

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Tuesday, March 29, 2011

Action on Minutes	57
Report of WTC Redevelopment Subcommittee	57
Report of Security Committee	57
Report of Committee on Capital Programs/Agency Planning	57
Report of Committee on Operations	57
Report of Special, Interim Meeting of the Committee on Operations	58
Goethals Bridge Modernization Program – Phase I – Project Authorization	59
Newark Liberty International Airport – Signature Flight Support Corporation – Lease ANA-273 – Supplement No. 6	62
Access Infrastructure Enhancement Projects	63
The World Trade Center – East Side Site Development Plan – Agreements and Related Documents – Tower 4 Liberty Bonds Marketing Plan (This matter, which was adopted by the Board of Commissioners in executive session, is no longer confidential.)	64
Tribute to Francis A. DiMola	67

MINUTES of the Meeting of The Port Authority of New York and New Jersey held Tuesday, March 29, 2011 at 225 Park Avenue South, City, County and State of New York

PRESENT:

NEW JERSEY

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

NEW YORK

Hon. Stanley E. Grayson, Vice-Chairman
 Hon. H. Sidney Holmes III
 Hon. Jeffrey A. Moerdler

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

Susan M. Baer, Director, Aviation
 James E. Blackmore, Program Director, Tunnels, Bridges and Terminals
 Steven A. Borelli, Assistant Director of Port Business Development, Port Commerce
 Vincent J. Borst, Assistant Director of Property Management, Real Estate and Development
 Ernesto L. Butcher, Chief Operating Officer
 Steven J. Coleman, Assistant Director, Media Relations
 Gerard A. Del Tufo, Assistant Director of Development and Operations, Real Estate and Development
 Michael P. DePallo, Director, Rail Transit
 Gretchen P. DiMarco, Special Assistant to the Deputy Executive Director
 Francis A. DiMola, Director, Real Estate and Development
 John J. Drobny, Director, Security Projects
 Michael G. Fabiano, Chief Financial Officer
 Michael A. Fedorko, Director, Public Safety/Superintendent of Police
 Michael B. Francois, Chief, Real Estate and Development
 Jennifer Friedberg, Public Information Officer, Media Relations
 Cedrick T. Fulton, Director, Tunnels, Bridges and Terminals
 Lash L. Green, Director, Office of Business and Job Opportunity
 Glenn P. Guzi, Senior External Affairs Representative, Government and Community Affairs
 Linda C. Handel, Deputy Secretary
 Andrew T. Hawthorne, Director, Marketing
 Mark D. Hoffer, Director, New Port Initiatives, Port Commerce
 Lawrence S. Hofrichter, Deputy General Counsel
 Kara E. Hughes, Senior External Relations Client Manager, Government and Community Affairs
 Howard G. Kadin, Esq., Law
 John P. Kelly, Director, Media Relations
 Kirby King, Director, Technology Services
 Louis J. LaCapra, Chief Administrative Officer
 Cristina M. Lado, Director, Government and Community Affairs
 Conor Lanz, Special Assistant to the Executive Director
 Jamie E. Loftus, Chief, Public and Government Affairs
 Dennis Lombardi, Deputy Director, Port Commerce
 Thomas P. Maher, Assistant Director, Real Estate and Development

Norma L. Manigan, Program Director, External Affairs, Marketing
Ronald Marsico, Assistant Director, Media Relations
Michael G. Massiah, Director, Management and Budget
Daniel G. McCarron, Comptroller
James E. McCoy, Manager, Board Management Support, Office of the Secretary
Anne Marie C. Mulligan, Treasurer
Edward Nathan, Assistant Director of Planning and Project Development, Real Estate and
Development
Timothy G. Stickelman, Assistant General Counsel
Gerald B. Stoughton, Director, Financial Analysis
Robert A. Sudman, Director, Audit
Ralph Tragale, Assistant Director, Public Affairs, Aviation
David B. Tweedy, Chief, Capital Programs
Lillian D. Valenti, Director, Procurement
Sheree Van Duyne, Manager, Policies and Protocol, Office of the Secretary
Andrew S. Warshaw, Chief of Staff to the Executive Director
David M. Wildstein, Director, Interagency Capital Projects, Office of the Deputy Executive
Director
Peter J. Zipf, Chief Engineer

Speakers:

Margaret Donovan, Twin Towers Alliance
Richard Hughes, Twin Towers Alliance
John McAusland, General Counsel, Port Authority Police Benevolent Association
Paul Nunziato, President, Port Authority Police Benevolent Association
Robert Paulsen, Delegate, Port Authority Police Benevolent Association

The public meeting was called to order by Chairman Samson at 12:47 p.m. and ended at 1:15 p.m. The Board met in executive session prior to the public session.

