

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Thursday, September 20, 2007

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MINUTES of the Meeting of The Port Authority of New York and New Jersey held Thursday, September 20, 2007 at 225 Park Avenue South, City, County and State of New York

PRESENT:

NEW JERSEY

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

NEW YORK

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

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

Joan Bater, Principal Contract Administration Specialist, Procurement
 Diana E. Beecher, Chief Technology Officer
 Catherine M. Bergamini, Principal Business Manager, Port Commerce
 A. Paul Blanco, Chief Financial Officer
 John D. Brill, Director, Audit
 Ernesto L. Butcher, Deputy Executive Director, Operations
 Jane Ceterko, Manager of Purchasing, Procurement
 Arthur J. Cifelli, Deputy Chief of Staff
 Jennifer Coady, Management Associate, Human Resources
 Steven J. Coleman, Public Information Officer, Public Affairs
 Rebecca C. Croneberger, Manager, Labor Relations
 William R. DeCota, Director, Aviation
 Michael Dombrowski, Cinematographer, Public Affairs
 Michael G. Fabiano, Deputy Chief Financial Officer/Comptroller
 Ziomara Y. Foster, Principal Business Manager, Office of the Secretary
 Michael B. Francois, Director, Development
 William H. Goldstein, Deputy Executive Director, Capital Programs
 Linda C. Handel, Assistant Secretary
 Mary Lee Hannell, Director, Human Resources
 Christopher M. Hartwyk, First Deputy General Counsel
 Alan H. Hicks, Senior Public Information Officer, Public and Government Affairs
 Howard G. Kadin, Senior Attorney, Law
 Victoria C. Kelly, Director, Tunnels, Bridges and Terminals
 Kirby King, Deputy Director, Rail Transit
 Kevin J. Kirchman, Deputy Director, Public Affairs
 Louis J. LaCapra, Chief Administrative Officer
 Richard M. Larrabee, Director, Port Commerce
 Marc LaVorgna, Assistant Director, Media Relations, Public Affairs
 Kathy M. Leslie Whelan, Procurement Contracts Manager, Procurement
 Susan Bass Levin, First Deputy Executive Director
 Timothy J. Lizura, Deputy Director, Development
 Francis J. Lombardi, Chief Engineer
 Stephen Marinko, Attorney, Law
 Michael G. Massiah, Director, Management and Budget
 James E. McCoy, Manager, Board Management Support, Office of the Secretary

Sanjay Mody, Advisor to the Chairman
 Christopher J. Mohr, Board Management Support Specialist, Office of the Secretary
 Iraniss Morel, Staff Contract Specialist, Procurement
 Anne Marie C. Mulligan, Treasurer
 Lynn A. Nerney, Senior Business Manager, Office of the Secretary
 Summer Oesch, Special Assistant to the First Deputy Executive Director
 Tony F. Oliver, Senior Marketing Analyst, Public and Government Affairs
 Steven P. Plate, Director, World Trade Center Construction
 Andrew Rachlin, Special Assistant to the Executive Director
 Andrea Roitman, Director, Procurement
 Richard R. Roper, Director, Planning
 Stephen Sigmund, Chief, Public and Government Affairs
 Timothy J. Storch, Procurement Contract Manager, Procurement
 Ralph Tragale, Client Manager, Government and Community Relations
 Sheree R. Van Duyne, Manager of Policies and Protocol, Office of the Secretary
 Lillian Valenti, Deputy Director, Procurement
 Larry H. Waxman, Manager of Priority Procurement, Procurement
 Christopher R. Zeppie, Director, Office of Environmental Policy and Programs/Compliance

Guest:

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

Public Speakers:

John Arntzen, ACTA Maritime
 Joe Baumann, McManimon & Scotland
 Taicha Belot, Unite Here
 Robert Dickey, ILA Local 1588
 Anthony Falcichio, President, ILA Local 1588
 Thomas Hanley, ILA Local 1588
 Nancy Kist, BLRA
 Robert Levy, International Longshoremen's Association
 Jan Mackey, HDS Retail North America
 Michael O'Connor, Bayonne citizen
 Ken Parkinson, Shaw Group
 Christopher Ragucci, Worldwide Development Group

The public session was called to order by Chairman Coscia at 1:34 p.m. and ended at 3:01 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 July 26, 2007. 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.

