THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES
Thursday, April 26, 2001

MINUTES of the Annual Meeting of The Port Authority of New York and New Jersey held Thursday, April 26, 2001, at One World Trade Center, City, County and State of New York.

PRESENT:

NEW JERSEY	**NEW YORK**
Hon. Lewis M. Eisenberg, Chairman	Hon. Charles A. Gargano, Vice-Chairman
Hon. Kathleen A. Donovan	Hon. Michael J. Chasanoff
Hon. William J. Martini	Hon. David S. Mack
Hon. Alan G. Philibosian	Hon. Bradford J. Race, Jr.
Hon. Anthony J. Sartor	Hon. Anastasia M. Song
Hon. James Weinstein	

Neil D. Levin, Executive Director
Jeffrey S. Green, General Counsel
Daniel D. Bergstein, Secretary

Kayla M. Bergeron, Director, Media Relations
Bruce D. Bohlen, Treasurer
John D. Brill, Director, Audit
Gregory G. Burnham, Chief Technology Officer
Ernesto L. Butcher, Chief Operating Officer
Steven J. Coleman, Staff Public Information Officer, Media Relations
Anthony G. Cracchiolo, Director, Priority Capital Programs
Joanne Crowley, Deputy Director, Tunnels, Bridges & Terminals
William R. DeCota, Director, Aviation
Michael P. DePallo, Director/General Manager, PATH
Karen E. Eastman, Advisor to the Executive Director
Edward L. Jackson, Director, Financial Services
Howard G. Kadin, Senior Attorney, Law
Louis J. LaCapra, Chief of Staff
Richard M. Larrabee, Director, Port Commerce
Francis J. Lombardi, Chief Engineer
Stephen Marinko, Attorney, Law
Charles F. McClafferty, Chief Financial Officer
James E. McCoy, Senior Administrator, Office of the Secretary
Allen M. Morrison, Supervisor, Media Relations
Cherrie L. Nanninga, Acting Deputy Chief Financial Officer/Director, Real Estate
Catherine F. Pavelec, Executive Assistant to the Secretary
Alan L. Reiss, Director, World Trade
Ronald H. Shiftan, Deputy Executive Director
Douglas L. Smith, Director, Office of Forecasting and Capital Planning
Gregory J. Trevor, Senior Public Information Officer, Media Relations
Christopher O. Ward, Chief of Corporate Planning and External Affairs
Robert D. Williams, Executive Assistant to the Deputy Executive Director
Margaret R. Zoch, Comptroller

The public meeting was called to order by Chairman Eisenberg at 3:22 p.m. and ended at 3:30 p.m. The Board met in executive session prior to the public meeting. Commissioner Race was present during executive session.

Action on Minutes

The Secretary submitted for approval Minutes of action taken at the Board's meeting of April 5, 2001. He reported that copies of these Minutes were sent to all of the Commissioners and to the Governors of New York and New Jersey. He reported further that the time for action by the Governors of New York and New Jersey has expired.

Report of Audit Committee

The Audit Committee reported in executive session, for information, on matters discussed in executive session at its meeting on April 26, 2001, which included discussion of internal audit matters, in addition to matters filed with the Committee pursuant to Board action or separately reported to the Board of Commissioners at this meeting of the Board, and the report was received.

Report of Committee on Finance

The Committee on Finance reported, for information, and the report was received and is included with these minutes.

Report of Committee on Construction

The Committee on Construction reported, for information, and the report was received and is included with these minutes.

Report of Nominating Committee

During the course of the meeting, the Nominating Committee submitted its report, and the report was received and is included with these minutes.

ELECTION OF OFFICERS

Chairman Eisenberg announced that in accordance with the provisions of the By-Laws, the election of officers was in order.