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of February 24, 2011. She reported that copies of these Minutes were delivered to the Governors of New York (in electronic form) and New Jersey (in paper form) on February 25, 2011. She reported further that the time for action by the Governors of New York and New Jersey expired at midnight on March 11, 2011.

Whereupon, the Board unanimously approved the Minutes of the meeting of February 24, 2011.

Report of WTC Redevelopment Subcommittee

The World Trade Center Redevelopment Subcommittee reported, for information, on matters discussed in executive session at its meeting on March 23, 2011, which included discussion of matters involving ongoing negotiations or reviews of contracts or proposals, and matters related to the purchase, sale, or lease of real property, or securities where disclosure would affect the value thereof or the public interest, and the report was received.

Report of Security Committee

The Security Committee reported, for information, on matters discussed in executive session at its meeting on March 29, 2011, which included discussion of matters involving public safety or law enforcement, and the report was received.

Report of the Committee on Capital Programs/Agency Planning

The Committee on Capital Programs/Agency Planning reported, for information, on matters discussed in public session at its meeting on March 29, 2011, which included discussion of planning for the future rehabilitation of Runway 4L-22R at John F. Kennedy International Airport, and the report was received.

Report of Committee on Operations

The Committee on Operations reported, for information, on matters discussed in public and executive sessions at its meeting on March 29, 2011, which included discussion of a lease supplement to the fixed base operator agreement at Newark Liberty International Airport, and discussion of matters related to the purchase, sale or lease of real property or securities where disclosure would affect the value thereof or the public interest, and the report was received.

Report of Special, Interim Meeting of the Committee on Operations

In view of the absence of a quorum for the Board to act on a matter to be considered at its meeting on March 29, 2011, consistent with the Board's resolution of December 15, 1994, a special, interim meeting of the Committee on Operations was held. At the meeting, the Committee acted for and on behalf of the Board on a matter included on the agenda for the Board meeting. A copy of the minutes of the special, interim meeting of the Committee on Operations held on March 29, 2011 is included with these minutes.

GOETHALS BRIDGE – GOETHALS BRIDGE MODERNIZATION PROGRAM – PHASE I – PROJECT AUTHORIZATION

It was recommended that the Board authorize: (1) a project (Project) for Phase I of the Goethals Bridge Modernization Program (GBMP or Program) to advance the replacement of the Goethals Bridge, at a total estimated project cost of \$126 million, including \$59.1 million previously authorized for Project planning; (2) the Executive Director to take action, as necessary, to effectuate the Project, with respect to: (a) the extension of existing contracts and the award of contracts for professional and advisory services related to Program management, environmental, technical, financial and relocation analysis support; and (b) the purchase of options to acquire real property interests, execution of right-of-entry agreements, commencement of pre-vesting condemnation processes concerning Project-related property located in Staten Island, New York and Elizabeth, New Jersey, and the acquisition of intellectual property rights in connection with anticipated Request for Proposals (RFP) submissions; and (3) the Executive Director and/or General Counsel to conduct a public hearing under the New York State Eminent Domain Procedure Law (EDPL).

In September 2003, the Board authorized planning work, in an estimated amount of \$47 million, to advance the GBMP, which included planning and design work, preparation of an Environmental Impact Statement (EIS) under the federal National Environmental Policy Act (NEPA), and planning work associated with the Program right-of-way. During this planning phase, the bridge deck was rehabilitated in 2006, with the intention of ensuring that the deck would function adequately for a period of approximately ten years, while planning and subsequent replacement of the bridge occurred. In February 2009, it became necessary for the Board to authorize a \$13 million increase in the amount of the planning authorization, to provide for additional planning and design work to complete the GBMP EIS. This increase included an authorization for preliminary planning, environmental analysis, and design support associated with potential improvements to the Interstate 278/U.S. Routes 1&9 Interchange Ramps that provide access to the Goethals Bridge, in an estimated amount of \$900,000.