Documents Filed with the Board

The Rules for Implementation of a Wage and Benefits Policy for Non-Trade Labor Service Contracts were filed with the Board at the close of the meeting on September 20, 2007.

Report of World Trade Center Redevelopment Subcommittee

The World Trade Center Redevelopment Subcommittee reported, for information, on matters discussed in public and executive session at its meeting on September 20, 2007, which included discussion of retail design efforts and construction activity at the World Trade Center site, and matters involving public safety or law enforcement, and the report was received.

Report of Security Committee

The Security Committee reported, for information, on matters discussed in public session at its meeting on September 20, 2007, which included agreements for the implementation of modifications to the Delta Air Lines Main Terminal in-line baggage screening system at LaGuardia Airport, 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 September 20, 2007, which included discussion of the implementation of various governance reforms, 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 September 20, 2007, which included discussion on the status of the Access to the Region's Core project and review of an item that would authorize initial capital improvements for Stewart International Airport, and the report was received.

Report of Committee on Operations

The Committee on Operations reported, for information, on matters discussed and action taken in public and executive session at its meeting on September 20, 2007, which included discussion on a proposed wage and benefits policy for all non-trade labor service contracts and matters related to collective bargaining or negotiations, and the report was received.

Executive Director's Report

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

Moment of Silence

In observance of the recent sixth anniversary of the September 11, 2001 terrorist attacks on The World Trade Center, the Chairman requested a moment of silence in memory of the 84 Port Authority employees lost on that day, as well as for all those who perished as a result of the senseless acts of terrorism on September 11, 2001 and February 26, 1993.

Staff Reports

Presentations were made by staff on:

- 1) Update on Organizational Effectiveness & Change Management;
- 2) World Trade Center Construction Update;
- 3) Update on Sustainability Initiatives;
- 4) Labor Policy; and
- 5) Port Redevelopment.

NEWARK LIBERTY INTERNATIONAL AIRPORT – UNITED STATES POSTAL SERVICE – LEASE AN-898 – SUPPLEMENTAL AGREEMENT

It was recommended that the Board authorize the Executive Director to enter into a supplemental agreement to Lease AN-898 with the United States Postal Service (USPS) to extend the lease for Building 345 at Newark Liberty International Airport (EWR) for the continued use by the USPS as a postal facility, for a five-year period commencing on November 1, 2007.

The USPS has operated a postal facility at EWR since 1954. In 1981, the Board authorized a 25-year agreement, through October 31, 2007, for the leasing of a 5.6-acre site adjacent to Terminal A on the South Development Area of EWR for the construction and operation of the present 36,000-square-foot postal facility by the USPS.

Presently, the USPS is evaluating the necessity of maintaining its postal facility at EWR. Additionally, the Port Authority is planning an expansion of Terminal A, which may potentially absorb the USPS leasehold. It is anticipated that the Port Authority may require the property leased by the USPS approximately 18 months after the effective date of this supplemental agreement. The Port Authority and the USPS each would have the right to terminate the agreement after the eighteenth month of the extended term, without cause, upon 90 days' prior written notice to the other. The termination of the agreement could not take effect prior to the commencement of the nineteenth month of the extended term.

The supplemental agreement with the USPS would be effective on November 1, 2007. The USPS would pay aggregate rental over the five-year lease term of approximately \$5,888,400.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into a supplemental agreement to Lease AN-898 with the United States Postal Service for Building 345 at Newark Liberty International Airport, substantially in accordance with the terms outlined to the Board; the form of the supplemental agreement shall be subject to the approval of General Counsel or his authorized representative.