Commissioner Donovan, as Chair of the Nominating Committee, submitted the following report:

> "On behalf of the Nominating Committee, I desire to report that at its meeting held earlier today, in accordance with the provisions of Article XIa. of the By-Laws, the Committee, by unanimous action, submits the nomination for election to the offices of Chairman and Vice-Chairman of The Port Authority of New York and New Jersey of Commissioners Lewis M. Eisenberg and Charles A. Gargano, respectively. By unanimous action, the Committee also submits the nomination of Neil D. Levin as Executive Director of the Port Authority and of Jeffrey S. Green as General Counsel of the Port Authority. By unanimous action, the Committee also submits the nominations of Daniel D. Bergstein as Secretary, Charles F. McClafferty as Director of Finance, Margaret R. Zoch as Comptroller, Bruce D. Bohlen as Treasurer and John D. Brill as Director of the Audit Department."

Pursuant to the foregoing report, Commissioners Chasanoff, Donovan, Eisenberg, Gargano, Mack, Martini, Philibosian, Sartor, Song and Weinstein voting in favor, the following were unanimously elected as officers of the Port Authority: Commissioner Lewis M. Eisenberg as Chairman, Commissioner Charles A. Gargano as Vice-Chairman, Neil D. Levin as Executive Director, Jeffrey S. Green as General Counsel, Daniel D. Bergstein as Secretary, Charles F. McClafferty as Director of Finance, Margaret R. Zoch as Comptroller, Bruce D. Bohlen as Treasurer and John D. Brill as Director of the Audit Department.

AUDIT COMMITTEE ANNUAL REPORT

Commissioner Donovan submitted the following report:

In accordance with the Port Authority By-Laws, the Chair of the Audit Committee reports periodically on the activities of the Audit Committee.

Since the last report, the Audit Committee has met eight times. Our Committee meetings are regularly attended by the Chief Financial Officer, General Counsel, the Director of Audit, the Treasurer, the Comptroller, the Chief Technology Officer and the Inspector General.

Representatives of Deloitte & Touche LLP, the Port Authority's independent accountants, have attended three of our meetings. At certain of these meetings, we held executive sessions with only the outside accountants and General Counsel present, which is consistent with our policy that the outside accountants and members of the Audit Committee have direct and unrestricted access to each other.

The Audit Committee keeps informed of relevant matters through quarterly reports prepared by the Director of Audit, the Inspector General and the Treasurer.

Each quarter, the Committee discusses the detailed reports of audit results prepared by the Audit Department with John Brill, Director of Audit. The Audit Department conducts audits in accordance with an Annual Plan, which is reviewed with the Audit Committee. The Annual Audit Plan is based on a schedule of specific audits established after performing a risk assessment, which takes into consideration the potential for financial loss, major changes in systems or operations, and the dates and results of previous audits.

The Committee also discusses with Robert Van Etten the quarterly report of the Inspector General with respect to investigations undertaken by that office. The major function of the Office of Inspector General is to investigate situations or allegations of improper, unethical or illegal activities by individuals within the Port Authority or persons with whom the Port Authority has a business relationship.

On a quarterly basis, the Audit Committee reviews the status of the Port Authority's accounts receivable and discusses the quarterly reports with the Treasurer, Bruce Bohlen. The Committee monitors staff efforts to collect revenues due the Port Authority, discusses problem accounts and reviews the trends in receivable collections.

Our Committee continued its practice of reviewing, in detail, the Authority's audited financial statements prior to their release. We are concerned not only with the control systems which assure the accuracy and completeness of the statements, but also with the presentation, the format, and, in the context of full and fair disclosure, the substance and language of the footnotes. We also made such other inquiries in connection with the audited financial statements as we considered appropriate.

