, for information, on matters discussed in public session at its meeting on February 19, 2009, which included discussion of a proposed code of ethics for consideration by the Board and required reviews and evaluations to be undertaken by the Committee pursuant to the By-Laws, and the report was received.

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 February 19, 2009, which included discussion of matters involving ongoing negotiations or reviews of contracts or proposals, and the report was received.

Report of Committee on Capital Programs/Agency Planning

The Committee on Capital Programs/Agency Planning reported, for information, on matters discussed in public session at its meeting on February 19, 2009, which included discussion of an item for additional planning in connection with the Goethals Bridge Modernization Program, and the report was received.

Report of Committee on Operations

The Committee on Operations reported, for information, on matters discussed in public session at its meeting on February 19, 2009, which included discussion of the selection of an operator for Stewart International Airport and operating permits for the provision of luggage carts at the Port Authority's four commercial airports and a proposed increase to the luggage cart fee at John F. Kennedy International, Newark Liberty International and LaGuardia Airports, and the report was received.

Report of Committee on Construction

The Committee on Construction reported, for information, on matters discussed in public session at its meeting on February 19, 2009, which included discussion of projects for the replacement of the runway surface and delay reduction improvements for Runway 13R-31L at John F. Kennedy International Airport, and the report was received.

Report of World Trade Center Redevelopment Subcommittee

The World Trade Center Redevelopment Subcommittee reported, for information, on matters discussed in executive session at its meeting on February 19, 2009, which included discussion of matters related to the purchase, sale, or lease of real property, or securities where disclosure would affect the value thereof or the public interest and matters involving ongoing negotiations or reviews of contracts or proposals, and the report was received.

Moment of Silence

In observance of the upcoming sixteenth anniversary of the first terrorist attack on The World Trade Center, the Chairman requested a moment of silence in memory of the six victims, including four Port Authority employees, who perished on February 26, 1993.

JOHN F. KENNEDY INTERNATIONAL AIRPORT – RUNWAY 13R-31L RECONSTRUCTION AND RUNWAY ACCESS IMPROVEMENTS (JFK DELAY REDUCTION PROGRAM) PHASE II – PROJECT AUTHORIZATIONS

It was recommended that the Board authorize: (1) a project for the reconstruction and widening of Runway 13R-31L at John F. Kennedy International Airport (JFK), including related infrastructure enhancements, at an estimated total project cost of \$292.4 million; and (2) a project to effectuate Phase II of the JFK Delay Reduction Program for the design and construction of aeronautical infrastructure improvements that will increase operational efficiencies and reduce air traffic delays at JFK, at an estimated total cost of \$83.9 million.

Runway 13R-31L is the longest runway at JFK and supports over 30 percent of the airport's annual operations. It was last rehabilitated in 1993, using conventional asphalt paving methods, and interim repairs were performed in 2004, as accelerated deterioration occurred due to increased aircraft traffic. The proposed authorization would include removing six inches of the existing runway surface and replacing it with 18 inches of Portland cement concrete, widening the runway surface from 150 feet to 200 feet, taxiway fillet widening, improvements to access taxiways, runway safety area re-grading, new runway lighting and electrical infrastructure, a new electrical feeder system to the runway and accommodations for future navigational aids.

Constructability and Life Cycle Analyses were performed, resulting in the decision to reconstruct the existing asphalt runway surface with concrete, which would have an anticipated service life of over 40 years, compared to an eight-year service life for asphalt, resulting in an estimated savings of \$500 million in life cycle costs over the 40-year design life of the pavement.

In addition, several initiatives have been incorporated that would have sustainability benefits, including: reuse of asphalt millings from the runway for the patrol road, and as a base course for shoulder and erosion pavements; treatment of stormwater flow with the use of a bio-swale to remove 80 percent of the total suspended solids; and design of the concrete mix to minimize the use of Portland cement.

The runway reconstruction project would be coordinated with the implementation of operational enhancements, including the relocation of a runway threshold and modifications of existing access taxiways and the construction of three new access taxiways to the runway. The runway also would be widened and shoulder pavements strengthened, to accommodate Design Group VI aircraft, also known as New Large Aircraft, as defined by Federal Aviation Administration advisory circulars, without operational restrictions.