**PORT NEWARK – HARBOR FREIGHT TRANSPORT CORP. – LEASE LPN-239 --
SUPPLEMENTAL AGREEMENT**

It was recommended that the Board authorize the Executive Director to enter into an agreement with Harbor Freight Transport Corp. (Harbor Freight) to extend its lease of Building 301 and open area at Port Newark through October 31, 2017.

Harbor Freight would pay a basic rental of \$839,723 per annum, commencing on November 1, 2007, with the basic rental to escalate on November 1, 2008 and every year thereafter during the term of the letting, at 100 percent of the Regional Consumer Price Index, with a minimum increase of 3 percent and a maximum increase of 5 percent, compounded annually, for a total aggregate minimum rental of approximately \$9.4 million. The Port Authority and Harbor Freight each would have the right to terminate the lease at any time, without cause, upon one year's notice to the other. In addition, the Port Authority would have the right to take back portions of the leasehold and the right, but not the obligation, to replace them with equivalent space at Port Newark to accommodate planned auto processor consolidation and street closure.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into an agreement with Harbor Freight Transport Corp. to extend its lease of Building 301 and open area at Port Newark through October 31, 2017, substantially in accordance with the terms outlined to the Board; the form of the agreement shall be subject to the approval of General Counsel or his authorized representative.

LAGUARDIA AIRPORT – ENHANCEMENTS FOR DELTA AIR LINES MAIN TERMINAL – BAGGAGE SCREENING - AGREEMENT WITH THE TRANSPORTATION SECURITY ADMINISTRATION AND LEASE SUPPLEMENT WITH DELTA AIR LINES, INC.

It was recommended that the Board authorize the Executive Director to enter into an agreement, referred to as an Other Transaction Agreement (OTA), with the United States Department of Homeland Security Transportation Security Administration (TSA), whereby the Port Authority would agree to perform, or cause its lessee or contractor to perform, design specifications and site preparation required to remove the baggage screening system currently located in Terminal D at LaGuardia Airport (LGA), and to prepare the site for the installation of a new enhanced baggage screening system (the Project). The OTA also would provide that the TSA will reimburse the Port Authority for a portion of the cost of the Project, in an amount not to exceed \$11 million. The TSA also would be responsible for the purchase, installation and maintenance of the new baggage screening system equipment.

It was recommended further that the Board authorize the Executive Director to enter into a supplement to the lease agreement with Delta Air Lines, Inc. (Delta), the lessee of Terminal D at LGA, whereby Delta would perform the Project at its sole cost, in accordance with the OTA and the lease, and the Port Authority would reimburse Delta for costs of the Project only to the extent that the TSA reimburses the Port Authority for such costs under the OTA. The total cost of the Project is estimated to be \$18 million.

Under the OTA, the Port Authority would have obligations with respect to the Project, including the responsibility to invoice the TSA for the federal funds relating to the Project. Even though the lease supplement would obligate Delta to refund the Port Authority any amount that the Port Authority is required to refund the TSA under the OTA (in the event of costs being disallowed after payment, or otherwise), the TSA would look to the Port Authority for the refund of federal funds paid, whether or not such refund is recovered from Delta.

Delta would be required to conform to the standard lease requirements, calling for the use of minority and women-owned business enterprises, as well as local business enterprises, and to use minorities and women in its contract employment goals.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into: (1) an agreement with the United States Department of Homeland Security Transportation Security Administration (TSA) whereby the Port Authority will agree to undertake, or cause its lessee or contractor to undertake, a project (Project) to remove the existing baggage screening system located in Terminal D of LaGuardia Airport and to prepare the terminal for the installation of a new enhanced baggage screening system, and the TSA will agree to fund the cost of the Project and to purchase, install and maintain the new system; and (2) a supplement to the lease with Delta Air Lines, Inc. (Delta), which will provide the terms and conditions under which Delta will cause the Project to be performed, and the terms and conditions under which the Port Authority will

reimburse Delta for the cost of the Project, only to the extent that the TSA reimburses the Port Authority for such costs; 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.