In the opinion of our independent accountants, the 2000 financial statements present fairly, in all material respects, the combined financial position of the Port Authority and the combined results of its operations in conformity with generally accepted accounting principles. Our independent accountants have advised us that they encountered no difficulties during the course of their audit (including restrictions on the scope of work or access to required information) and that there were no disagreements with staff in connection with the preparation of the financial statements. We were pleased to learn that the Government Finance Officers Association recognized the Port Authority's 1999 Comprehensive Annual Financial Report with its Certificate of Excellence in Financial Reporting, an award that the Port Authority has received for each of the past 16 years. This is a noteworthy achievement for staff of the Comptroller's Department, which is headed by Margaret Zoch, Comptroller.

The Audit Committee has also continued its practice of requesting staff presentations on key areas of business risk. For example, we recently asked Walter Kristlibas, Director of Regional E-ZPass^{sm} Programs, to give a report on E-ZPass^{sm} toll violations at Port Authority bridges and tunnels.

We also considered new rules adopted by the Securities and Exchange Commission relating to the role and responsibilities of corporate audit committees, and the public disclosure of their structure, composition, charter and operations. While these rules do not apply to audit committees of boards of municipal or other governmental entities, it is reasonable to assume that there will be an increasing focus on these areas in the municipal sector of the financial markets leading to voluntary adoption of similar guidelines.

Finally, as the Chair of the Audit Committee, I review the expense reports of the Executive Director and members of the Board.

This annual report to the Board provides the Audit Committee with the opportunity to acknowledge the dedication and professionalism of staff. The Committee recognizes the strengths, talent and commitment of our financial professionals, all of whom make an important contribution to the Port Authority and also to the Region.

The Committee believes that reasonable processes and controls are in place to mitigate business risk, and there is a reasonable basis for the Board to have a high level of confidence in the professional and ethical conduct of Port Authority personnel.

RETENTION OF INDEPENDENT AUDITORS

Under the By-Laws, the Audit Committee has the responsibility to recommend retention of independent auditors for designation by the Board to audit the accounts and financial statements of the Port Authority and its subsidiaries. The Audit Committee monitors the independent auditing function and decides annually the question of which firm to recommend to the Board for retention by the Port Authority and for what period of time in light of then-current circumstances.

Consistent with long-standing policy and after a full review and discussion of the performance of Deloitte & Touche LLP, the Audit Committee recommended that the Board designate Deloitte & Touche LLP as independent auditors to audit the accounts and financial statements of the Port Authority and its wholly owned subsidiaries for the year ending December 31, 2001, to perform an evaluation of the system of internal accounting controls, to perform a review of the Passenger Facility Charge Program and federal award programs, to provide other audit services, and to provide services requested in the disclosure process in connection with the issuance from time to time of Port Authority obligations.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Chasanoff, Donovan, Eisenberg, Gargano, Mack, Martini, Philibosian, Sartor, Song and Weinstein voting in favor; none against:

> **RESOLVED,** that Deloitte & Touche LLP be and it hereby is designated as independent auditors to audit the accounts and financial statements of The Port Authority of New York and New Jersey and its wholly owned subsidiaries for the year ending December 31, 2001; and it is further
>
> **RESOLVED,** that, for the year ending December 31, 2001, Deloitte & Touche LLP be and it hereby is designated to perform an evaluation of the system of internal accounting controls, and to provide other audit services, including a review of revenue and cost computations relating to and under the terms of the various lease agreements, such as those with the cities of New York and Newark, financial and statistical data reports submitted to the Federal Transit Administration, field work and financial disclosure requirements of the Single Audit Act of 1984 for recipients of federal financial assistance, and to participate as requested in the disclosure process in connection with the issuance from time to time of Port Authority obligations; and it is further
>
> **RESOLVED,** that, for the year ending December 31, 2001, Deloitte & Touche LLP be and it hereby is designated to perform a review of the Passenger Facility Charge Program pursuant to the Aviation Safety and Capacity Expansion Act of 1990; and it is further
>
> **RESOLVED,** that, in accordance with the By-Laws of the Port Authority, the matters of arranging for such services by the above-designated auditors and for monitoring the auditors' performance be and each hereby is referred to the Audit Committee.