The Goethals Bridge is a crucial asset to the region's productivity. Its strategic location in the heart of a complex surface transportation network provides truck and automobile connections between the New Jersey Turnpike, U.S. Routes 1&9 and other New Jersey highways, the Staten Island Expressway (Interstate 278), and the Verrazano-Narrows Bridge. The Goethals Bridge sustains the robust commercial activity of the Howland Hook Marine Terminal, and its proximity to Newark Liberty International Airport positions it at the center of one of the largest air cargo gateways in the nation. Despite increasing reliance on freight rail operations to move goods to and from these gateway areas, the major portion of such goods is transported by truck, making the Goethals Bridge essential to moving cargo to and from airports and seaports to regional hinterland markets.

Constructed in 1928 to then-current criteria and standards, the Goethals Bridge is now approaching functional obsolescence. Compared to today's standard 12-foot-wide lanes, the Goethals Bridge's ten-foot-wide lanes present a safety issue for trucks and wider vehicles, and cause congestion. The roadway traversing the bridge contains only two lanes in each direction and lacks shoulders, which impedes access to the bridge during emergencies. Additionally, the increasing growth of traffic on the Goethals Bridge has resulted in traffic conditions at or near

capacity during peak periods. Due to these factors, there is a need to replace the Goethals Bridge with a modern structure.

The proposed GBMP Phase I work includes, but is not limited to: acquisition of options to purchase real property, execution of right-of-entry agreements, and commencement of pre-vesting condemnation processes concerning Project-related property in New York and New Jersey; development of Project-related documents, including development of a RFP for the design, construction, financing and maintenance of the replacement Goethals Bridge, which would be issued to selected respondents (proposers); continuation of existing contracts and/or award of contracts for professional and legal services, Program management, environmental, technical and financial support, a relocation specialist and other work including, but not limited to, relocation analysis, preparation of applications for and obtaining permits and approvals, municipal and other governmental and private processes, authorizations and consents, field surveys, and other documents; right-of-way planning and pre-acquisition activities; Program management support; and work associated with the preparation and application for a federal Transportation Infrastructure Finance and Innovation Act loan, as well as an application to support the allocation of Private Activity Bonds towards the Project.

In light of the Port Authority's capital constraints, staff initiated a study to explore alternative financing methods to replace the Goethals Bridge. The results of the study led to a recommendation to replace the Goethals Bridge through a public-private partnership project delivery method known as design-build-finance-maintain (DBFM). To explore further the viability of utilizing this innovative structure to deliver this critical transportation infrastructure project, staff issued a Request for Information (RFI) in May 2010 to obtain industry feedback and comments on the Port Authority's proposed approach. Based on insight gained through feedback from the RFI, staff issued a Request for Qualifications in October 2010, pursuant to which eight responding DBFM teams submitted their Statements of Qualifications in January 2011. Within the next several months, staff expects to develop the RFP contractual documents with respondents deemed best qualified to participate in the RFP process. Under the terms of the RFP, the Port Authority would acquire the intellectual property rights of each unsuccessful proposal.

Prior to the issuance of the Final EIS, the Port Authority, as the project sponsor, chose the "New Alignment South" as its proposed bridge alignment. The United States Coast Guard (USCG) issued a Final EIS and, on January 31, 2011, a Record of Decision for the proposed Goethals Bridge replacement. The Port Authority has filed an application for a USCG Bridge Permit. Additionally, it is anticipated that entities of the State of New York and the City of New York will issue environmental findings in connection with their respective authorizations in support of the Program.

In view of the proposed schedule for the Program, staff recommended authorization of Phase I of the Program, including the discretionary conducting of a public hearing, as required by the New York EDPL. Under the EDPL, the hearing is a precondition to further Board authorization to initiate eminent domain proceedings in New York. In addition, to be in a position to have the Project qualify for federal aid, staff plans to implement federal requirements relating to Uniform Relocation Assistance and Real Property Acquisition Policies for Federal and Federally Assisted Programs.

