

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES Thursday, July 24, 2008

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MINUTES of the Meeting of The Port Authority of New York and New Jersey held Thursday, July 24, 2008 at 225 Park Avenue South, City, County and State of New York

PRESENT:

NEW JERSEY

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

NEW YORK

Hon. Bruce A. Blakeman
 Hon. Michael J. Chasanoff
 Hon. Christine A. Ferer
 Hon. H. Sidney Holmes III

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

Diana E. Beecher, Chief Technology Officer
 A. Paul Blanco, Chief Financial Officer
 John D. Brill, Director, Audit
 Ernesto L. Butcher, Chief Operating Officer
 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
 Sandra E. Dixon, State Legislative Representative, Government & Community Affairs
 John J. Drobny, Director, Security Projects
 Michael G. Fabiano, Deputy Chief Financial Officer/Comptroller
 Michael B. Francois, Chief, Real Estate & Development
 Richard Friedman, Senior Advisor to the Executive Director
 Cedrick T. Fulton, Deputy Director, Tunnels, Bridges and Terminals
 Lash L. Green, Director, Office of Business and Job Opportunity
 Glenn P. Guzi, Client Manager, Government & Community Affairs
 Linda C. Handel, Assistant Secretary
 Mary Lee Hannell, Director, Human Resources
 Mark D. Hoffer, Special Advisor to the Executive Director
 Howard G. Kadin, Esq., Law
 Kevin J. Kirchman, Deputy Director, Public Affairs
 Louis J. LaCapra, Chief Administrative Officer
 Richard M. Larrabee, Director, Port Commerce
 Susan Bass Levin, Deputy Executive Director
 Francis J. Lombardi, Chief Engineer
 Stephen Marinko, Esq., Law
 Michael G. Massiah, Director, Management and Budget
 Candace McAdams, Director, Media Relations, Public Affairs
 James E. McCoy, Manager, Board Management Support, Office of the Secretary

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

Guests:

Khalid Bashjawish, Summer Law Intern
 Caleb Fleurant, Summer Law Intern
 Sonia Frontera, Authorities Unit, Office of the Governor of New Jersey
 Stacie N. O'Brien, Management Intern, Office of the Secretary
 Amit Patel, Summer Law Intern
 Yolaine Seaton, Summer Law Intern
 Gamelin-Arnold Telesfort, Summer Law Intern
 Stephen Tempesta, Summer Law Intern

Public Speakers:

Sheikema Ashe, Unite Here
 Patricia Campos, State Director, Unite Here
 Sandra DeFeo, Humane Society of New York
 Patrick Kwan, Humane Society of the United States
 Steven Papageorge, Unite Here
 Valerie Sicignano, NYC Feral Cat Initiative
 Amy Sugimori, NY Civic Participation Project

The public meeting was called to order by Chairman Coscia at 1:58 p.m. and ended at 2:51 p.m. The Board met in executive session prior to the public session.

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of June 30, 2008. She reported that copies of these Minutes were sent to all of the Commissioners and to the Governors of New York and New Jersey. She reported further that the time for action by the Governors of New York and New Jersey has expired.

Whereupon, the Board of Commissioners unanimously approved the Minutes.

Report of World Trade Center Redevelopment Subcommittee

The World Trade Center Redevelopment Subcommittee reported, for information, on matters discussed in public session at its meeting on July 24, 2008, which included discussion of various actions for the advancement of construction activities and/or professional services in connection with the redevelopment of the World Trade Center site, as well as matters discussed in executive session, which included discussion of matters involving ongoing negotiations and reviews of contracts or proposals, and the report was received.

Report of Committee on Finance

The Committee on Finance reported, for information, on matters discussed in public session at its meeting on July 24, 2008, which included a review of the Port Authority's investment portfolio and an annual update on the Port Authority Insurance Captive Entity, 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 July 24, 2008, which included discussion of a Port Development strategic business assessment, 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 July 24, 2008, which included discussion of an item that authorizes extensions to exclusivity agreements in connection with the redevelopment of the Port Authority Bus Terminal, as well as matters discussed and action taken in executive session, which included discussion of matters related to proposed, pending, or current litigation or judicial or administrative proceedings and matters related to collective bargaining or negotiations, 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 July 24, 2008, which included discussion of an item that authorizes a project for Phase I of the delay reduction program at John F. Kennedy International Airport, and the report was received.

Executive Director's Report

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

Staff Reports

Presentations were made by staff on:

- 1) Airport Delay Reduction Program;
- 2) Update on Port Authority Bus Terminal Air Rights Development; and
- 3) World Trade Center Site Update

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

It was recommended that the Board authorize a project for Phase I of the Delay Reduction Program for infrastructure improvements to increase operational efficiencies and reduce air traffic delays at John F. Kennedy International Airport (JFK), at an estimated total project cost of \$60 million.

Since 1998, JFK has experienced a 29-percent increase in operations, triggering an 87-percent increase in daily arrival delays that exceed one hour. In July 2007, the Port Authority established a Flight Delay Task Force composed of representatives from the Port Authority and the airline industry, and including government officials from New York and New Jersey, to collaborate on initiatives to alleviate air traffic delays.

In December 2007, the Federal Aviation Administration announced temporary steps to limit the number of flights in and out of JFK to a total of 80 to 82 takeoffs and landings per hour during peak periods (a decrease of over 20 percent), beginning in March 2008.

In March 2008, the Board authorized \$5 million for planning to address the delays at JFK. The Flight Delay Task Force recommendations included 11 projects for moving aircraft to and from runway ends faster and more efficiently by mitigating delays caused by taxiway congestion. They include four taxiway extension projects that would improve aircraft traffic flow to the ends of the runways and three runway access projects that would improve staging of departing aircraft.

The JFK Delay Reduction Program will be undertaken in three phases. Phase I, the subject of this proposed action, includes the three highest-benefit projects relative to cost: (1) the extension of Taxiway ‘YA,’ (2) the construction of the Taxiway ‘KA’ Hold Pad, and (3) the extension of Taxiway ‘FB.’

The extension of Taxiway ‘YA’ from Taxiway ‘Y’ across Runway 22R to Taxiway ‘B’ would provide for improved “intersection” departures from Runway 22R, and also would create an additional runway crossing point, affording efficiencies in sequencing intersection departures. This work is expected to result in delay reduction of approximately 2½ minutes per operation, which equates to an estimated seven-percent annual delay reduction and to nearly \$52.1 million of annual savings in both direct aircraft operating costs and the value of passenger time.

Construction of the Taxiway ‘KA’ Hold Pad would provide significant additional aircraft queuing and sequencing capabilities for Runway 4L departures, resulting in delay reduction of approximately 1 minute per operation, which equates to an estimated three-percent annual delay reduction and to nearly \$23.7 million of annual savings in both direct aircraft operating costs and the value of passenger time.

The extension of Taxiway 'FB' from Runway 22R to Taxiway 'E' would improve queuing capability for Runway 22R full-length departures and would help to reduce congestion on Taxiways 'A' and 'B'. This work is expected to result in delay reduction of approximately 1½ minutes per operation, which equates to an estimated four-percent annual delay reduction and to almost \$30.5 million of annual savings in both direct aircraft operating costs and the value of passenger time.

The reduction of aircraft delays also would result in reductions in emissions and fuel consumption. These projects would be developed with sustainable elements, such as the use of recycled asphalt.

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

RESOLVED, that a project for Phase I of the Delay Reduction Program (Project) for infrastructure improvements to increase operational efficiencies and reduce air traffic delays at John F. Kennedy International Airport (JFK), at a total estimated project cost of \$60 million, including engineering, project and construction management, payments to contractors, allowances for extra work (if necessary) and net cost work, administrative and financial expenses, 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 agreements as may be necessary to effectuate the Project, 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 documents and agreements in connection with the foregoing shall be subject to the approval of General Counsel or his authorized representative.