THE WORLD TRADE CENTER – AUTHORIZATION OF NET LEASE AND EXECUTION OF AGREEMENTS AND RELATED DOCUMENTS

It was recalled to the Board that, from time to time since 1980, the Port Authority has undertaken, directly and through the use of financial consultants, analyses of various options available for the possible disposition of the World Trade Center, as well as comparisons of the World Trade Center with similar private sector operations. On January 25, 1996, the Port Authority announced a series of steps to test marketplace response to three specific options for maximizing the value of the World Trade Center to the Port Authority and to the people of the region, involving the sale, net lease and asset management of the World Trade Center. To provide market-based assistance, the Port Authority retained J.P. Morgan & Co. Incorporated, now known as J.P. Morgan Chase & Co. ("JP Morgan"), together with Cushman & Wakefield and Douglas Elliman Realty Investors, now known as Milstein Brothers Realty Advisors ("Advisors") to establish and implement a process to ascertain the market reaction to each of these options and to assist the Port Authority in the effectuation of any option decided upon by the Board of Commissioners of the Port Authority.

On September 24, 1998, the Board decided to begin the process intended to lead to the net leasing of certain components of the World Trade Center ("WTC"). Three World Trade Center (the Marriott World Trade Center Hotel), Six World Trade Center (the United States Customs House) and Seven World Trade Center are not included in the net lease transaction. On June 21, 2000, certain offering materials pertaining to the opportunity to net lease the WTC were sent to 30 entities identified as a result of a pre-qualification process conducted in late 1999.

Eight initial proposals were received on August 31, 2000, and after review by Port Authority staff and the Advisors and discussion of the proposals with the Board, in mid-October 2000, a "short-list" of four of the proposers, Boston Properties, Inc.; Brookfield Financial Properties; Silverstein Properties, Inc. and Westfield America, Inc. (the Silverstein Group); and Vornado Realty Trust, was selected to participate in the next phase of the net lease process. The short-list was given the opportunity to perform due diligence activities and review drafts of transactional documents, under a schedule leading to the submission of further proposals on January 31, 2001. Proposals were received from the Silverstein Group, Vornado Realty Trust, and WTC Ventures, an entity formed by Boston Properties and Brookfield Financial Properties. After review of the proposals, these proposers were given the opportunity to "refresh" their proposals by February 12, 2001.

On February 22, 2001, it was announced that the Port Authority would be entering into a 20-day exclusive negotiating period with Vornado Realty Trust to complete the transactional documents for a 99-year net lease of the WTC. The value to the Port Authority of Vornado Realty Trust's proposed net lease transaction, on a present value basis, had been estimated by staff and the Advisors at approximately $3.253 billion. Staff and the Advisors were instructed to complete the transactional documents and to present a final contract for approval at a meeting scheduled for March 14, 2001.

In view of the lack of a final agreement with Vornado Realty Trust on March 14, 2001, the Board permitted the negotiating process to continue until March 19, 2001, at which time it was decided that the Port Authority would cease negotiations with Vornado Realty Trust and enter into an exclusive negotiating period with the Silverstein Group to complete the transactional documents for a 99-year net lease of the WTC.

The value to the Port Authority of the Silverstein Group's proposed net lease transaction, on a present value basis, had originally been estimated by staff and the Advisors at approximately \$3.225 billion. It is presently being estimated at \$3.211 billion, as more fully discussed at "*Description of Value of the Silverstein Group's Proposal*".

The respective representatives and advisors of the Silverstein Group and the Port Authority have reached agreement with respect to all matters, including the economic terms and other fundamental aspects of the World Trade Center net lease transaction. The Silverstein Group has executed final contracts and has submitted the required deposit of \$100 million in the form of letters of credit. These letters of credit would be the source for the payment of liquidated damages to the Port Authority in the event that the closing of the transaction does not occur as a result of a default by the Silverstein Group.