REGIONAL TRANSPORTATION MANAGEMENT PROGRAM

It was recommended that the Board authorize the Executive Director to enter into agreements with appropriate regional transportation service providers and governmental entities, pursuant to which the Port Authority would provide up to \$2.2 million in support of new mass transportation services that assist in traffic flow control at certain of the agency's facilities while encouraging the use of mass transit options operated or supported by the Port Authority and its subsidiary corporations, such as Port Authority Trans-Hudson (PATH) Corporation rail service and new trans-Hudson ferry operations.

Specifically, the Port Authority would provide up to \$2 million for equipment to assist New York State's Metropolitan Transportation Authority in establishing a bus service linking Staten Island, New York with New Jersey Transit Corporation's Hudson-Bergen Light Rail line (HBLR) in Bayonne, New Jersey, via the Bayonne Bridge. The service would help control the flow of traffic over the Bayonne Bridge and further Port Authority goals in fostering regional environmental benefits by promoting greater use of mass transportation. In addition, because several stations of the HBLR line connect with stations of the PATH system, the bus service would encourage increased ridership on PATH and provide its users with expanded access to regional employment opportunities.

Additionally, the Port Authority would provide up to \$200,000 for regional programs that foster alternative mass transit services that would: encourage greater mass transit use, thereby mitigating congestion and improving the flow of traffic; enhance access to employment opportunities and promote economic development; and provide environmental benefits from potential reductions in the use of single-occupant vehicles.

It is anticipated that the transportation services supported by the proposed Port Authority funding will operate for at least a three-year period.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into agreements with appropriate regional transportation service providers and governmental entities, pursuant to which the Port Authority will provide up to \$2.2 million in support of new mass transportation services that assist in traffic flow control at certain of the agency's facilities while encouraging the use of mass transit options operated or supported by the Port Authority and its subsidiary corporations, such as Port Authority Trans-Hudson Corporation (PATH) rail service and new trans-Hudson ferry operations; 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.

**AUTHORIZATION TO SEEK DESIGNATION OF THE PORT AUTHORITY AS
FIDUCIARY AGENT OF THE U.S. DEPARTMENT OF HOMELAND
SECURITY TO MANAGE AND ADMINISTER FISCAL YEAR 2007
SUPPLEMENTAL PORT SECURITY GRANT**

It was recommended that the Board authorize the Executive Director to enter into a three-year agreement with the United States Department of Homeland Security (DHS) pursuant to which the Port Authority would act in the capacity of Fiduciary Agent of DHS to manage and administer a \$14.9 million federal Fiscal Year 2007 Supplemental Port Security Grant, and ratify the Executive Director's actions in connection with the submission of an application for such grant.

In January 2007, DHS released its Fiscal Year 2007 Infrastructure Protection Program. Within that program, the Port of New York and New Jersey (Port of NY/NJ), as a Tier 1 port, was allocated \$27.1 million, of which \$4.7 million was awarded directly to the Port Authority for port security projects that will have regional benefits.

In May 2007, federal legislation authorized, among other things, supplemental funding for port security. The Port of NY/NJ's share under the supplemental grant program is approximately \$14.9 million. DHS has recommended making the \$14.9 grant award to the Port Authority, as a single Fiduciary Agent for the Port of NY/NJ, to provide for more efficient centralized administration of this grant.

As Fiduciary Agent, the Port Authority would be the manager and administrator of the supplemental port security grant, and would act as the principal point of contact with DHS and the Federal Emergency Management Agency for application, management, and administration of the grant award. The Port Authority, as Fiduciary Agent, also would be responsible for submitting the proper documentation for awards to be made, including reporting, sub-grant awards, and overall management of the grant process. It is anticipated that several regional agencies, including, but not limited to, the New Jersey State Police, the New York City Police Department, the Waterfront Commission of New York Harbor, and private port operators, will apply for grants under this supplemental funding.