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

RESOLVED, that a project for Phase I of the Goethals Bridge Modernization Program (Program), to advance the replacement of the Goethals Bridge, at a total estimated project cost of \$126 million, be and it hereby is authorized; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to take action, as may be necessary, with respect to the extension of existing contracts and the award of contracts for professional and advisory services related to Program management, environmental, technical, financial and relocation analysis support, and to develop a Request for Proposals (RFP) process for the design, construction, financing and maintenance of the replacement Goethals Bridge, to acquire the intellectual property rights of the anticipated unsuccessful proposals, and to take such other action as may necessary to effectuate Phase I of the Program, pursuant to authority granted in the By-Laws or other resolution adopted by 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 such actions, and execute documents, and agreements, including, without limitation, with the City of Elizabeth, City of New York and the State of New York and other public and private entities, which may contain indemnification provisions, and may be associated with the purchase of options to acquire real property interests, execution of right-of-entry agreements, commencement of pre-vesting condemnation processes concerning project-related property located in Staten Island, New York and Elizabeth, New Jersey, right-of-way planning, environmental studies, appraisals, surveys and mapping, relocation analysis, title searches and insurance commitments, geotechnical investigations, and applying for and obtaining permits and approvals and municipal and other governmental and private processes, authorizations and consents, as may be necessary to effectuate Phase I of the Program; and it is further

RESOLVED, that the Executive Director and/or General Counsel, either one acting individually, be and they each hereby are authorized, for and on behalf of the Port Authority, in his discretion, to conduct a public hearing under the New York State Eminent Domain Procedure Law in connection with the potential acquisition of project-related real property in New York through eminent domain; and it is further

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

NEWARK LIBERTY INTERNATIONAL AIRPORT – SIGNATURE FLIGHT SUPPORT CORPORATION – LEASE ANA-273 – SUPPLEMENT NO. 6

It was recommended that the Board authorize the Executive Director to enter into a supplement to Lease ANA-273 (the Lease) with Signature Flight Support Corporation (Signature) for the continued letting of Hangar 15 and associated ground area of approximately 11.28 acres at Newark Liberty International Airport (EWR), which would extend the current lease term, due to expire on August 31, 2014, for an additional ten-year period, for the purpose of operating a fixed-based operator facility to handle general aviation activity.

Signature (including its predecessor entities) developed the existing leasehold and has been a tenant at EWR under the Lease since 1986.

Under the proposed lease supplement, Signature would invest a minimum of \$11 million to construct a new state-of-the-art terminal building and perform ramp renovations, all to be completed prior to the Super Bowl to be held at the New Jersey Meadowlands Sports Complex in 2014. The Port Authority would receive a total aggregate rental of approximately \$54.15 million (including land rental, hangar rental, fuel flowage fees, aircraft lubricant fees, percentage fees, airport service fees and other charges) over the term of the Lease supplement. The Port Authority would have the right to terminate the Lease, as supplemented and amended, without cause, on 120-days' prior written notice to Signature. In the event the Port Authority exercises its right to terminate without cause, the Port Authority would be required to pay to Signature the unamortized balance of Signature's actual initial investment in the premises, in an amount not to exceed \$11 million.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Coscia, Grayson, Holmes, Moerdler, Pocino, Samson, 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 a supplement to Lease ANA-273 with Signature Flight Support Corporation for the continued letting of Hangar 15 and associated ground area of approximately 11.28 acres at Newark Liberty International Airport, which would extend the current lease term, due to expire on August 31, 2014, for an additional ten-year period, for the purpose of operating a fixed-based operator facility to handle general aviation activity, substantially in accordance with the terms outlined to the Board; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into any other contracts and agreements necessary or appropriate in connection with the foregoing; 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.

ACCESS INFRASTRUCTURE ENHANCEMENT PROJECTS

In view of the ongoing needs of the Port Authority's facilities for efficient transportation access and egress for goods and people, it was recommended that the Board authorize the Executive Director, in consultation with the Chairman of the Committee on Operations, to effectuate the Port Authority's participation in cooperation with the New Jersey Department of Transportation (NJDOT) in the Route 1&9 Pulaski Skyway; Route 139 (Hoboken and Conrail Viaducts); Route 7 Hackensack River (WittPenn) Bridge; and Route 1&9T (New Road) projects. Port Authority participation in these projects (or suitable replacement projects mutually agreed upon with NJDOT) would be consistent with the Port Authority's Capital Infrastructure Fund provided for in the Port Authority's Annual Budget and its Capital Plan. The Executive Director would also be authorized to enter into an agreement or agreements with NJDOT relating to such Port Authority participation.

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

RESOLVED, that the Executive Director be and he hereby is authorized in consultation with the Chairman of the Committee on Operations, for and on behalf of the Port Authority, to effectuate the Port Authority's participation in cooperation with the New Jersey Department of Transportation (NJDOT) in the Route 1&9 Pulaski Skyway; Route 139 (Hoboken and Conrail Viaducts); Route 7 Hackensack River (WittPenn) Bridge; and Route 1&9T (New Road) projects, as reported to the Board; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into an agreement or agreements with NJDOT in connection with such Port Authority participation; 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.