The Silverstein Group

The Silverstein Group is a venture of Silverstein Properties, Inc. ("Silverstein") and Westfield America, Inc. ("Westfield").

Silverstein – Silverstein is a privately-owned real estate development and investment firm that owns, manages, and has developed more than 10 million square feet of office space located primarily in the financial district of lower Manhattan and along Fifth Avenue in midtown Manhattan. In addition to office space, Silverstein also owns and operates retail, warehouse and residential properties in New York, New Jersey, Connecticut, and Florida.

Silverstein manages and leases all of the properties that it owns. The company has developed a wide range of properties including high-rise office towers, hotels, residential condominiums, retail complexes, office parks, and computer communication facilities. In addition to leasing and managing major properties, Silverstein has experience in debt and equity placement, having placed over \$3 billion through life insurance companies, thrift institutions, credit companies, pension funds, commercial banks and private investors.

Silverstein's major properties include:

- 7 World Trade Center – a two million square foot office building developed and owned by Silverstein on land owned by the Port Authority.

- The Equitable Building at 120 Broadway – a 1.8 million square foot office building.

- 140 Broadway – a 1.2 million square foot office building.

- 120 Wall Street – a 600,000 square foot office building.

- River Place – an 1800-unit residential complex on the western edge of 42nd Street.

In addition, Silverstein's other holdings include 529 Fifth Avenue, 530 Fifth Avenue, 11 West 42nd Street and The Ridgeway Shopping Center.

Silverstein Properties does not have a senior debt credit rating.

Westfield – Westfield is a publicly traded real estate investment trust specializing in enclosed shopping centers. On December 31, 2000, Westfield had interests in 39 major shopping centers branded as "Westfield Shoppingtowns". Westfield's portfolio of Westfield Shoppingtowns includes clusters of shopping centers in major markets on the East and West Coasts, and in the Midwest. Westfield Shoppingtowns serve approximately 10% of the U.S. population.

Westfield has been engaged for over 40 years in the business of owning, acquiring, financing, operating, leasing, developing, and redeveloping regional and super-regional shopping centers. As of December 31, 2000, Westfield's portfolio of 39 shopping centers consisted of 28 super-regional shopping centers with approximately 30.7 million square feet of space, 8 regional shopping centers with approximately 4.9 million square feet of space, three power centers with approximately 1.5 million square feet of space and seven office buildings adjacent to its centers with approximately 646,000 square feet of space. These properties represent approximately 81.5%, 12.9%, 3.9% and 1.7%, respectively, of Westfield's 37.7 million square feet of retail and office space. Westfield also owns 12 separate department store properties that are net leased to the May Department Stores Company, and certain other real estate investments.

Westfield is externally managed and advised by Westfield Holdings Limited ("WHL"), an Australian public company and leading developer and manager of one of the largest portfolios of retail properties in the world. WHL's management portfolio consists of 86 shopping centers containing approximately 65 million square feet of space and over 13,100 mall stores in Australia, New Zealand, the United Kingdom and the United States. Westfield has engaged a wholly-owned subsidiary of WHL to provide property management, asset management and development services to Westfield, giving Westfield access to WHL's worldwide management expertise and resources.

Westfield and Westfield America Management Limited in its capacity as responsible entity and trustee for Westfield America Trust ("WFA"), an Australian publicly traded unit trust, entered into an Agreement and Plan of Merger dated February 14, 2001 ("Agreement"). WFA is the fifth largest property trust listed on the Australian Stock Exchange. Its equity market capitalization was approximately $995 million as of December 31, 2000. The purpose of the Agreement is for WFA and certain affiliates of WHL to increase their collective ownership of the outstanding common stock of Westfield through a Tender Offer and subsequent Merger, from approximately 77.5% to 100%. The Tender Offer contemplated by the Agreement closed on April 6, 2001, as a result of which WFA and certain affiliates of WHL collectively own 96.1% of the common stock of Westfield. The transaction, including the assumption of Westfield's debt, is valued at approximately $720 million. Following completion of the Merger, Westfield will cease to be publicly traded.