The award of these funds will be decided upon jointly by DHS and the Area Maritime Security Committee, which the Port Authority chairs. The grant allows for three percent of the funds allocated to the Port of NY/NJ to be designated as Management and Administration funds, which would be used to offset Port Authority costs associated with the management and administration of this program. Accordingly, it is expected that the Port Authority would incur no costs in its role as Fiduciary Agent.

The deadline to apply for funding under the Supplemental Port Security Grant Program was August 29, 2007; thus, such application was submitted pending ratification by the Board.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into an agreement with the United

States Department of Homeland Security (DHS), whereby the Port Authority will act as Fiduciary Agent of DHS to manage and administer a \$14.9 million federal Fiscal Year 2007 Supplemental Port Security Grant (Grant), with the award of sub-grants from those funds to be subject to further approval by the Board; and it is further

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

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

PORT AUTHORITY SUSTAINABILITY PROGRAM ENHANCEMENTS

It was recommended that the Board authorize the Executive Director to: (1) enter into agreements to implement four Port Authority Sustainability Program (Program) capital projects, in an aggregate amount of approximately \$12.2 million, including: (a) the installation of light-emitting diode (LED) “necklace” lighting at the George Washington Bridge, at an approximate cost of \$200,000; (b) the installation of LED lighting at the Holland Tunnel, at an approximate cost of \$4.5 million; (c) a geothermal energy project at John F. Kennedy International Airport (JFK), at an approximate cost of \$3.3 million; and (d) the replacement of existing mechanical utility meters with pulse metering technology at all Port Authority and Port Authority Trans-Hudson Corporation (PATH) facilities, at an estimated cost of \$4.2 million, and to take any and all actions as he may deem necessary or appropriate in connection with such projects; (2) amend the Port Authority Sustainable Design Policy to require that all Port Authority commercial facilities meet the Leadership in Energy and Environmental Design (LEED) Guidelines Gold Level for building core and shell construction; and (3) take such other actions as may be necessary to further effectuate the Program, including applying for and accepting federal and state grants and/or entering into grant agreements to finance energy efficiency projects with regional utility service providers, including the New Jersey Board of Public Utilities and the Power Authority of the State of New York.

These steps would continue the advancement of the Program by reducing greenhouse gas emissions and emissions of other pollutants, while lowering the Port Authority’s long-term operating and maintenance costs. The geothermal project would provide for the use of geothermal energy in Building 254 at JFK to supply all of the heating and cooling for the building and the removal of the current oil-fired boilers and oil tanks. The replacement of existing mechanical utility meters with pulse metering technology would be accomplished by modifying the scope of the Port Authority’s existing contract with Genergy, Inc. to cover all existing Port Authority and PATH facilities. The installation of LED lighting in the Holland Tunnel would replace fluorescent lighting that has reached the end of its useful life, and the installation of LED “necklace” lighting on the George Washington Bridge would replace existing mercury vapor lamp fixtures, at an expected annual maintenance and energy savings of approximately \$49,000.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to: (1) enter into agreements to implement four Port Authority Sustainability Program (Program) capital projects, in an approximate aggregate amount of \$12.2 million, including agreements to provide for: (a) the installation of light-emitting diode (LED) lighting at the George Washington Bridge; (b) the installation of LED lighting technology in the Holland Tunnel; (c) the use of geothermal energy in Building 254 at John F. Kennedy International Airport; and (d) the expansion of the scope of the existing Port Authority agreement with Genergy, Inc. to provide for replacement of existing mechanical utility meters with pulse metering technology at all Port Authority and Port Authority Trans-Hudson Corporation facilities; and (2) take any and all actions as he may deem necessary or appropriate in connection with such projects, consistent with the terms outlined to the

Board, including the execution of contracts, agreements and other documents, together with amendments and supplements thereof, or amendments and supplements to existing contracts, agreements and other documents, and to take any and all actions in accordance with the terms of such contracts, agreements and documents as may be necessary in connection therewith; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to amend the Port Authority Sustainable Design Policy to require that all Port Authority commercial facilities meet the Leadership in Energy and Environmental Design Guidelines Gold Level for building core and shell construction; 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 such actions as may be necessary to further effectuate the Program, including applying for and accepting federal and state government grants and/or entering into grant agreements to finance energy efficiency projects with regional utility service providers, including, but not limited to, the New Jersey Board of Public Utilities and the Power Authority of the State of New York; and it is further

RESOLVED, that the form of the foregoing agreements and Port Authority Sustainable Design Policy shall be subject to the approval of General Counsel or his authorized representative.