STEWART INTERNATIONAL AIRPORT – AMENDED AND RESTATED LEASE AGREEMENT WITH THE STATE OF NEW YORK, ACTING BY AND THROUGH THE DEPARTMENT OF TRANSPORTATION

It was recommended that the Board authorize the Executive Director to enter into an Amended and Restated Agreement of Lease (Amended and Restated Lease) with the State of New York, acting by and through the New York State Department of Transportation (NYSDOT), to reflect all the modifications which have been negotiated by the Port Authority, as tenant, and NYSDOT, as landlord, to the original Agreement of Lease (Original Lease), dated as of September 24, 1999, for Stewart International Airport (Airport). The Original Lease is a 99-year lease with a commencement date of April 1, 2000 and an expiration date of March 31, 2099.

The Original Lease was entered into between NYSDOT and SWF Airport Acquisition, Inc. (SWFAA). The Port Authority entered into an asset purchase agreement with SWFAA, dated July 17, 2007, which had been authorized by the Board on January 25, 2007, and pursuant to which, among other things, the Original Lease would be assigned to, and assumed by, the Port Authority. One of the documents entered into by the Port Authority and NYSDOT in connection with such asset purchase was Lease Amendment No. 1 to the Original Lease.

Generally, Lease Amendment No. 1, in order to reflect the transfer of the operation of the Airport from a private entity to the Port Authority: eliminated provisions in the Original Lease related to the federal airport privatization pilot program which do not apply to operation of the Airport by the Port Authority; acknowledged the Port Authority's tax-exempt status, bonding capacity and self-insurance program; removed certain provisions that required the Airport operator-tenant to provide a security deposit and utilize third-party mechanisms for certain funds; acknowledged that the Port Authority would review and approve contract documents for construction by subtenants and the Port Authority, for conformance to applicable New York State-Uniform Fire Prevention and Building Code and Port Authority technical standards; provided that the Port Authority would act in the place and stead of NYSDOT as lead agency in connection with capital improvements subject to the National Environmental Policy Act; added certain parcels of land to the premises covered by the Original Lease; and anticipated that the parties would negotiate further modifications to the Original Lease, which would be reflected in an Amended and Restated Lease. The Amended and Restated Lease would supersede the Original Lease and Lease Amendment No. 1. In its letter to NYSDOT approving the transfer of the Airport from SWFAA to the Port Authority, and the associated transfer of federal obligations from the private entity to a public one, the Federal Aviation Administration (FAA) indicated that the Amended and Restated Lease would be subject to FAA review and approval.

The Amended the Restated Lease would incorporate the modifications set forth in Lease Amendment No. 1 and the additional modifications negotiated since the execution of that amendment. It would acknowledge that the Port Authority is a bi-State agency and is subject to certain statutory requirements and limitations, certain jurisdictional requirements and limitations, and also enjoys the benefit of certain rights, immunities and statutory authority as a bi-State agency. Accordingly, the Amended and Restated Lease would provide that, notwithstanding anything stated or implied elsewhere in the agreement, the parties do not intend that the Amended and Restated Lease shall be interpreted, construed, applied or enforced so as to deprive the Port Authority of these rights or immunities, or so as to be inconsistent or in non-conformance with such statutory provisions or decisional law.

Specifically, and independent of this over-arching principle, the Amended and Restated Lease would: remove termination by NYSDOT as a remedy for certain events of default; provide that the Port Authority must apply the same standards with respect to repair, maintenance, construction and general operations at the Airport as it does at the other aeronautical facilities operated by it; with respect to construction at the Airport, clarify the Port Authority's rights and notification obligations and provide that, although the Port Authority is not subject to the New York State Environmental Quality Review Act (SEQRA), it would prepare all documentation required by NYSDOT for it to comply with SEQRA; include a Soils Management Plan which would dictate the obligations of the Port Authority and NYSDOT with respect to the disposal of contaminated soil; and clarify the Port Authority's reporting responsibilities to NYSDOT with respect to the Stewart Airport Commission. In addition, without the prior consent of NYSDOT, it would permit the Port Authority to sublease, to undertake construction or improvements (but with the requirement of prior notice to NYSDOT), and to pledge Airport revenues and enter into leasehold mortgages in connection with the issuance of bonds. With regard to NYSDOT's remediation obligations at the Airport, the Amended and Restated Lease would provide that, if it is more efficacious, or is necessary or desirable, for the Port Authority to perform such remediation or cause it to be performed on behalf of NYSDOT, the Port Authority may do so, whereby the parties would mutually agree upon the scope and process for such remediation, and in such connection the Port Authority would be reimbursed by NYSDOT for the costs and expenses incurred by the Port Authority to undertake such remediation.

With respect to additional property, the proposed Amended and Restated Lease contains certain new provisions. First, with regard to a specified parcel, it would require NYSDOT to offer such property to the Port Authority to lease under certain circumstances, and would grant the Port Authority an option to exercise the right to lease such parcel, and the Port Authority would be responsible for remedial action with regard to this parcel. Second, it anticipates that there may be interests in property that become part of the Airport via acquisition by the Port Authority or by NYSDOT, whether through condemnation, eminent domain or otherwise, and the parties would negotiate their relative obligations with respect to the operation, repair, maintenance and remediation of the added property, and the Port Authority's obligation to pay percentage rent in connection with such added property.

The Port Authority's basic responsibilities as an operator of the Airport would remain unchanged from the Original Lease, and it would continue to be obligated to pay rent. Percentage rent would be due upon the earlier of April 1, 2010 or the January 1 succeeding the year in which passenger traffic shall have exceeded 1,380,000 passengers during the prior 12-month consecutive period, and would be due in the amount of five percent of gross income. In the event of an assignment of the Amended and Restated Lease, which would require NYSDOT's prior consent, an assignment fee would be due to NYSDOT. In addition, the Port Authority would be required to pay or cause to be paid assessments, taxes and other impositions charged by relevant taxing and governmental authorities, such as the Towns of New Windsor and Newburgh, New York, including payments in lieu of taxes (PILOT) due from and assessed against improvements leased by non-aviation subtenants at the Airport, except that the Port Authority would not be obligated to pay taxes, PILOT or other impositions which would not apply to it as a bi-State entity, or from which the Port Authority would otherwise enjoy a tax exemption. In this connection, it is anticipated that NYSDOT, with the concurrence of the Port Authority, will enter into agreements with the Town of New Windsor, the Town of Newburgh, the Vails Gate Fire District, and/or other taxing and government authorities to clarify the

methodology of payments required under the Amended and Restated Lease, and such agreements would be incorporated by reference into the Amended and Restated Lease.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Blakeman, Chasanoff, Coscia, Ferer, Holmes, Pocino, Sartor 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 Amended and Restated Agreement of Lease with the State of New York, acting by and through the New York State Department of Transportation (NYSDOT), to reflect modifications to the Agreement of Lease regarding the operation of Stewart International Airport, dated as of September 24, 1999, between NYSDOT and SWF Airport Acquisition, Inc., which have been negotiated by the Port Authority, as tenant, and NYSDOT, as landlord; and (2) enter into such other agreements necessary to effectuate the purpose and intent of the foregoing, substantially in accordance with the terms and conditions outlined to the Board; and it is further

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

STEWART INTERNATIONAL AIRPORT - EXTENSION OF OPERATIONS AND MAINTENANCE AGREEMENT WITH AFCO AVPORT MANAGEMENT, LLC

It was recommended that the Board authorize the Executive Director to exercise the Port Authority's options to extend the Operations and Maintenance Agreement with AFCO AvPort Management, LLC (AFCO) at Stewart International Airport (SWF) for two six-month renewal periods, at a total management fee of \$546,000, plus reimbursement of all expenses associated with its operation and maintenance of SWF, for an estimated total cost of \$9 million.

In January 2007, the Board authorized the Executive Director to enter into an asset purchase agreement with SWF Airport Acquisition, Inc., as seller, and National Express Corporation, as shareholder, which included the acquisition of SWF's lease and other assets. In addition, the Board authorized the Executive Director to enter into an interim operating agreement for the operation and maintenance of SWF involving the payment of a management fee, plus the reimbursement of all expenses associated with its operation and maintenance of SWF for a period of up to one year, on a sole-source basis with a qualified airport operator.