In July 2007, the Port Authority established a Flight Delay Task Force with representatives from the Port Authority, the airline industry and government officials. As a result, in March 2008, the Board authorized \$5 million in planning to address delays at JFK via a series of up to 11 runway access improvements. Phase I of that program, authorized in July 2008, provided for the implementation of the three highest-benefit projects relative to cost, and all associated contracts have been awarded to date. This work is proceeding, and completion of those projects is estimated to take place in the third quarter of 2009.

Phase II of the JFK Delay Reduction Program would provide for: (1) the extension of Taxiway KK (Project II), that will provide improved queuing capability for Runway 4L and Runway 31L intersection departures, at an estimated cost of \$14.4 million; (2) the construction of enhanced aircraft runway access at Taxiway J (Project IV), that will provide additional queuing and sequencing capability for Runway 31L full-length departures, at an estimated cost of \$29.9 million; and (3) the construction of enhanced aircraft runway access at Taxiways P and Q (Project V), that will provide additional queuing and sequencing capability for Runway 13R departures, at an estimated cost of \$39.6 million. Staff determined that these three initiatives would result in delay reductions of 10,485 hours annually at JFK, as well as approximately \$55.36 million of annual savings in both direct aircraft operating costs and the value of passenger time.

These projects are expected to result in 1,150 direct jobs (both on-site and off-site) and direct payroll wages of \$79 million (in 2009 dollars). Including indirect effects, that is, purchases by both workers and suppliers to the project, the total economic impact amounts to 2,470 total jobs, \$152 million in wages and \$633 million in economic activity over the five-year life of the projects. The reduction of aircraft delays will result in a reduction in emissions and fuel consumption. All costs expended are fully recoverable through the JFK Flight Fee Formula and Airport Improvement Program funding.

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

RESOLVED, that a project for the reconstruction and widening of Runway 13R-31L at John F. Kennedy International Airport (JFK), including related infrastructure enhancements, at a total estimated project cost of \$292.4 million, be and it hereby is authorized; and it is further

RESOLVED, that a project for Phase II of the JFK Delay Reduction Program, for the design and construction of aeronautical infrastructure improvements that will increase operational efficiencies and reduce air traffic delays at JFK, at a total estimated cost of \$83.9 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 purchase and construction contracts, contracts for professional and advisory services and such other contracts and agreements as may be necessary to effectuate the foregoing projects, pursuant to authority granted in the By-Laws or other resolution adopted by the Board; and it is further

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

GOETHALS BRIDGE MODERNIZATION PROGRAM – INCREASE IN PLANNING AUTHORIZATION AND INCREASE IN AUTHORIZATION FOR RELATED EXPERT PROFESSIONAL SERVICES

It was recommended that the Board authorize: (1) an increase in the planning authorization for the Goethals Bridge Modernization Program (GBMP) in the amount of \$13 million, from \$47 million to \$60 million, to provide funding for: (a) work necessary to complete the planning process for the GBMP; (b) separate work necessary for preliminary planning, environmental analysis, and design support associated with potential future improvements to the Route 278 / Routes 1&9 Interchange Ramps (Interchange Ramps); and (c) technical, management and funding support for Traffic Demand Management initiatives on Staten Island; and (2) the Executive Director to enter into a Memorandum or Memoranda of Understanding with appropriate entities to effectuate the preliminary planning, environmental analysis and design support for the potential improvements to the Interchange Ramps.

In September 2003, the Board authorized planning and design work, preparation of an Environmental Impact Statement (EIS), development of an external outreach program, and program management support for the GBMP, at a total estimated cost of \$47 million. In February 2004, the Executive Director authorized an agreement with The Louis Berger Group, Inc./Parsons Brinckerhoff Quade & Douglas, a Joint Venture, to provide expert professional services for the preparation of the EIS for the GBMP, at an estimated amount of \$6.8 million.

During the course of preparation of the EIS, delays were encountered due to a number of issues, including: a delay in the required consensus from the regional transportation associations on the Transportation Model to be used to analyze existing and forecasted traffic and transportation conditions; overly optimistic growth data for Staten Island, as provided by the New York Metropolitan Transportation Committee, which required additional assessments to be coordinated with various New York City agencies; a modification to the design of the cable-stayed bridge tower height, due to its close proximity to Newark Liberty International Airport; an assessment to ensure that the cable-stayed bridge was still the most feasible option; and protracted discussions with the New York State Department of Transportation on issues related to the connections to the Staten Island Expressway.