STEWART INTERNATIONAL AIRPORT – IMPLEMENTATION OF INITIAL CAPITAL IMPROVEMENTS

It was recommended that the Board authorize the Executive Director to expend Port Authority funds in the amount of \$17.1 million for projects at Stewart International Airport (Stewart) that are expected to receive funding under the Federal Aviation Administration's (FAA) Airport Improvement Program (AIP), and for two projects that will improve access to Stewart and alleviate the shortage of on-airport parking. It was recommended further that the Board authorize the Executive Director to enter into an agreement supplementing the Asset Purchase Agreement (APA), dated July 17, 2007, between and among SWF Airport Acquisition, Inc. and National Express Corporation (collectively, SWFAA), pursuant to which the Port Authority would expend that portion of the \$17.1 million not already covered in the APA for projects at Stewart.

The completion of the Drury Lane/Interstate 84 interchange and new state highway directly into Stewart, expected to be completed by the end of 2007, will require modifications to the on-airport roadway system to allow for efficient traffic circulation. Additionally, the recent expansion of airline service at Stewart has greatly increased the passenger traffic at the facility and exacerbated the need for additional car parking. A proposed project to realign and improve the local roads adjacent to the new state highway and create additional automobile parking, at an estimated cost of \$7.5 million, would address these two needs, and a second proposed project, at an estimated cost of \$2.6 million, would later add additional parking spaces.

SWFAA has applied for seven grants and has designated two additional projects, totaling \$7 million in Fiscal Year 2007. These grants cover: the rehabilitation of Runway 9-27; the rehabilitation of Taxiway G; the installation of a gate electrification system for docking aircraft; environmental studies; the purchase of snow removal equipment; a Runway 16 obstruction study; and power circuit design. The two additional designated projects involve the purchase of pickup trucks and vans, and Runway 16 obstruction design.

The rate of federal reimbursement under the AIP varies depending upon the source of federal funds. However, in light of the impending acquisition of Stewart by the Port Authority under the APA, SWFAA was unwilling to guarantee any of the local matching amount, of which it is anticipated approximately \$750,000 will be expended by SWFAA prior to the Port Authority's expected acquisition of Stewart, effective November 1, 2007. Because the Port Authority does not want to forego the AIP grants, the APA allows for an adjustment to the purchase price for certain capital work paid for by SWFAA prior to closing, and the agreement recommended to supplement the APA would allow further adjustment of the purchase price to cover the additional projects. Furthermore, because of the crucial need for the parking/roadway access project, and the benefit to the Port Authority of quickly making a demonstrable improvement to Stewart, Port Authority staff has requested that SWFAA initiate work on this project. SWFAA expects to spend \$1 million for this project prior to closing. SWFAA is still required to obtain the consent of the New York State Department of Transportation (NYSDOT), the owner of Stewart and the landlord under the Stewart lease, to the assignment and assumption of the Stewart lease for closing, and NYSDOT retains consent rights to capital improvement projects under the existing lease with SWFAA.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to: (1) expend Port Authority funds in the amount of \$17.1 million for projects at Stewart International Airport (Stewart) that are expected to receive funding under the Federal Aviation Administration's Airport Improvement Program, and for two projects that will improve access to Stewart and alleviate the shortage of on-airport parking; and (2) enter into an agreement supplementing the Asset Purchase Agreement (APA), dated July 17, 2007, with SWF Airport Acquisition, Inc. and National Express Corporation, pursuant to which the Port Authority will expend that portion of the \$17.1 million not already covered in the APA; and it is further

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

PORT NEWARK – SEAMEN’S CHURCH INSTITUTE OF NEW YORK AND NEW JERSEY – LEASE L-NS-387 – SUPPLEMENTAL AGREEMENT

It was recommended that the Board authorize the Executive Director to enter into a supplemental agreement to the existing lease with Seamen’s Church Institute of New York and New Jersey (SCI) at Port Newark, to amend the use clause to include the provision of social service activities, such as job training, to the community at large as well as seafarers, and to consent to an arrangement or arrangements whereby a local social service organization would occupy space at SCI’s premises in connection with such use.