The Port Authority entered into an Operations and Maintenance Agreement (Agreement) for the operation and maintenance of SWF with Macquarie Aviation North America 2, Inc. (Macquarie) d/b/a AvPORTS. Subsequently, Macquarie assigned the Agreement to AFCO, and the Port Authority consented to the assignment. The initial term of the Agreement expires on October 31, 2008. The Agreement provides for two six-month renewal periods, at the option of the Port Authority. The extension of the Agreement with AFCO would allow for continuation of its services at SWF without disruption until a long-term operator is selected through a publicly advertised Request for Proposals process.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Blakeman, Chasanoff, Coscia, Ferer, Holmes, Pocino, Sartor 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 exercise the Port Authority's options to extend the Operations and Maintenance Agreement with AFCO AvPort Management, LLC (AFCO) at Stewart International Airport (SWF) for two six-month renewal periods, at an estimated total cost of \$9 million; 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 – AIRPORT TERMINALS BAGGAGE SCREENING – AGREEMENTS WITH THE TRANSPORTATION SECURITY ADMINISTRATION

It was recommended that the Board authorize the Executive Director to enter into separate agreements with the United States Department of Homeland Security Transportation Security Administration (TSA) as may be necessary to accept \$400 million in federal aid for the replacement or renovation of electronic baggage screening and handling systems (Systems) at selected passenger terminals at LaGuardia, John F. Kennedy International and Newark Liberty International Airports.

Following the terrorist attacks of September 11, 2001 and the creation of the TSA, the TSA assumed responsibility for the screening of passengers and baggage on commercial passenger aircraft. Under a pressing Congressional mandate, the TSA is introducing new generation baggage screening equipment into airports across the nation. Congress has authorized funding for the TSA's In-Line Explosive Detection Screening program for federal Fiscal Years (FY) 2008 and 2009. Funds authorized for this program will be used to modify or relocate the infrastructure and baggage handling systems to support TSA's Explosive Detection and Explosive Trace Detection equipment.

The TSA has proposed to fund 90 percent of allowable project costs, in an amount not to exceed \$400 million, for this program. The TSA also will be responsible for the purchase, installation and maintenance of the new electronic baggage screening system equipment. The Port Authority would agree to perform, or cause its lessees or contractors to perform, design specifications and site preparation required to prepare the terminals for the installation of the equipment. It is anticipated that the net cost to the Port Authority would be approximately \$45 million (the Port Authority's cost-sharing obligation), and that the Port Authority would enter into agreements with terminal tenants whereby the tenants would agree to fund the Port Authority's cost-sharing obligation and any other costs incurred in undertaking these projects. Since only FY 2008 funding has actually been appropriated, the initial cost-sharing agreements would obligate \$200 million for FY 2008. Thereafter, if as expected, the additional \$200 million is obligated when the FY 2009 funding is appropriated, the cost-sharing agreements would be modified to provide for the additional funding.

The proposed action would allow the Port Authority to accept federal aid to further the agency's objective to provide efficient and convenient operational patterns at the terminals for the convenience, safety and security of the traveling public, and minimize flight delays and costs stemming from such delays.

Board authorization will be sought at a future date for specific contracts and agreements relating to the program to replace the baggage screening equipment.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into agreements with the United States Department of Homeland Security Transportation Security Administration as may be necessary to accept \$400 million in federal aid for the replacement or renovation of explosive detection screening and baggage handling systems at selected passenger terminals at LaGuardia, John F. Kennedy International and Newark Liberty International Airports; and it is further

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

**NEWARK BAY, PORT NEWARK AND PORT NEWARK PIERHEAD CHANNELS
MAINTENANCE DREDGING – AGREEMENT WITH U.S. DEPARTMENT OF
THE ARMY AND FUNDING FOR UPLAND DISPOSAL**

It was recommended that the Board authorize the Executive Director to enter into an agreement with the United States Department of the Army, Army Corps of Engineers (Corps), in the form required by the Corps pursuant to federal law or Corps policy, in connection with maintenance dredging of the Newark Bay, Port Newark and Port Newark Pierhead Channels (collectively, the Channels) by the Corps to remove approximately 125,000 cubic yards of material, with the Port Authority funding the cost differential between ocean disposal of the dredged material and disposal at an upland facility, at a cost to the Port Authority estimated at \$8 million, less unspent monies provided to the Corps for prior maintenance dredging work amounting to \$1,278,694, for a total incremental cost to the Port Authority of approximately \$6.7 million.

On May 30, 1986, the Port Authority and the Corps executed a Local Cooperation Agreement (LCA) for a federal project to deepen the Kill Van Kull and Newark Bay Channels (including the Port Newark and Port Newark Pierhead Channels) to a depth of 40 feet. The LCA also requires the Corps to maintain the channels at the depth to which they are dredged. The LCA anticipates that ocean disposal of dredged material will be available at the Historic Area Remediation Site (HARS), and provides that if the dredged material cannot be disposed of in the ocean, the Port Authority will be responsible for providing an alternative disposal site.

By Public Notice dated May 2, 2005, the Corps advised that up to 550,000 cubic yards of material needed to be dredged from certain areas of the Channels to restore them to their authorized depth of 40 feet. Because sufficient funds for this work were neither budgeted by the Port Authority nor appropriated by the United States Congress at that time, the affected areas in the Channels were reviewed and prioritized by both agencies. Subsequently, in February 2006 the Board authorized an agreement with the Corps to remove approximately 291,000 cubic yards of material from the Channels, and for the Port Authority to fund the cost differential between ocean disposal and disposal at an upland facility, at a cost to the Port Authority estimated at that time by the Corps to be \$10 million. However, actual bid prices received by the Corps, and funds budgeted by the Corps for this work, allowed for only approximately 196,360 cubic yards of material to be dredged in 2007. The Corps has now advised the Port Authority that it has sufficient funding to dredge approximately 125,000 cubic yards of material from the Channels in 2008, and that \$1,278,694 in unspent Port Authority funds, provided to the Corps for the maintenance dredging work performed in 2007, can be credited against the work to be performed.

The Corps and the Port Authority have concluded that the material to be dredged will not meet federal standards for disposal at the HARS, but is suitable for upland placement. The Corps' current estimated cost for dredging and disposal at the HARS is \$19.56 per cubic yard. It is anticipated that the material to be dredged under the proposed agreement will be disposed of at a permitted upland placement site within the State of New Jersey, at an approximate dredging and disposal cost of \$79.95 per cubic yard. Accordingly, the total cost of the work is approximately \$11 million, with the Port Authority's share estimated at \$8 million (\$60.39 per cubic yard and \$400,000 for mobilization and demobilization related to upland disposal). With the application of the \$1,278,694 credit toward this work, the Port Authority's incremental cost

is estimated to be \$6.7 million. It is anticipated that work will commence during the third quarter of 2008. The Corps would be responsible for fulfilling all environmental and regulatory requirements, including applicable testing, and would acquire all necessary federal and state permits. In addition, the Corps would require bidders to identify an approved and operating upland placement site and to provide all approvals necessary to use the site, including the sampling and testing of the material.

This work would help ensure the safe navigation of vessels calling at the Port of New York and New Jersey (Port) and would help demonstrate the Port Authority's commitment to the safe and efficient movement of cargo through the Port.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into an agreement with the United States Department of the Army, Army Corps of Engineers (Corps), in the form required by the Corps pursuant to federal law or Corps policy, pursuant to which the Corps will dredge approximately 125,000 cubic yards of material from the Newark Bay, Port Newark and Port Newark Pierhead Channels and the Port Authority will pay the incremental cost of disposal at a permitted upland disposal facility, which cost is currently estimated at \$8,000,000, less the amount of \$1,278,674 previously paid to, but not spent by, the Corps for maintenance dredging, for a total net cost to the Port Authority of approximately \$6.7 million; and it is further

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

EXTENSION OF TERM FOR CONTINUED USE OF CONSULTING SERVICES IN SUPPORT OF COLLABORATIVE ENERGY COST-CONTAINMENT INITIATIVES WITH THE NEW YORK POWER AUTHORITY AND ITS SOUTHEAST NEW YORK GOVERNMENT CUSTOMERS

It was recommended that the Board authorize the Executive Director to extend the term for which consulting services may be retained in support of collaborative energy cost-containment initiatives under a Memorandum of Understanding (MOU) among the Port Authority, the City of New York, the New York City Housing Authority, the New York State Metropolitan Transportation Authority (collectively, the SENY Customers) and the New York Power Authority (NYPA), to the later of December 2010, or until such time as previously authorized funds remaining for these purposes have been expended.