Westfield had total revenue of approximately $530 million in 2000. Westfield, WHL and WFA do not have senior credit ratings.

Description of Value of the Silverstein Group's Proposal

The Silverstein Group's final proposal is for a 99-year net lease structure that has a present value to the Port Authority of approximately $3.211 billion. The elements of the Silverstein Group's proposal include the following:

- An up-front payment to the Port Authority in the amount of $616 million, payable in cash at the time of the closing. This has been reduced from the originally proposed $800 million.

- A 99-year stream of fixed rental payments to the Port Authority, payable in cash, monthly in advance, on the following basis:

Payment	Years	Payment	Years
$ 102.0 million	1 – 5	$ 775.6 million	51 – 55
124.0 million	6 – 10	892.8 million	56 – 60
160.8 million	11 – 15	1,031.8 million	61 – 65
197.5 million	16 – 20	1,196.8 million	66 – 70
229.9 million	21 – 25	1,392.9 million	71 – 75
244.3 million	26 – 30	1,626.0 million	76 – 80
434.6 million	31 – 35	1,903.4 million	81 – 85
523.0 million	36 – 40	2,233.9 million	86 – 90
590.4 million	41 – 45	2,628.0 million	91 – 95
676.8 million	46 – 50	3,098.5 million	96 – 99

Staff and the Advisors have valued this stream of fixed rental payments, in present value terms, at approximately $2.419 billion, applying an 8% discount rate to the annual payments.

- A 99-year stream of participating rental payments to the Port Authority, payable in cash, monthly in arrears. The amount of each year's participating rental payment would vary, depending upon the amount of annual gross revenues realized by the Silverstein Group. The Port Authority would receive 0.5% of gross revenues in years 1 through 10 and 1.5% of gross revenues in years 11 through 99. Staff and the Advisors have valued this stream of participating rental payments, in present value terms, at approximately $65 million, applying a 10% discount rate to the annual payments.

- A newly proposed 30-year stream of additional base rental payments for the office component of the WTC, in the amount of $13.75 million per year, to the Port Authority, payable in cash, monthly in advance, to the extent cash flow is available under these net leases after the payment of all other rentals, operating expenses, certain operating and capital reserves and debt service on the Silverstein Group's financing (up to $833 million in principal amount) for the net lease transaction. In the event additional base rental is not paid, unpaid amounts would accrue interest at a rate equal to 10% per annum compounded monthly until paid. The Advisors have valued this stream of additional base rental payments, in present value terms, at approximately $111 million, applying a 12% discount rate to the annual payments.

The Silverstein Group has also proposed that the Port Authority receive a capital event participation upon a sale, refinancing or other capital event. The Port Authority would receive a 10% participation in a capital event occurring during years 1 through 20 of a net lease. The Port Authority would receive its participation after the Silverstein Group has achieved for the net leased properties an aggregate 15% internal rate of return on its invested capital. The Port Authority would have no capital event participation rights after the earlier to occur of (i) a sale of a net lease to a third-party unaffiliated with the Silverstein Group in an arms-length transaction, and (ii) the expiration of the twentieth year of a net lease. It should also be noted that in the event of a sale of a net lessee's interest under a net lease arising as a result of a bankruptcy or other foreclosure of that interest, the Port Authority would receive no capital event participation. Because of the significant number of variables inherent in analyzing the value of the capital event participation, staff and the Advisors have not included the Port Authority's potential participation as part of their assessment of the value of the Silverstein Group's $3.211 billion proposal.