THE WORLD TRADE CENTER – EAST SIDE SITE DEVELOPMENT PLAN – AGREEMENTS AND RELATED DOCUMENTS – TOWER 4 LIBERTY BONDS MARKETING PLAN

Together with Silverstein Properties, Inc. (“SPI”) and the Goldman Sachs/JP Morgan underwriting team, staff has continued to consider the timing for the sale of the Tower 4 (“T4”) Liberty Bonds in the context of the ongoing weakness in the municipal capital markets. It was recalled to the Board that, at the time of the Board’s August 26, 2010 authorization of the development plan for the east side of the World Trade Center site (“WTC East Side Site Development Plan”) it was expected, based on the then currently prevailing capital markets conditions, that the T4 Liberty Bonds would be issued as a 40-year fixed rate financing with a 10-year call protection period, interest only for the first 15 years, and amortization on a self-liquidating basis over the remaining 25 years. However, at this point, with cash continuing to flow out of the municipal bond funds, investors are still showing a lack of confidence in the long end of the municipal capital markets and maturities at the longer end of the curve are pricing at unattractive levels and, even at that point, are only generating limited interest.

Complicating the timing for a sale of the T4 Liberty Bonds, the currently outstanding escrowed Liberty Bonds (\$2,593,500,000) issued by the New York Liberty Development Corporation to finance a portion of Towers 2, 3 and 4, are subject to an April 28, 2011 mandatory tender date, and, while the entire principal amount could be rolled for an additional 90 day period, a more cost effective approach would be to break-out the principal amount allocated to T4 (currently \$1.275 billion, reflecting \$25 million in cost savings achieved by SPI since year-end) through the issuance of the T4 Liberty Bonds and continue to roll the balance which would remain in escrow. Also, in connection with the December 16, 2010 closing of the WTC East Side Site Development Plan, the financing documents relating to the T4 Liberty Bonds were deposited into an escrow under an agreement with SPI, the Port Authority and The City of New York (“City”), with an unwind date of April 30, 2011, if the T4 Liberty Bonds have not been issued prior to such date. While staff expects that the Port Authority, SPI and the City would all agree to extend the escrow, issuance of the T4 Liberty Bonds now is the preferred alternative. The present expectation is that interest rates/market absorption is unlikely to improve in the near term, and may in fact worsen, with the passage of time this year.

In this context, and recognizing that the T4 construction is being funded on a temporary basis by SPI through the use of monies allocated to the Tower 3 podium project, the Port Authority-SPI working group has been considering structuring alternatives that would improve the marketability of the T4 Liberty Bonds, reduce overall costs and not materially increase the transactional risks to either the Port Authority or SPI, thus permitting a bond sale in April 2011. At this point, adding a variable rate component would enhance marketability by shortening the maturity structure and blending down the overall interest rate on the T4 Liberty Bonds to a level at which we were prepared to issue the T4 Liberty Bonds last December before the municipal capital markets moved away.

The Goldman Sachs/JP Morgan underwriting team believes that, if the T4 Liberty Bonds were issued today under the current fixed rate structure, the interest rate would not be less than 6.10%. It was recalled to the Board, that the Port Authority’s financial modeling for the T4 Liberty Bonds assumed a 5% interest rate – a rate that was probably achievable up to last October when

the municipal capital markets slide began, with overall rates generally increasing by approximately 100 basis points through year-end for long-term, fixed-rate municipal bonds. In early December 2010 interest rates for the T4 Liberty Bonds would have been slightly above 5% – which, based on revised financial modeling, was still well within the financial parameters for the T4 transaction. However, by mid-December even those rates were no longer achievable.

The current proposal would involve splitting the T4 Liberty Bonds into two series, a variable rate series with a principal amount of approximately \$350 million - \$375 million, and a fixed rate series for the balance of the \$1.275 billion in principal amount allocated to T4. The fixed rate series would benefit from a shortened maturity structure and the variable rate series would have the potential to blend the overall interest rate for the two series down to a rate approaching 5.10%. This has the appeal of lowering the overall interest rate due to the positive slope of the yield curve while at the same time improving marketability by reducing the principal amount of the fixed rate series with the longest maturities. The financial savings to the Port Authority from this structure would be significant. Financing at today's long-term fixed rates would increase the interest costs on the T4 Liberty Bonds by at least \$14 million a year, which would be locked in for the 10-year call protection period for a total cost of \$140 million.