In August 2004, the Board authorized the Executive Director to enter into the MOU with NYPA and the other SENY Customers to work collaboratively to keep electric power rate increases at a minimum. The Board also authorized the expenditure of up to \$300,000 through the end of 2005 for utility cost and supply consulting services to perform load and cost studies, to present testimony in regulatory proceedings and to advise on issues affecting the cost of electric service in New York for the SENY Customers, collectively, and the Port Authority, in particular. In September 2005, the Board authorized an increase of \$500,000 in the amount of funding for the Port Authority's continued retention of Science Applications International Corporation (SAIC) as a consultant in support of an expanded scope of collaboration under the MOU. Of the amounts previously authorized for use by consultants other than SAIC, \$80,000 remains available.

In 2004 and 2007, consultants hired by the SENY Customers and NYPA reviewed electricity delivery rate increases proposed by Consolidated Edison Company of New York, Inc. (Con Edison) and submitted testimony contesting the requested rate increases and offering alternatives. The intervention of the Port Authority, the other SENY Customers and NYPA directly contributed to significant reductions in the rate increases granted to Con Edison by the New York State Public Service Commission (PSC). In May 2008, Con Edison filed yet another rate case with the PSC seeking further significant rate increases. It is anticipated that the SENY Customers will continue their collaborative efforts to contain the requested rate increases, and that the Port Authority will share in the cost of electricity cost-of-service specialists retained to protect the SENY Customers' interests.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Blakeman, Chasanoff, Coscia, Ferer, Holmes, Pocino, Sartor 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 extend the term for which consulting services may be retained in support of collaborative energy cost-containment initiatives, under a Memorandum of Understanding among the Port Authority, the New York Power Authority, the City of New York, the New York City Housing Authority and the New York State Metropolitan Transportation Authority, to the later of December 2010, or until such time as the previously authorized funds remaining for these purposes have been expended; and it is further

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

DOWNTOWN RESTORATION PROGRAM -- AGREEMENT WITH METROPOLITAN TRANSPORTATION AUTHORITY CAPITAL CONSTRUCTION COMPANY – SOIL STABILIZATION TEST PROGRAM FOR THE RESTORATION OF THE R/W CORTLANDT STREET STATION

It was recommended that the Board authorize the Executive Director to enter into an agreement with the New York State Metropolitan Transportation Authority (MTA) Capital Construction Company (MTACCC) which would provide for Port Authority reimbursement to MTACCC, in an estimated total amount of up to \$1.2 million, to design and test soil stabilization measures in connection with the restoration of the MTA New York City Transit's R/W subway line Cortlandt Street Station.

Port Authority construction in the East Bath tub area of the World Trade Center site has impacted the R/W subway line in ways which require remediation of the R/W subway tunnel box.

Under the proposed agreement, MTACCC would design and construct a test program of soil stabilization measures to sufficiently address the settlement of the R/W subway tunnel box, with the scope of work to be mutually agreed upon by the technical experts from MTACCC and the Port Authority. MTACCC has agreed to undertake the design and testing on behalf of the Port Authority, with reimbursement by the Port Authority for costs to be incurred. Both parties anticipate that the MTACCC can perform this work more cost efficiently.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Blakeman, Chasanoff, Coscia, Ferer, Holmes, Pocino, Sartor 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 New York State Metropolitan Transportation Authority (MTA) Capital Construction Company (MTACCC) to provide for a test program for soil stabilization measures for the MTA New York City Transit's R/W subway line Cortlandt Street Station, and for the Port Authority to reimburse MTACCC, in an estimated amount of up to \$1.2 million, for costs incurred in connection therewith; and it is further

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

DOWNTOWN RESTORATION PROGRAM – AGREEMENT WITH THE NEW YORK STATE DEPARTMENT OF TRANSPORTATION – WORLD TRADE CENTER SITE CENTRAL CHILLER PLANT RIVER WATER LINES AND ASSOCIATED INFRASTRUCTURE DESIGN AND CONSTRUCTION

It was recommended that the Board authorize the Executive Director to enter into an agreement with the New York State Department of Transportation (NYSDOT) which would provide for: (1) NYSDOT to perform certain Port Authority work in connection with the design and construction of the World Trade Center (WTC) site Central Chiller Plant (CCP) river water lines (RWLs) and associated infrastructure (the Project); and (2) the Port Authority to pay NYSDOT an amount not to exceed \$16 million, to be used solely for costs incurred in connection with the Project.

NYSDOT currently is undertaking its Route 9A promenade project, which will restore eight lanes of traffic – four northbound and four southbound – adjacent to the WTC site. Based on the schedules for Port Authority construction projects at the WTC site, it is necessary to install the RWLs and associated infrastructure for the CCP at this time.

Given that the RWLs and associated infrastructure are within the Route 9A right-of-way, the design and installation of the RWLs and associated infrastructure would be most efficiently performed by NYSDOT, using NYSDOT's existing contractor, which is presently reconstructing NYSDOT's Route 9A promenade project adjacent to the WTC site. The agreement would stipulate specifically that it does not obligate the Port Authority to bear the cost or perform any Route 9A work.

The work to be performed on the RWL and associated infrastructure would consist of:

- The relocation of the supply and discharge RWLs on the east side of Route 9A, composed of two parallel lines connecting to the existing RWLs supported by piles, approximately following the alignment of former WTC Parking Entrance Ramp "B";
- The re-routing and resizing of the existing RWL on the west side of Route 9A, from the Port Authority's existing north flume to the existing RWL discharge chamber; and
- The installation of power conduits and communication conduits on the east side of Route 9A, extending from the WTC site's South Project to CCP power and communication manholes on the west side of Route 9A.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Blakeman, Chasanoff, Coscia, Ferer, Holmes, Pocino, Sartor 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 New York State Department of Transportation (NYSDOT), which would provide for: (1) NYSDOT to perform certain Port Authority work in connection with the design and construction of the World Trade Center site Central Chiller Plant river water lines and associated infrastructure (Project); and (2) the Port Authority to pay NYSDOT an

amount not to exceed \$16 million for costs incurred in connection with the Project; 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.

**ONE WORLD TRADE CENTER, THE FREEDOM TOWER PROJECT –
AUTHORIZATION TO INCREASE AMOUNT OF AGREEMENT WITH
SKIDMORE, OWINGS AND MERRILL LLP**

It was recommended that the Board authorize 1 World Trade Center LLC (1 WTC LLC) to increase the authorized amount of its final executed agreement with Skidmore Owings & Merrill LLP (SOM), by an estimated amount of \$10.2 million, for continued architectural services, including planning, design and construction administration services, for the construction of One World Trade Center, the Freedom Tower (Freedom Tower), as part of the redevelopment of the World Trade Center (WTC) site. The proposed increase is needed to fully fund the final negotiated and executed agreement with SOM providing for its continued services in connection with the design and construction of the Freedom Tower. The proposed increase in the amount of this agreement would bring the total authorized amount to \$31,450,000.

At its September 21, 2006 meeting, the Board authorized 1 WTC LLC to assume SOM's agreement with Silverstein Properties, Inc., in the form of a term sheet under which SOM is providing architectural and design activities in connection with the design and construction of the Freedom Tower, in an estimated amount of \$10 million. The Board authorized increases in the amount of that agreement in December 2006 (\$4 million), February 2007 (\$2.25 million) and April 2007 (\$5 million), which collectively resulted in a total authorized amount of \$21.25 million for continued architectural services, and were intended as interim measures to provide sufficient funding to progress architectural design work while negotiations with SOM for a complete agreement were finalized. On May 13, 2008, 1 WTC LLC and SOM negotiated a final agreement which includes specific scope of services not fully defined under the term sheet, Port Authority terms and conditions, and additional services not included under the term sheet.

The authorization being requested herein reflects the completion of contract negotiations with SOM for services that would include: (1) planning, design and construction administration for architectural basic services; (2) permissible reimbursable expenses; and (3) additional services that are unique to the performance of its architectural services under its agreement.