SCI is a voluntary ecumenical not-for-profit organization that sends staff and volunteers to assist arriving ships and talk with their officers and crew. It offers a safe haven for seafarers, and provides social services and legal assistance to the international maritime community of the Port of New York and New Jersey. SCI has leased space at the New Jersey Marine Terminals since 1960. Its approximately 2.6-acre leasehold includes an 8,649-square-foot building (built by SCI), which it is currently renovating, and approximately 103,000 square feet of open area, consisting of a soccer field, basketball court, and parking areas. Its current lease expires in 2026. Under the lease terms, SCI pays the Port Authority \$5,000 in annual rent and must use its space as a recreational center for seafarers. It does not have the right to sublease or otherwise permit the use of the premises.

The City of Newark is seeking to maximize employment opportunities available at Port Newark. The Newark Alliance, in conjunction with Newark Works (part of the Mayor’s Office of Employment and Training), has approached SCI to open a satellite-training site (to be called Port One Stop) at SCI’s Port Newark facility. Unemployed individuals would be directed into the Port One Stop program through comprehensive community outreach. Their skills and interests would be assessed, and they would be directed to available courses, such as English as a Second Language and, Commercial Driver’s License. Additionally, Newark residents currently employed at Port Newark could seek to enhance their employment status through ancillary support services offered at Port One Stop, by researching positions that require additional skills and receiving appropriate training, thereby allowing for upward mobility, job growth and increased pay.

Under the proposed arrangement, SCI would provide approximately 800 square feet of space to Newark Works on a temporary basis during the year-long renovation of its building. In addition, SCI is requesting that it be allowed to charge market rent for the space. Given SCI’s contributions to the port community, its renovation investment, and ongoing operating expenses, the Port Authority would not share in the incremental revenue generated from providing space to accommodate this important job enhancement program.

SCI is seeking Port Authority approval to enter into the proposed sublease or similar agreement with Newark Works at SCI’s Port Newark facility

Allowing for this partnership between SCI and Newark Works would expand the contribution of the SCI Port Newark facility to the neighboring community by creating the opportunity for development and job training of local residents.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into a supplemental agreement to the existing lease with Seamen's Church Institute of New York and New Jersey (SCI) to amend the use clause to include the provision of social service activities, such as job training, to the community at large as well as seafarers, and to consent to an arrangement or arrangements whereby a local social service organization will occupy space at SCI's premises in connection with such use, substantially in accordance with the terms 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 the General Counsel or his authorized representative.

WAGE AND BENEFITS POLICY FOR NON-TRADE LABOR SERVICE CONTRACTS

The Port Authority has had a longstanding commitment to contractor employees' receipt of fair wages and benefits in the performance of their duties under Port Authority contracts. In furtherance of that commitment, the agency established contractual requirements for combined minimum average wage and supplemental benefits for contractors' employees performing under certain contracts (including non-trade labor service contracts). In recent years, however, the issue of affordable health insurance for workers and their families has been a source of increasing national concern, affecting employers, employees and others. Employer-provided health insurance has declined. The availability of health insurance benefits for contractors' employees performing work under the agency's non-trade labor service contracts is likely to enhance contractor performance, as it will help employers to avoid high turnover and instability in the workplace.