Port Authority staff has, throughout the duration of the planning process of the GBMP, but separate from the GBMP EIS process, coordinated with municipalities in the vicinity of the Goethals Bridge and other governmental entities, including New York and New Jersey state agencies, regarding traffic concerns. Accordingly, staff recommended funding for a portion of preliminary planning, environmental analysis, and design support associated with potential future improvements to the Interchange Ramps, and authorization to enter into a Memorandum or Memoranda of Understanding with appropriate entities to effectuate the preliminary planning, environmental analysis and design support related to the potential improvements to the Interchange Ramps. Additionally, funding is being requested for technical, management and funding support for the Traffic Demand Management initiatives on Staten Island associated with future traffic mitigation and improvements.

Although the Interchange Ramps improvement project has independent utility apart from the GBMP, the Port Authority would not proceed with further efforts beyond the Interchange Ramps preliminary planning efforts for which authorization is sought hereby, unless project authorization for the GBMP is approved by the Board in the future, and separate additional expenditure to complete the planning effort, or project authorization, is approved for the Interchange Ramps project.

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

RESOLVED, that an increase of \$13 million in the planning authorization for the Goethals Bridge Modernization Program (GBMP), including, but not limited to, additional planning and design work necessary for the completion of the GBMP Environmental Impact Statement, resulting in a revised total planning authorization of \$60 million, be and it hereby is authorized; and it is further

RESOLVED, that preliminary planning, environmental analysis and design support work (at an estimated cost of approximately \$900,000, to be allocated from the aforementioned planning authorization amount of \$60 million) in connection with potential future improvements to the Route 278 / Routes 1 & 9 Interchange Ramps (Interchange Ramps) 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 an agreement to increase the amount of compensation under the existing professional services agreement with The Louis Berger Group, Inc./Parsons Brinckerhoff Quade & Douglas, A Joint Venture, at a cost of \$2.2 million, to cover the completion of the GBMP Environmental Impact Statement effort, and for a portion of preliminary planning, environmental analysis and design support associated with potential future improvements to the Interchange Ramps; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into a Memorandum or Memoranda of Understanding with appropriate entities to effectuate the preliminary planning, environmental analysis, and design support for the potential future improvements to the Interchange Ramps; 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 agreements with appropriate entities relating to technical, management and funding support for Traffic Demand Management initiatives in the vicinity of the Goethals Bridge on Staten Island, at a total cost to the Port Authority not to exceed \$1 million, including, but not limited to, Bus/High Occupancy Vehicle/Carpools, Employee-based Rideshare, Subscription Van/Bus, and Managed Use Lanes; 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.

STEWART INTERNATIONAL AIRPORT – OPERATIONS AND MAINTENANCE AGREEMENT WITH AFCO AVPORTS MANAGEMENT, LLC

It was recommended that the Board authorize the Executive Director to: (1) enter into an operations and maintenance agreement with AFCO AvPORTS Management LLC, d/b/a AvPORTS (AvPORTS) for the operation and maintenance of Stewart International Airport (SWF) for an initial term of five years, in the total estimated amount of \$56.7 million for operating and maintenance expenses and a management fee of \$2.9 million; and (2) exercise one five-year renewal option and one 180-day extension, in the total estimated amount of \$82.7 million for operating and maintenance expenses and a management fee of \$3.8 million.

Currently, SWF is being operated and maintained by AvPORTS under an interim agreement. At its meeting of July 24, 2008, the Board authorized the extension of this agreement for two six-month periods, at an estimated total amount of \$9 million, to allow for the completion of a competitive selection process for a long-term operator.

On October 15, 2008, a Request For Proposals (RFP) was issued through an extensive advertising effort to potential operators, including 20 national and international companies, in order to secure a long-term operator for SWF. Two proposals were received on December 10, 2008, one of which was deemed non-responsive, due to its failure to meet the required prerequisites. The recommendation to award the proposed operations and maintenance agreement to AvPORTS is based on the quality of its proposal, AvPORTS' proven ability to effectively manage the airport, and its competitive pricing.