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

RESOLVED, that 1 World Trade Center LLC be and it hereby is authorized to increase the authorized amount of its final executed agreement with Skidmore Owings & Merrill LLP (SOM), by an estimated amount of \$10.2 million, for continued architectural services for the construction of One World Trade Center, the Freedom Tower, as part of the redevelopment of the World Trade Center site, bringing the total authorized amount of that agreement to \$31,450,000; and it is further

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

DOWNTOWN RESTORATION PROGRAM – WORLD TRADE CENTER VEHICULAR SECURITY CENTER AND TOUR BUS PARKING FACILITY – PHASE II – INCREASE IN AUTHORIZATION FOR EXPERT PROFESSIONAL ARCHITECTURAL AND ENGINEERING SERVICES – LIBERTY SECURITY PARTNERS

It was recommended that the Board authorize the Executive Director to increase by \$2.5 million the expenditures under the scope of Phase II of the agreement with Liberty Security Partners (LSP) to provide expert professional architectural and engineering services for the World Trade Center Vehicular Security Center (WTC VSC) and Tour Bus Parking Facility – Phase I and Phase II, resulting in a total authorization amount of \$19.7 million for that agreement. This total authorized amount is inclusive of an additional \$1 million being requested under separate action for LSP to provide construction support services related to early-action WTC VSC Phase I construction.

Under prior actions through December 2003, the Board authorized up to \$15 million for the World Trade Center Site Public Infrastructure planning and coordination, which included planning in the amount of \$10 million for the WTC VSC.

In August 2005, the State of New York requested an allocation from a Federal Transit Administration (FTA) grant to fund the first phase of the WTC VSC project. The Port Authority and the FTA entered into a Project Development Agreement in September 2005, providing for preliminary engineering and environmental review of the project. Certain Stage I (Conceptual Planning) work was performed internally by Port Authority staff.

In compliance with that Project Development Agreement, firms were solicited using a publicly advertised Request For Proposals process, with award recommended to the highest-rated firm, LSP, which provided the best value to the Port Authority. In September 2006, an agreement was authorized for LSP to provide preliminary engineering services and certain early-action contract preparation work in the amount of \$15 million, which included the preliminary engineering of the Phase I and Phase II WTC VSC and Tour Bus Parking Facility, final design and construction of a sewer relocation, and final design of the WTC VSC perimeter basement foundation walls.

In February 2007, the Board authorized a supplemental agreement with LSP for the preliminary engineering design efforts for the West Bathtub Vehicular Access Project, in the amount of \$1.2 million, which included the preliminary design of the West Bathtub vehicle access ramp to lower-level car parking with an entrance/exit on Vesey Street.

The primary benefit of extending the preliminary engineering phase would be to enable the design work to be coordinated with the plans of other World Trade Center (WTC) site stakeholders currently performing portions of the construction related to the WTC Transportation Hub and Towers 3 and 4.

Work to be performed pursuant to this authorization would include the following additional preliminary engineering services within the east basement: (1) design of long-lead-time mechanical equipment for the Tour Bus Parking Facility; (2) civil coordination documents for construction of the Tour Bus Parking Facility shell by other stakeholders; and (3) design of an integrated fire alarm system for the east basement.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to increase by \$2.5 million the expenditures under the scope of Phase II of the agreement with Liberty Security Partners to provide expert professional architectural and engineering services for the World Trade Center Vehicular Security Center and Tour Bus Parking Facility – Phase I and Phase II, resulting in a total authorization amount of \$19.7 million for that agreement.

**DOWNTOWN RESTORATION PROGRAM – WORLD TRADE CENTER SITE -
INCREASE IN AUTHORIZATION FOR ADDITIONAL EXPERT
PROFESSIONAL ARCHITECTURAL AND ENGINEERING SERVICES**

It was recommended that the Board authorize an increase of \$36 million in the authorized amount under an existing agreement with Downtown Design Partnership (DDP), a joint venture of DMJM+Harris, Inc. and STV, Inc., for continued professional architectural and engineering services toward the final coordinated design of certain rebuilding efforts at the World Trade Center (WTC) site, including, but not limited to, the WTC Transportation Hub (WTC Hub), the Central Chiller and Refrigeration Plant, the West Bathtub Vehicular Access Project, the Performing Arts Center, the WTC Vehicular Security Center and Tour Bus Parking Facility, the Freedom Tower, the WTC Memorial/Museum, the WTC retail development / Westfield Group, and properties of other WTC site stakeholders, including Silverstein Properties, Inc., and the New York State Metropolitan Transportation Authority, resulting in a total authorization amount of \$244.5 million for that agreement.

In September 2003, the Executive Director authorized an agreement with DDP to provide various professional architectural and engineering services for preliminary engineering tasks for the Downtown Restoration Program, including for the WTC Hub, for a five-year period at an estimated cost of \$60 million. Subsequent authorizations have extended the term of the DDP agreement through December 2011 and added expanded responsibilities and additional tasks, including additional services provided in connection with the implementation of the WTC Site Master Plan, East Bathtub construction activities, planning for the WTC retail development and tenant parking, and continued design development for the WTC Hub. Approximately \$186.7 million of the authorized amount has been expended through March 2008, and additional authorization is necessary to provide for the continuation of the required services in connection with the completion of final design coordination activities for the various elements of the WTC site redevelopment through December 2009.

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

RESOLVED, that an increase of \$36 million in the amount previously authorized under an existing agreement with Downtown Design Partnership, a joint venture of DMJM+Harris, Inc. and STV, Inc., for professional architectural and engineering services toward the completion of final coordinated design of certain rebuilding efforts at the World Trade Center (WTC) site, including, but not limited to, the WTC Transportation Hub, the Central Chiller and Refrigeration Plant, the West Bathtub Vehicular Access Project, the Performing Arts Center, the WTC Vehicular Security Center and Tour Bus Parking Facility, the Freedom Tower, the WTC Memorial/Museum the WTC retail development / Westfield Group, and properties of other WTC site stakeholders, including Silverstein Properties, Inc., and the New York State Metropolitan Transportation Authority, be and it hereby is authorized; and it is further

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

**ONE WORLD TRADE CENTER, THE FREEDOM TOWER PROJECT –
AUTHORIZATION TO AWARD CONSTRUCTION TRADE CONTRACT FOR
HEATING AND AIR CONDITIONING PACKAGE 3**

It was recommended that the Board authorize 1 World Trade Center LLC (1 WTC LLC), through its construction manager, Tishman Construction Corporation (Tishman), to enter into a construction trade contract with Megrant Corporation to perform heating, ventilation and air conditioning (HVAC) work (Package 3) for construction of One World Trade Center, the Freedom Tower (Freedom Tower), in an estimated total amount of \$12,668,400, including an eight-percent allowance for extra work.

The scope of work for HVAC Package 3 includes heating and air-conditioning work for the perimeter hot water system throughout the Freedom Tower.

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

The terms of the construction trade contract proposed for award were negotiated and would be awarded to the lowest responsive bidder, in accordance with the procurement procedures established in the Third Freedom Tower Amendment.

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

RESOLVED, that 1 World Trade Center LLC be and it hereby is authorized to enter into a construction trade contract, through its construction manager, Tishman Construction Corporation, with Megrant Corporation to perform heating, ventilation and air conditioning work (Package 3) for construction of One World Trade Center, the Freedom Tower, in an estimated total amount of \$12,668,400, including an eight-percent allowance for extra work; and it is further

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

**ONE WORLD TRADE CENTER, THE FREEDOM TOWER PROJECT –
AUTHORIZATION TO AWARD CONSTRUCTION TRADE CONTRACT FOR
ELECTRICAL PACKAGE 5**

It was recommended that the Board authorize 1 World Trade Center LLC (1 WTC LLC), through its construction manager, Tishman Construction Corporation (Tishman), to enter into a construction trade contract with Firecom, J.V., a joint venture of Michael Mazzeo Electric Corp. and Firecom, Inc., for fire alarm (Electrical Package 5) work associated with the construction of One World Trade Center, the Freedom Tower (Freedom Tower), at an estimated total cost of \$12,096,000, including an eight-percent allowance for extra work.