Accordingly, it was recommended that a policy be established for the agency's non-trade labor service contracts to include the specific goal of requiring contractors to provide their full-time employees with not less than an established basic level of health insurance coverage, as determined by the Port Authority based on certain benchmarks or other prevailing standards. In the implementation of this policy, agency procurement standards for combined minimum average wage and supplemental benefits would be separated into components, including levels of fair wages and a basic level of health insurance coverage, and other supplemental benefits, in each case, as determined by the Port Authority based on certain benchmarks or other prevailing standards.

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

RESOLVED, that it is the policy of The Port Authority of New York and New Jersey that contracts for non-trade labor services shall include the specific goal of requiring contractors to provide their employees with not less than a basic level of health insurance coverage, in addition to fair wages and other supplemental benefits, in each case, as determined by the Port Authority based on certain benchmarks or other prevailing standards.

PORT AUTHORITY AUTO MARINE TERMINAL – PURCHASE OF A PORTION OF THE FORMER MILITARY OCEAN TERMINAL AT BAYONNE FROM THE BAYONNE LOCAL REDEVELOPMENT AUTHORITY

It was recommended that the Board: (1) authorize the Executive Director to enter into an agreement (Contract of Sale) for the purchase, for marine terminal purposes, of an approximately 153-acre portion of the former Military Ocean Terminal at Bayonne, designated as the Maritime District (Maritime District), from the Bayonne Local Redevelopment Authority (BLRA), exclusive of an approximately 27-acre parcel owned by the United States Coast Guard and an approximately 31-acre parcel to remain with the BLRA, and additional property or easements as may be required for roadway access between the Maritime District and Pulaski Road in Bayonne, New Jersey, at an estimated cost of \$50.5 million, with a payment of a \$25 million releasable deposit due upon execution of the Contract of Sale, for which the BLRA would deliver to the Port Authority an executed deed to the Maritime District to be held in escrow and would give the Port Authority a mortgage on the Maritime District; (2) in connection therewith, authorize the Executive Director to incur costs, and execute on behalf of the Port Authority, a mortgage and other agreements with public and private entities, involving, among other matters, payments-in-lieu-of-taxes, private property acquisition, roadway access, temporary easements and emergency access, utility relocation, environmental studies, appraisals and surveys, necessary or incidental to such acquisition, and waive any conditions of closing currently in the Contract of Sale, and execute any amendments to the Contract of Sale, as may be required to allow the transaction to proceed without any significant change in costs or benefits to the Port Authority; and (3) in connection therewith, authorize General Counsel to retain a title company to secure title searches and title insurance and perform related services.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to: (1) enter into an agreement (Contract of Sale) for the purchase of an approximately 153-acre portion of the former Military Ocean Terminal at Bayonne, designated as the Maritime District (Maritime District), from the Bayonne Local Redevelopment Authority (BLRA), exclusive of an approximately 27-acre parcel owned by the United States Coast Guard and an approximately 31-acre parcel to remain with the BLRA, and additional property or easements as may be required for roadway access between the Maritime District and Pulaski Road in Bayonne, New Jersey, at an estimated cost of \$50.5 million, with a payment of a \$25 million releasable deposit due upon execution of the Contract of Sale, for which the BLRA would deliver to the Port Authority an executed deed to the Maritime District to be held in escrow and would give the Port Authority a mortgage on the Maritime District; and (2) in connection therewith, to incur costs, and execute on behalf of the Port Authority, a mortgage and other agreements with public and private entities, involving, among other matters, payments-in-lieu-of-taxes, private property acquisition, roadway access, temporary easements and emergency access, utility relocation, environmental studies, appraisals and surveys, necessary or incidental to such acquisition, and waive any conditions of closing currently in the Contract of Sale, and execute any amendments to the Contract of Sale, as may be required to allow the transaction to proceed without any significant change in costs or

benefits to the Port Authority, all substantially in accordance with the terms outlined to the Board; and it is further

RESOLVED, that General Counsel be and he hereby is authorized, for and on behalf of the Port Authority, to retain a title company to secure title searches and title insurance and perform related services in connection with the foregoing transaction; and it is further

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

Whereupon, the meeting was adjourned.

Secretary