AvPORTS would perform operations and maintenance of SWF and its parking lot operation, including, but not limited to, routine and preventive maintenance on airport equipment and facilities and all tasks required for Federal Aviation Regulation compliance. AvPORTS would be responsible for airport safety, environmental regulatory compliance, and operation of the fuel farms, as well as developing and maintaining an airport security plan under the Transportation Security Regulations. AvPORTS also would prepare, maintain, update and conduct an airport operations safety program, including Airport Operations Area/Security Identification Display Area training, driving training and general safe operating practices. The General Manager's office would provide general oversight in the administration of this contract, to ensure that the operation and infrastructure at SWF are in compliance with all federal, state and local laws and regulations, and promote the safe operation of the airport. The contract budget estimate in both the initial and renewal option periods includes the resources to manage, operate and maintain the parking lot operation at SWF. AvPORTS also would participate in the development of an air service development and retention program, as well as participate in the monitoring of all airport activities, including construction, to ensure compliance with all requirements and stipulations of the Port Authority Sustainable Design Policy, and provide all recurrent training required by the Federal Aviation Administration, Transportation Security Administration and state law for operations and maintenance staff.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to: (1) enter into an operations and maintenance agreement with AFCO AvPORTS Management LLC, d/b/a AvPORTS for the operation and maintenance of Stewart International Airport for an initial term of five years, in the total estimated amount of \$56.7 million for operating and maintenance expenses and a management fee of \$2.9 million; and (2) exercise one five-year renewal option and one 180-day extension of the foregoing agreement, in the total estimated amounts of \$75.6 million and \$7.1 million, respectively, for operating and maintenance expenses, and management fees of \$3.4 million and \$400,000, respectively; and it is further

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

JOHN F. KENNEDY INTERNATIONAL, NEWARK LIBERTY INTERNATIONAL AND LAGUARDIA AIRPORTS – SMARTE CARTE, INC. - OPERATING PERMIT EXTENSION AND NEW PERMIT AT STEWART INTERNATIONAL AIRPORT

It was recommended that the Board authorize the Executive Director to enter into: (1) supplemental agreements to Permit No. AGA-388, Permit No. AYC-912 and Permit No. ANB-455 with Smarte Carte, Inc. (Smarte Carte) at LaGuardia (LGA), John F. Kennedy International (JFK) and Newark Liberty International (EWR) Airports, respectively, to: (a) extend the permits for a 30-month period, through September 2011, (b) increase the per-luggage-cart rental fee from \$3 to \$5, and (c) enter into a revenue sharing arrangement with Smarte Carte in connection with the placement of advertising on its carts; and (2) a new Privilege Permit No. ASA-033 with Smarte Carte granting Smarte Carte the non-exclusive privilege of providing baggage cart services at Stewart International Airport (SWF) for a 30-month period, at the current per-luggage-cart rental fee of \$3, and permitting Smarte Carte to place advertising on its carts at SWF under a percentage revenue sharing arrangement.

Under this authorization, luggage cart advertising would be sold at \$22 to \$30 per cart per month, and would be subject to revenue sharing percentages among the Port Authority, Smarte Carte, and the advertising agency. Additionally, Smarte Carte would purchase and install 7,000 new luggage carts with brakes and larger wheels at JFK, upgrade the existing cart return conveyor system at JFK Terminal 4, and upgrade existing JFK cart vending systems, at an estimated total cost of \$3.1 million. Under previous agreements, Smarte Carte installed similar new luggage carts at EWR in 2003 and at LGA and SWF last year. Smarte Carte has conducted luggage cart operations at SWF under an agreement it entered into with the previous airport operator. The total aggregate fees from all four permits over the 30-month term are projected to be \$9.5 million.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into supplemental agreements to Permit No. AGA-388, Permit No. AYC-912 and Permit No. ANB-455 with Smarte Carte, Inc. (Smarte Carte) at LaGuardia (LGA), John F. Kennedy International (JFK) and Newark Liberty International (EWR) Airports, respectively, to: (1) extend the permits for a 30-month period through September 2011, (2) increase the per-luggage-cart rental fee from \$3 to \$5, and (3) enter into a revenue sharing arrangement with Smarte Carte in connection with the placement of advertising on its carts at LGA, JFK and EWR, substantially in accordance with the terms outlined to the Board; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into a new Privilege Permit ASA-033 with Smarte Carte granting Smarte Carte the non-exclusive privilege of providing baggage cart services at Stewart International Airport (SWF) for a 30-month period at the current per-luggage-cart rental fee of \$3, and enter into a revenue sharing arrangement with Smarte Carte in connection with the placement of advertising on its

carts at SWF, substantially in accordance with the terms outlined to the Board; and it is further