As part of the T4 transaction, the Port Authority agreed to provide SPI with the equivalent of an “on-market swap” establishing a synthetic fixed interest rate for the first five years on the T4 Liberty Bonds of 3% - in essence with the Port Authority absorbing the difference between 3% and the actual interest rate on the T4 Liberty Bonds during this period. Based on the financial model's assumed T4 Liberty Bonds principal amount of \$1.3 billion and 5% interest rate, this cost was estimated to be approximately \$136 million during this five-year period. However, based on a 6.10% interest rate the cost would be approximately \$200 million. The reduction in principal amount of the T4 Liberty Bonds to \$1.275 billion and the reduction of the overall interest rate by 100 basis points would result in savings to the Port Authority of approximately \$70 million, reducing the estimated cost to the Port Authority during this period from approximately \$200 million to approximately \$130 million, with a resultant increase in overall Port Authority capital capacity.

Consistent with the traditional municipal capital markets structure for variable rate bonds, the variable rate series would require an independent third party support facility to cover a failed remarketing, since this series would be issued with the interest rates determined weekly, and, as such, with a weekly put/remarketing process to be administered by a remarketing agent. Additionally, the series would be subject to a put at the expiration of the third party support facility. JP Morgan has offered to provide a third party letter of credit supporting the variable rate series, with a four-year term, in a principal amount of up to \$375 million, at a price of 83 basis points per annum on the principal amount of the letter of credit (with the fee subject to increase in the event of a reduction in the current ratings for Consolidated Bonds). In the unlikely event that the JP Morgan support facility is drawn down to satisfy a put (either resulting from a failed remarketing or at the expiration of the term of the support agreement), the amount of that draw would be repayable over a ten-year period, the first five years of which would be interest-only, with equal semi-annual amortization over the balance of the term, in the same manner as the T4 Liberty Bonds – in essence covered by the Bondholder Support Agreement to be executed by the Port Authority for the variable rate series, at a long-term interest rate based on the higher of the JP Morgan prime

rate plus 150 basis points, the Federal funds rate plus 200 basis points, or the one-month LIBOR plus 250 basis points, but in no event less than 6.5% per annum for the first two years and then increasing to no less than 7.5% per annum for the balance of the ten-year period. This support facility would mitigate the immediate financial impact of a put and draw under the support facility, providing the equivalent of a “financing of last resort”. JP Morgan has also offered to provide the remarketing services for the variable rate series at 7 basis points per annum.

In discussions with JP Morgan, staff discovered that there is also a significant opportunity to substantially reduce the fee for the JP Morgan support facility. To the extent that the underlying ratings on the variable rate series issued by both Standard & Poor’s and Fitch were AA-, a liquidity facility (in the nature of a standby bond purchase agreement) rather than a letter of credit would satisfy the municipal capital markets as the form of third party support. JP Morgan has offered to provide a third party standby bond purchase agreement for the variable rate series, with a five-year term, in a principal amount of up to \$375 million, at a price of 68 basis points per annum on the principal amount of the standby bond purchase agreement (with the fee subject to increase in the event of a reduction in the current ratings for Consolidated Bonds). It was also recalled to the Board, that in December 2010, Standard & Poor’s rated the T4 Liberty Bonds at AA- and Fitch rated them at one level lower, A+. The Fitch rating was predicated on the carve-out under the Bondholder Support Agreement of any Port Authority liability for a shortfall in debt service resulting from a City default in the payment of fixed rent under the City’s T4 space lease, which was separately pledged to the T4 Liberty Bondholders. To the extent that we limit this carve-out to apply only to the fixed rate series, it is likely that Fitch would raise the rating on the variable rate series to AA-. Eliminating this carve-out on the variable rate series would not increase the Port Authority’s overall liability on the T4 Liberty Bonds, since the City fixed rent is sufficient to cover only a portion of the debt service on the T4 Liberty Bonds in any event as the transaction was originally structured.

Various amendments to the current agreements would be required to document the proposed restructuring of the T4 Liberty Bonds, notably, the variable rate series would be covered by a separate Bondholder Support Agreement, substantially similar to the form of the Bondholder Support Agreement executed by the Port Authority in connection with the December 16, 2010 closing of the WTC East Side Site Development Plan. The proposed restructuring would not alter the substantive provisions pertaining to the obligations and rights of the Port Authority and SPI in any of the agreements executed in connection with that closing.