The scope of work for Electrical Package 5 includes all fire-alarm-related work associated with making the system complete, operational in all respects, and in full conformity with Port Authority Quality Assurance Division and New York City fire and building codes.

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

The terms of the construction trade contract proposed for award were negotiated and would be awarded to Firecom, J.V., the lowest responsive bidder, in accordance with the procurement procedures established in the Third Freedom Tower Amendment.

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

RESOLVED, that 1 World Trade Center LLC be and it hereby is authorized to enter into a construction trade contract, through its construction manager, Tishman Construction Corporation, with Firecom, J.V., a joint venture of Michael Mazzeo Electric Corp. and Firecom, Inc., for fire alarm (Electrical Package 5) work associated with the construction of One World Trade Center, the Freedom Tower, in an estimated total amount of \$12,096,000, including an eight-percent allowance for extra work; and it is further

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

**PORT AUTHORITY BUS TERMINAL - 20X SQUARE ASSOCIATES, LLC –
AMENDMENT OF THE EXCLUSIVITY AGREEMENT TO DEVELOP THE
AIR RIGHTS ABOVE THE NORTH WING AND AMENDMENT OF THE
EXCLUSIVITY AGREEMENT TO REDEVELOP THE SOUTH WING RETAIL**

It was recommended that the Board authorize the Executive Director to: (1) amend the Exclusivity Agreement for the North Wing (North Wing Exclusivity Amendment) between the Port Authority and 20X Square Associates, LLC (20X Square) an entity which is majority owned indirectly and controlled by Vornado Realty L.P. and affiliates of Lawrence Ruben Company, Inc., to extend its term for two additional 180-day periods in order to complete negotiations, finalize and enter into a 99-year lease with 20X Square regarding the development, construction and operation of an office tower above the North Wing of the Port Authority Bus Terminal (PABT) and a retail complex in the North Wing; and (2) amend the Exclusivity Agreement for the South Wing with 20X Square (South Wing Exclusivity Agreement) to extend its term for one additional 180-day period, to complete the negotiations for the leasing, renovation and management of retail operations for the South Wing retail project at the PABT. It was further recommended that the Board authorize the extension of the South Wing Exclusivity Agreement for a second 180-day period if the Port Authority, in its sole discretion, so elects at the expiration of the initial extension period. It also was recommended that the Board authorize the Executive Director to continue to retain: (1) Tishman Construction Corporation (Tishman), to provide professional advisory services in connection with the construction of the tower in the North Wing of the PABT and the redevelopment of the North Wing retail complex, in an amount not to exceed \$1 million; and (2) Cushman and Wakefield (C&W), to provide technical and financial expertise in negotiating definitive documents for the North Wing and assist in the negotiations with 20X Square regarding the retail project in the South Wing, in an amount not to exceed \$1 million.

Upon the execution of the amendment to the North Wing Exclusivity Agreement, which would extend the exclusivity period through February 9, 2009, 20X Square would pay to the Port Authority \$2.5 million to cover the Port Authority's out-of-pocket third-party costs and expenses incurred for legal, financial and construction management services. As a condition to entering into the amended North Wing Exclusivity Agreement, 20X Square provided the Port Authority with a schedule for project documents and conceptual plans prepared by three architects engaged by 20X Square, reflecting the contemplated designs of the project. Simultaneously with the execution of the amendment to the North Wing Exclusivity Agreement, Vornado Realty L.P. would execute the Completion Guaranty.

The North Wing Exclusivity Agreement would be further extended for the additional 180-day period through August 7, 2009, if all definitive agreements have been finalized, the parties have completed and signed off on a full set of schematic drawings for the project, contracts have been executed with all material design consultants, including the architect, a second extension fee payment in the amount of \$1.5 million has been paid by 20X Square and 20X Square has expended at least \$1.5 million in project-related costs.

Upon execution of the amendment to the South Wing Exclusivity Agreement, 20X Square shall have delivered a detailed physical improvement plan, a development budget and an economic "pro forma" and "sources and uses" statement. During the single extension period of the South Wing project, the Port Authority would continue to negotiate all transaction documents

relating to the South Wing project. The right to exercise the second 180-day extension option would be at the sole discretion of the Port Authority.

Tishman initially was retained to perform program management and support services in connection with the design of the North Wing development project, pursuant to a publicly advertised Request for Proposals process, at an estimated cost of \$3.5 million, and an additional \$3 million in Tishman's services was authorized by the Board in December 2007. The continued retention of Tishman for this project is necessary to provide expert advice to the Port Authority in negotiating the Master Construction Coordination, Cost Allocation and Development Management Agreements, performing cost estimates, and determining phasing and logistics.

C&W initially was selected via a competitive solicitation process to provide expert real estate negotiating support during the initial 180-day exclusivity period with 20X Square, which was authorized by the Board in April 2007. Additional funding for C&W's services was authorized in December 2007 to support Port Authority staff with the execution of definitive documents for the North Wing and provide assistance to negotiate a potential transaction involving the leasing, renovation and management of the retail portion of the South Wing. The proposed additional services to be provided by C&W would allow the Port Authority assistance in completing both transactions.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to: (1) amend the North Wing Exclusivity Agreement with 20X Square Associates, LLC (20X Square) in connection with the proposed development, construction and operation of an office tower above the North Wing of the Port Authority Bus Terminal (PABT) and a retail complex in the North Wing, to extend its term for two additional 180-day periods in order to complete negotiations, finalize and enter into a 99-year lease; (2) amend the South Wing Exclusivity Agreement with 20X Square in connection with the leasing, renovation and management of retail operations for the South Wing retail project at the PABT to extend its term for one additional 180-day period; and (3) extend the South Wing Exclusivity Agreement for a second 180-day period if the Port Authority, in its sole discretion, so elects at the expiration of the initial extension period; in each case, substantially in accordance with the terms and conditions 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 continue to retain: (1) Tishman Construction Corporation, to provide professional advisory services in connection with the construction of the tower in the North Wing of the PABT and the redevelopment of the North Wing retail complex, in an amount not to exceed \$1 million; and (2) Cushman and Wakefield, to provide technical and financial expertise in negotiating definitive documents for the North Wing and assist in the negotiations with 20X Square regarding the retail project in the South Wing, in an amount not to exceed \$1 million; and it is further

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

WORLD TRADE CENTER VEHICULAR SECURITY CENTER AND TOUR BUS PARKING FACILITY – PHASE I – AWARD OF CONTRACT WTC-724.078 – EXTERIOR PERIMETER FOUNDATION WALLS AND INCREASE IN AMOUNT OF PROFESSIONAL SERVICES AGREEMENT

It was recommended that the Board authorize the Executive Director to: (1) award Contract WTC-724.078 to E.E. Cruz & Company / Nicholson Construction Company, LLC, the lowest responsive bidder following a competitive procurement and pre-qualification process, for construction of the exterior perimeter foundation walls of the World Trade Center (WTC) Vehicular Security Center (VSC) and Tour Bus Parking Facility Phase I, at an estimated total cost of \$88,643,160, including an eight-percent allowance for extra work, the award of which would be contingent on the execution of an early-action/cost reimbursement agreement with the Federal Transit Administration (FTA); and (2) increase the authorization by \$1 million for an existing agreement with Liberty Security Partners (LSP) for early-action expert professional architectural and engineering construction support services for the duration of the WTC VSC Phase I construction contract.

It is necessary to advance this construction work prior to project authorization, in order to coordinate with other WTC site stakeholders' projects currently under construction and to minimize impacts to the scheduled completion of Phase I of the WTC VSC project.

Under prior actions through October 2006, the Board authorized a total of \$25 million for planning, preliminary engineering work and certain early-action design and construction contracts for the WTC VSC project. This included the award of a \$15 million contract to LSP for preliminary engineering and design services for the WTC VSC project Phases I and II.

The proposed increase would enable LSP to provide the following additional Stage IV Design services: shop drawing review, responses to contractor questions, site visits and design changes due to field conditions. This increase would bring the total authorized amount for LSP under this agreement (including authorization of additional services being separately requested in connection with other WTC development activities) to \$19.7 million. (A separate concurrent item requests authorization of a \$2.5-million increase in LSP's services, for additional preliminary engineering services for Phase II of the WTC VSC project.)