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

SETTLEMENT OF CLAIM – LUMBERMENS MUTUAL CASUALTY COMPANY d/b/a KEMPER NATIONAL INSURANCE CO., a/s/o COMMODITIES EXCHANGE CENTER, INC. v. THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

It was recommended that the Board authorize General Counsel to settle a 1993 World Trade Center (WTC) bombing business interruption case in the action entitled, “Lumbermens Mutual Casualty Company d/b/a Kemper National Insurance Co., a/s/o Commodities Exchange Center, Inc. v. The Port Authority of New York and New Jersey,” in the amount of \$1.1 million, inclusive of attorneys’ fees, costs and disbursements. Plaintiff has provided a General Release, a Hold Harmless Stipulation and a Stipulation of Discontinuance with Prejudice, which are being held in escrow pending finalization of this settlement. The Port Authority would be fully reimbursed for the settlement amount under its applicable insurance coverage. Such reimbursement would reduce available excess liability insurance coverage limits by an equivalent amount, and has been approved by the insurer responsible for the first layer of such insurance coverage.

The matter being settled involves a direct claim brought by Lumbermens Mutual Casualty Company d/b/a Kemper National Insurance Co., as subrogor for Commodities Exchange Center, Inc., arising from the February 26, 1993 terrorist bombing at the WTC, for property damage, business interruption damages and loss of profits.

The proposed settlement was achieved through a court-ordered mediation process pertaining to the remaining 1993 WTC bombing claims, which requires that settlement information remain confidential. Therefore, this item would not be made available for public inspection.

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

RESOLVED, that General Counsel be and he hereby is authorized, for and on behalf of the Port Authority, to settle the action entitled, “Lumbermens Mutual Casualty Company d/b/a Kemper National Insurance Co., a/s/o Commodities Exchange Center, Inc. v. The Port Authority of New York and New Jersey,” in the amount of \$1.1 million, inclusive of attorneys’ fees, costs and disbursements.

THE PORT AUTHORITY'S SEPTEMBER 11, 2001 INSURANCE CLAIM – FEDERAL INSURANCE COMPANY SETTLEMENT AGREEMENT

It was recommended that the Board authorize the Executive Director to enter into a settlement agreement (the Settlement Agreement) with Federal Insurance Company (Federal) to resolve the Port Authority's and its wholly owned entities' insurance claim arising from the events of September 11, 2001 with respect to Federal's participation in the Port Authority's applicable property damage/business interruption insurance program (the Port Authority Insurance Program) and the related litigation pending in the United States District Court for the Southern District of New York.

Under the Settlement Agreement, in return for a full release of Federal's liability under the Port Authority Insurance Program and the dismissal of related pending litigation, Federal would pay the Port Authority the total aggregate amount of \$32.4 million, which, after deduction of advances previously made by Federal of \$27.5 million, would result in an additional payment to the Port Authority of \$4.9 million. Federal's per occurrence participation in the Port Authority Insurance Program totals \$30 million of the \$1.5 billion per occurrence limits, attaching after the exhaustion of the first \$400 million of such per occurrence limits. The ongoing adjustment process and litigation would continue with the other insurers participating in the Port Authority Insurance Program, excluding SR International Business Insurance Co. Ltd. and Swiss Reinsurance Co. UK Ltd., and the London Insurers, which have entered into previously authorized settlement agreements with the Port Authority resolving the Port Authority's insurance claim arising from the events of September 11, 2001 with respect to their participation in the Port Authority Insurance Program.

The Settlement Agreement is subject to certain confidentiality provisions, providing for limited disclosure of specific terms only and an agreement to provide the non-disclosing party with the opportunity to review any proposed disclosure with respect to the Settlement Agreement.