Pursuant to the foregoing report, the following resolution, which will remain confidential, was adopted in executive session with Commissioners Coscia, Grayson, Holmes, Moerdler, Pocino, Sartor and Steiner voting in favor; none against; Commissioner Samson recused:

RESOLVED, that the authorizations set forth in the August 26, 2010 minutes, entitled “The World Trade Center – East Side Site Development Plan,” are supplemented to include the effectuation of the transactions described therein on a basis consistent with the foregoing report to the Board.

TRIBUTE TO FRANCIS A. DIMOLA

The Board of Commissioners upon the impending retirement of Francis A. DiMola unanimously adopted the following resolution.

WHEREAS, from the time he joined the Port Authority in July 1976 as a Facility Operations Agent and since his appointment as Director of the agency's Real Estate Department in February 2005, Frank DiMola has served with great distinction and has provided critical services to support the agency's core transportation mission and business needs; and

WHEREAS, Frank DiMola has demonstrated a considerable level of talent and dedication to the agency during his nearly 35-year career by contributing his skills and abilities to a variety of areas including Police Officer, Operations Services Supervisor, Assistant Manager Airport Services, Assistant Director of Aviation Operations and Security, Assistant Director of Aviation Business and Commercial Development and currently as Director of the Real Estate Department; and

WHEREAS, as Assistant Director of Business and Commercial Development in the Aviation Department from January 2000 to February 2005, Frank DiMola led the Aviation Department's participation in the agency's negotiations with New York City for renewing the airport lease for LaGuardia and John F. Kennedy International Airports through 2050, chaired the Port Authority negotiating team that implemented the 20-year rates and charges agreement, known as the *Freedom Agreement*, for the airlines serving LaGuardia and John F. Kennedy International Airports, oversaw all property and lease matters at John F. Kennedy International, Newark Liberty International, LaGuardia and Teterboro Airports, and played a prominent role in the successful negotiation of numerous agreements with our airport tenants, including a long-term lease agreement with JetBlue Airways for the letting and redevelopment of Terminal 5 at John F. Kennedy International Airport, and was instrumental in fostering strong working relationships with all of the airlines, terminal operators, and airport service providers; and

WHEREAS, since his appointment to Director of the agency's Real Estate Department in February 2005, Frank DiMola has been responsible for oversight of all leasing and property matters relating to the agency's Waterfront Development and Harbor Estuary Programs, as well as planning for major redevelopment projects at the Port Authority Bus Terminal, PATH Jersey City Powerhouse, the Hoboken Ferry Terminal and George Washington Bridge Bus Station and has provided a wealth of expertise and support to the agency's line departments in their distinctive areas of business concerning their leasing and property matters; and

WHEREAS, as Director of Real Estate, Frank DiMola has played a prominent role in bringing to fruition efficient and environmentally sensitive agency-wide office space and operations initiatives, which included the acquisition of new Authority office at 2 Montgomery Street in Jersey City and the design of future Port Authority offices at the World Trade Center site;

WHEREAS, Frank DiMola has been instrumental in the development and implementation of effective agency-wide management tools, which included the establishment of a corporate database to ensure the management of the agency's property portfolio and timely negotiation and execution of numerous real estate agreements for the agency's line departments; and

WHEREAS, in keeping with the agency's continuing tradition of excellence and achievement, Francis A. DiMola was awarded the Port Authority Police Meritorious Medal in 1980 and the Port Authority Police Commendation Medal in 1981. Following the terrorist attacks on the World Trade Center, Frank DiMola received the Civilian Commendation Award for his acts of bravery on September 11, 2001; and was awarded the James G. Hellmuth Unit Citation award in 2006 as part of the John F. Kennedy International Airport JetBlue Terminal 5 Lease and Redevelopment Action team.

NOW, therefore, be it

RESOLVED, that the Commissioners of The Port Authority of New York and New Jersey hereby express to Francis A. DiMola their sincere appreciation for his service to the agency and the region it serves; and it is further

RESOLVED, that the Board of Commissioners hereby directs that this resolution be suitably engraved and presented to Francis A. DiMola as a token of the high esteem in which he is held by the Board and staff alike.

Whereupon, the meeting was adjourned.

Secretary