Contract WTC-724.078 would provide for a new "South Bathtub" to be built by excavation and construction of a perimeter foundation wall bordered by Liberty Street, Greenwich Street, Cedar Street and West Street.

This is the second of four construction contracts planned for Phase I of the WTC VSC project. An earlier sewer relocation contract was completed in December 2007. Future WTC VSC project Phase I contracts would provide for the facility build-out within the South Bathtub to support approximately 28 bus parking spaces and the installation of new security equipment.

There is currently a \$478 million (FTA) grant allocation for Phase I of the WTC VSC project. The Port Authority is seeking FTA approval for reimbursement of expenditures associated with this early-action construction.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to award Contract WTC-724.078 to E.E. Cruz & Company / Nicholson Construction Company, LLC, for construction of the exterior perimeter foundation walls of the World Trade Center (WTC) Vehicular Security Center (VSC) and Tour Bus Parking Facility Phase I, at an estimated total cost of \$88,643,160, including an eight-percent allowance for extra work, the award of which will be contingent on the execution of an early-action/cost reimbursement agreement with the Federal Transit Administration; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to increase the authorization for an existing agreement with Liberty Security Partners (LSP) by \$1 million for early-action expert professional architectural and engineering construction support services for the duration of the WTC VSC Phase I construction contract; and it is further

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

DOWNTOWN RESTORATION PROGRAM - WORLD TRADE CENTER SOUTHERN SITE DEVELOPMENT - AGREEMENTS WITH THE HELLENIC ORTHODOX CHURCH ST. NICHOLAS, THE CITY OF NEW YORK AND LOWER MANHATTAN DEVELOPMENT CORPORATION

It was recommended that the Board authorize the Executive Director to enter into agreements with Lower Manhattan Development Corporation (LMDC), the City of New York (City) and the Hellenic Orthodox Church St. Nicholas (Church) to implement the conceptual framework for the redevelopment of an area south of the pre-9/11 World Trade Center (WTC) site (Southern Site), including an agreement to relocate and support construction of a new building by the Church, in connection with which the Port Authority would provide: (1) payments to defray the Church's costs to construct a new church building above the Vehicular Security Center and Tour Bus Parking Facility (VSC), in an amount of up to \$20 million, a portion of which payments may be provided by third parties as part of a future development agreement and lease in connection with the Tower 5 site, which is adjacent to the new church parcel; and (2) associated infrastructure costs, at an expected cost that would range between \$20 million up to a maximum of \$40 million, depending on the actual size of the church. These agreements would allow access for construction, excavation and operation of the VSC Phase 1 project in the Southern Site to proceed, which is critical to the long-term operation of all other facilities at the WTC site.

Pursuant to various understandings and arrangements among the Port Authority, LMDC, and the City, including a February 1, 2006 Memorandum of Understanding (MOU) among the Port Authority, LMDC and the World Trade Center Memorial Foundation (now known as the National September 11 Memorial and Museum at the World Trade Center), certain contemplated (and phased) property agreements and exchanges are required to effectuate final ownership interests for the Southern Site, consistent with the WTC Site Master Plan. These property transfers and agreements were authorized by the Board at its meeting on September 21, 2006.

In furtherance thereof, LMDC has acquired properties in the Southern Site located at 130 Liberty Street (commonly referred to as the "Deutsche Bank building") and 140 Liberty Street (commonly referred to as the "Milstein parking lot"), and will ultimately deed such properties (except for the New Church Parcel described below) to the Port Authority for development of the VSC, Tower 5, and other projects. LMDC also will acquire property located at 155 Cedar Street, a 1,200-square-foot (sf) parcel owned by the Church (Current Church Parcel) that was the site for the Church's building before it was destroyed on September 11, 2001, which also will be deeded to the Port Authority.

In advance of the permanent property transfers, to obtain the required property interests in the Southern Site in anticipation of starting construction of the South Bathtub for the WTC VSC project, the Port Authority has been discussing and finalizing site and construction access agreements with LMDC, the City and the Church, including a proposed Site and Construction Access Agreement between the Port Authority and the Church.

The proposed Site and Construction Access Agreement would grant the Port Authority immediate access to the Current Church Parcel to perform necessary work for the construction of, among other things, the South Bathtub, the VSC and Tour Bus Parking Facility. This Term Sheet would set forth commitments for a proposed Church Site Exchange Agreement, which would include the following key provisions:

- The Church transfers its current 1,200-sf parcel (155 Cedar Street) to LMDC;
- LMDC transfers a portion of 130 Liberty Street to the Church, on which parcel the Church will construct a new building above the VSC (New Church Parcel);
- LMDC transfers to the Port Authority the remainder of 130 Liberty Street;
- The Church grants a Redevelopment Easement to LMDC or the Port Authority for exclusive access to the New Church Parcel for excavation and construction in connection with redevelopment of the WTC site;
- To mitigate the impact on the costs and constraints on the construction of the Church's new building above the VSC, the Port Authority will pay up to approximately \$20 million to the Church, deposited into escrow and to be drawn down after the Church awards its contracts for construction of its new building (with any amounts not spent within 15 years returned to the Port Authority with interest); and
- Additionally, as further mitigation of the impact on the costs and constraints on such construction, a structural support system and a limited street access route will be constructed by the Port Authority at its own cost, which would range between \$20 million up to a maximum of \$40 million, depending on the actual size of the church.

Specific agreements to be entered into with LMDC and the Church would include: a Site and Construction Access Agreement, a Term Sheet for a Church Site Exchange Agreement, and a Church Site Exchange Agreement providing for the expenditures by the Port Authority as outlined above.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into agreements and execute related documents, in connection with the implementation of the World Trade Center (WTC) site Conceptual Framework, with Lower Manhattan Development Corporation (LMDC), the City of New York (City), the Hellenic Orthodox Church St. Nicholas (Church) and any other necessary parties, which agreements are to include: (1) a Site and Construction Access Agreement with the Church, to allow for construction of the WTC Vehicular Security Center (VSC) project to proceed on the current Church property, which shall include an agreement on terms (Term Sheet) for a future Church Site Exchange Agreement; (2) a Church Site Exchange Agreement with LMDC and the Church providing for a new location and the construction of a new Church building on the WTC site, and pursuant to which the Port Authority will provide: (a) payments to defray the Church's costs to construct a new church building above the VSC, in an amount of up to \$20 million, a portion of which payments may be provided by third parties as part of a future development agreement and lease in connection with the Tower 5 site, which is adjacent to the new church parcel; and (b) associated subgrade structural support of the church building and a limited street access route (designed and constructed concurrently with the WTC VSC project), at an expected cost that would range between \$20 million up to a maximum of \$40 million, depending on the actual size of the church building; and (3) other agreements with LMDC and the City that will result in permanent transfers of property at the southern portion of the WTC site,

including all areas to be occupied by the VSC; all substantially in accordance with the terms outlined to the Board; and it is further

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

WORLD TRADE CENTER AREA – POLICE AND SECURITY SERVICES AGREEMENT WITH THE CITY OF NEW YORK

It was recommended that the Board authorize the Executive Director to enter into an agreement with the City of New York that would set forth certain understandings between the Port Authority and the City with respect to police and security services to be provided within an area of New York City with a northern boundary of Murray Street, a southern boundary of Rector Street, a western boundary of the Hudson River and an eastern boundary of the centerline of Broadway (the World Trade Center Area).

The City would form a dedicated police and security unit (the WTC Unit) for the World Trade Center Area on a schedule to be established by the New York City Police Department (NYPD) as part of a security plan for the World Trade Center Area to be developed by NYPD, with the concurrence of the Port Authority (the Security Plan). The Security Plan would also provide for the WTC Unit's management of the security operations control center and oversight of security operations, personnel and technologies, including screening procedures and vehicular access, at the World Trade Center, as well as the interface with the Port Authority with respect to the Port Authority's law enforcement and security activities at the World Trade Center to be implemented through a Port Authority World Trade Center command center. The Port Authority would have primary responsibility for all law enforcement and security activities at the World Trade Center Transportation Hub, would exercise command and control over Port Authority police personnel at the World Trade Center Transportation Hub, would participate in and conduct police and security operations with respect to all office towers, and memorial and cultural facilities at the World Trade Center in accordance with the Security Plan, and would directly or through its tenants be responsible for, and bear the costs of, the installation and maintenance of all security equipment at the World Trade Center.