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

RESOLVED, that Executive Director be and he hereby is authorized, for and on behalf of the Port Authority and its wholly owned entities, to enter into a settlement agreement with Federal Insurance Company (Federal) to resolve the Port Authority's insurance claim arising from the events of September 11, 2001 with respect to Federal's participation in the Port Authority's applicable property damage/business interruption insurance program and the related pending litigation, consistent with the foregoing report to the Board; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority and its wholly owned entities, to take any and all action to effectuate the foregoing, including the execution of agreements, contracts and other documents, together with amendments and supplements thereof, or amendments and supplements to existing agreements, contracts and other documents, and to take action in accordance with the terms of such agreements,

contracts and other documents, as may be necessary in connection therewith; and it is further

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

BOARD OF COMMISSIONERS – CODE OF ETHICS

It is the policy of The Port Authority of New York and New Jersey that the Commissioners and employees reflect the highest standards of integrity in the public service. As the governing body of the Port Authority, the Board of Commissioners has from time to time expressed its continuing belief that it is essential that the conduct of the Commissioners and employees of the Port Authority hold the respect and confidence of the peoples of the States of New York and New Jersey and that the public know that no conflict exists between private interests and official duties.

To this end, the Board, on April 10, 1980, directed the Executive Director to promulgate a Code of Ethics for the staff to provide a clear statement of the principles governing the conduct of Port Authority employees and those doing business with the Port Authority. Accordingly, there has been a Code of Ethics and Financial Disclosure, as amended from time to time, for staff for the last twenty-eight years. In addition, from time to time the Board has expressed its continued commitment to the highest principles of ethical conduct, updating its ethics policy to indicate that each Commissioner shall conform to the conflict of interest laws applicable to unsalaried officers of their respective States.

The Port Authority's By-Laws, as adopted by the Board on May 22, 2008 (the By-Laws), provide for the Governance and Ethics Committee to, among other items, recommend, develop and maintain a Code of Ethics for the Board.

On the recommendation of the Governance and Ethics Committee in accordance with Article VIII, Section G-5 of the By-Laws, the Board is adopting a Code of Ethics incorporating applicable requirements of law (which are substantially similar in the States of New York and New Jersey with respect to unsalaried public officers) and Port Authority policy to govern the conduct of Port Authority Commissioners.

Whereupon, the following resolution was unanimously adopted with Commissioners Bauer, Chasanoff, Coscia, Grayson, Hochberg, Holmes, Pocino, Sartor, Silverman and Steiner voting in favor; none against:

RESOLVED, that the Code of Ethics for Port Authority Commissioners set forth immediately below, which shall also apply to such Commissioners when acting as Directors of Port Authority wholly owned entities, is hereby adopted.

Code of Ethics for Port Authority Commissioners

1. Standards of Conduct

Each Commissioner shall comply with all applicable laws, rules and regulations applicable to the Commissioner as an unsalaried public officer from his/her state of appointment.

If a Commissioner believes he or she has an actual or potential conflict of interest with respect to a particular matter, the Commissioner shall promptly notify General Counsel. If a Commissioner receives a contact from a lobbyist seeking to solicit or secure a Port Authority contract at any point in the procurement process, the Commissioner shall report the contact to General Counsel.

2. Disclosure

Solely for purposes of providing financial disclosure to General Counsel, each Commissioner shall furnish General Counsel annually with financial information consistent in format and substance with the information required to be filed by unpaid officers who hold policy-making positions in the state of his or her appointment. Subsequent to providing this annual information, during the year each Commissioner shall furnish General Counsel with any material changes in the information provided, and call to General Counsel's attention any other specific relationships with firms with which the Port Authority or one of its wholly owned entities does, or may do, business.

Commissioners shall disclose, on an annual basis, any outside business dealings that they, their employers, or their immediate family members (which for purposes of providing this disclosure shall be limited to their spouses or domestic partners and dependent children) have had with the Port Authority during the previous year. Such disclosure shall be made in a certification submitted by each Commissioner to General Counsel, who shall cause a schedule incorporating the information provided in such certifications to be provided to the Board and posted on the Port Authority's Internet Web site.

3. Campaign Contributions

A Commissioner shall not request or demand that any Port Authority employee make or offer to make any monetary contribution to the political campaign of a Commissioner, or to any political campaign committee for the specific benefit of a Commissioner.

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Whereupon, the meeting was adjourned.

Secretary