To provide for seamless law enforcement activities undertaken in the World Trade Center Area, the WTC Unit would have access to all areas, buildings and facilities under the Port Authority's ownership or control at the World Trade Center, including the World Trade Center Transportation Hub, to the same extent as the Port Authority for policing and security purposes on a phased-in basis as the construction of such buildings and facilities is completed or upon such other mutually agreed to timeframe.

In the event the number of NYPD sworn law enforcement personnel assigned to the WTC Unit was reduced and the Port Authority incurred any increased costs for police and/or security services within the World Trade Center Area, the Port Authority would be entitled to offset such increased costs as a credit against payments-in-lieu-of-taxes with respect to the World Trade Center, to the extent that such costs are a direct result of the reduction in the WTC Unit and the Port Authority provides, prior to taking any offset, sufficient detail of such costs to be incurred, for the City's approval.

The Port Authority and the City would establish a World Trade Center Area security advisory committee, consisting of a representative of the City, the Port Authority, the Governor of the State of New York and the Governor of the State of New Jersey, that would meet on a regular basis to review any and all relevant reports and consider law enforcement and security

related matters pertaining to the World Trade Center Area and coordinate interagency cooperation with respect to such matters.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Blakeman, Chasanoff, Coscia, Ferer, Holmes, Pocino, Sartor 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 City of New York that would set forth certain understandings between the Port Authority and the City with respect to police and security services to be provided within an area of New York City with a northern boundary of Murray Street, a southern boundary of Rector Street, a western boundary of the Hudson River and an eastern boundary of the centerline of Broadway (the World Trade Center Area), 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, 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 each case, in connection with the foregoing shall be subject to the approval of General Counsel or his authorized representative.

**ELIZABETH-PORT AUTHORITY MARINE TERMINAL – APM TERMINALS
NORTH AMERICA, INC. – LEASE NO. EP-248 – SETTLEMENT AGREEMENT
AND LEASE SUPPLEMENT**

It was recommended that the Executive Director, subject to acceptance by the Federal Maritime Commission (FMC), enter into an agreement for the settlement of a legal dispute pending before the FMC between the Port Authority and APM Terminals North America, Inc. (APM), the dismissal of a related FMC claim against Maher Terminals LLC (Maher), and the discontinuance and dismissal of related state court actions in connection with APM's container terminal lease at the Elizabeth-Port Authority Marine Terminal (EPAMT). The agreement would include consent by the Port Authority to certain corporate structure changes involving APM and its affiliated companies, and an extension of the deadline for completing certain overdue lease-required tenant investments. It was also recommended that the Executive Director enter into a lease supplement to extend the time within which APM is to complete the Class A berth construction and for the surrender of certain property from the lessee's container terminal necessary for the planned widening of McLester Street by the Port Authority.

As authorized by the Board in June 2000, APM currently leases approximately 350 acres at the EPAMT under an agreement that expires in December 2029, for the operation of a container terminal. This operation currently handles approximately 25 percent of the container traffic in the Port of New York and New Jersey (Port) and employs between 900 to 1,000 workers at its facility. APM's lease agreement provided for the immediate letting of 266 acres at the EPAMT and required the Port Authority to deliver an additional 84 acres of property to APM by the end of 2003. The additional property, which was to be surrendered by the adjacent tenant, Maher, was not conveyed to APM until late 2005.

In late 2006, APM filed an FMC suit against the Port Authority seeking more than \$45 million in reparations resulting from the delay in providing the 84 acres to APM. The Port Authority has defended the action, claiming that the lease provided that the remedy for the Port Authority's failure to deliver the 84 acres in a timely manner was termination of the lease, and APM had to exercise that right within 180 days, and that the lease did not provide for the payment of damages by the Port Authority. The Port Authority also filed a counterclaim against APM for breach of its lease for failure to complete construction necessary to reconstruct a portion of its berthing area to 50 feet, valued at approximately \$50 million, in accordance with timeframes outlined in its lease.

Further, because the Maher lease agreement provides that Maher would indemnify and hold harmless the Port Authority for all loss or damage that the Port Authority might sustain with regard to its failure to timely deliver the 84 acres to APM, the Port Authority filed a third-party action against Maher. Maher filed its own counterclaim with the FMC against the Port Authority, alleging favorable treatment of APM and seeking unspecified damages. The Port Authority filed related New Jersey state court actions against both Maher and APM, alleging that these disputes were state law contract claims as a matter of law.

Subject to the acceptance of the FMC, the proposed agreements with APM would provide for a settlement releasing both parties of all claims concerning the pending case filed by APM before the FMC, the dismissal of the FMC claims against Maher and the discontinuance and dismissal of the state court actions against Maher and APM. APM would agree to cooperate

with the Port Authority's traffic planning and modeling efforts, and the Port Authority would consent to APM's corporate structure changes and provide APM with an extension until December 31, 2017 to complete the Class A berth construction. However, if the berth construction is not completed by year-end 2017, within five days APM would be required to post an irrevocable Letter of Credit (LOC) of \$73 million, escalating annually by three percent. If the LOC is not posted by the required date, the Port Authority would have the right to terminate the lease.

APM also would permanently surrender up to 2.5 acres and temporarily surrender up to five acres of its leasehold to allow for the planned widening of McLester Street by the Port Authority. The proposed lease supplement would commence on or about August 1, 2008 for an approximately 21-year term. APM would receive an abatement for the surrendered property on a pro-rata basis, in accordance with its existing base terminal rates. Current basic rent would be permanently abated by approximately \$47,500 annually and temporarily abated by approximately \$95,000 annually during the construction period. The total rental reduction related exclusively to the property surrender over the term of the agreement would be approximately \$1 million.

APM and the Port Authority would settle the legal dispute between them presently pending before the FMC and provide for the necessary cooperation from APM for traffic planning and the widening of McLester Street to improve traffic flow on Port roadways, the consent to certain corporate structure changes involving APM and its affiliated companies, and provide for a delay by APM in performing certain berth construction, which would now occur no later than December 31, 2017. It was determined that the alternative of continuing to litigate was an imprudent course of action, and that the benefits of arriving at a business solution that would advance the interests of the parties were preferable to any gains that might be realized by continuing to litigate with APM, even if the Port Authority ultimately was successful.

The proposed settlement will remain confidential pursuant to a protective order issued by the FMC until such time as the settlement is approved by the FMC.

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

RESOLVED, that the Executive Director be and hereby is authorized, for and on behalf of the Port Authority, to enter into an agreement with APM Terminals North America, Inc. (APM) for the settlement of a legal dispute pending before the Federal Maritime Commission (FMC), between the Port Authority and APM in connection with APM's container terminal lease at the Elizabeth-Port Authority Marine Terminal (EPAMT), substantially in accordance with the terms outlined to the Board; and it is further

RESOLVED, that the Executive be and hereby is authorized, for and on behalf of the Port Authority, to enter into a lease supplement with APM, whereby APM would: (1) receive additional time to complete Class A berth construction at its leasehold at the EPAMT; and (2) permanently surrender up to 2.5 acres of additional property and temporarily surrender up to five acres of its leasehold, to allow for the planned expansion of McLester Street by the Port Authority, with a corresponding

reduction for the land rent for the surrendered property on a pro-rata basis, substantially in accordance with the terms outlined to the Board; and it is further

RESOLVED, that the General Counsel be and hereby is authorized, for and on behalf of the Port Authority, to take whatever actions are necessary to settle the APM's FMC claim against the Port Authority, to dismiss the Port Authority's related FMC claim against Maher Terminals, LLC (Maher) and to settle, discontinue and dismiss the Port Authority's New Jersey state court actions against APM and Maher; and it is further

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

Whereupon, the meeting was adjourned.

Secretary