The Silverstein Group's Financing

The Silverstein Group's proposal does not have any financing contingencies. Silverstein has indicated that it has commitments primarily from private investors, including Larry A. Silverstein, to provide $125 million attributable to the office component of the WTC. Additionally, GMAC Commercial Mortgage Corporation ("GMACCMC") has provided a commitment letter to Silverstein with respect to $633 million of financing attributable to the office component of the WTC and a line of credit in an amount of up to $200 million for future expenditures in connection with the office component of the WTC. Westfield has indicated that it would provide $146.7 million attributable to the retail component of the WTC. The Advisors have confirmed to their satisfaction that these financing commitments are currently in place.

Description of Fairness Opinion

JP Morgan is delivering to the Port Authority a fairness opinion that, on the basis set forth in the opinion, the consideration to be paid to the Port Authority in the proposed transaction is fair, from a financial point of view, to the Port Authority.

Transactional Documents

This section describes the principal provisions of the agreements which the Port Authority would enter into in connection with the net lease transaction, and certain related matters.

Contracts

The Port Authority would enter into five separate "Agreements to Enter Into Net Lease" ("Contracts"), pursuant to which separate bankruptcy remote single purpose entities ("SPEs") formed by Silverstein would agree to net lease One, Two, Four and Five World Trade Center and an SPE formed by Westfield would agree to net lease the Mall (each a "Net Leased Property") from the Port Authority. The subgrade space under all of the Net Leased Properties would be included under the net lease for One World Trade Center.

The SPEs would be formed or organized solely for the purposes of the net lease transaction and would not be permitted to engage in any business unrelated to the operation, improvement, financing, leasing and management of the Net Leased Properties. The SPEs would not have any assets other than those related to their interests in the Net Leased Properties or be permitted to incur any indebtedness or other obligations, other than as permitted under the transactional documents. The SPE requirements would not be applicable in the future to the extent that it is not customary in mortgage-backed securities transactions that borrowing entities be required to satisfy SPE or other similar criteria.

Pursuant to the Contracts, at the time of their execution by the SPEs, the Silverstein Group posted, in the aggregate, a deposit of $100 million, in the form of irrevocable letters of credit from the National Australia Bank, Ltd. and HSBC Bank USA. The letters of credit are payable upon presentation to the issuing banks at an office in Manhattan. The Contracts contemplate a 90-day contract period, and the SPEs would have the right to extend such period for up to 30 additional days.

The Contracts provide for only a limited number of closing conditions to the SPEs' obligations thereunder. The conditions are primarily related to the delivery of certain documents, certain title-related conditions and other items pertaining to the transfer of the Net Leased Properties by the Port Authority.

Additionally, if prior to the closing there is a material casualty with respect to the office components of the Net Leased Properties, the SPEs can only terminate the Contracts if office space tenants leasing in excess of 10% of the aggregate rentable office area are not able to occupy their respective leased premises for in excess of 90 days as a result of such casualty or if the cost to remedy the casualty would be in excess of $1 billion. However, if the amount of insurance proceeds available under the Port Authority's insurance program to remedy the casualty is less than $1 billion, the SPEs can terminate the Contracts unless the Port Authority makes up the shortfall up to $1 billion. A material casualty with respect to the retail components of the Net Leased Properties would not be grounds for the termination of the Contracts, but the Port Authority would be required to pay for the costs of the repair of such casualty and also to pay, subject to certain conditions, rents abated under the retail space leases during the pendency of such casualty.

The obligations of the SPEs under each of the Contracts would be cross-defaulted, thus preventing the Silverstein Group from closing on some, but not all of the Contracts. In the event that the Silverstein Group defaults in its obligations under the Contracts, the Port Authority would retain the Silverstein Group's $100 million deposit as liquidated damages for such failure.

If, on the closing date, either party is prevented from consummating the net lease transactions as a result of an injunction, the closing would be adjourned for 120 days following the date the Contracts were signed by the SPEs in order to have the prohibition lifted. If such prohibition is not lifted within this 120-day period, then either party may terminate the Contracts, without such termination constituting a default. Upon such termination the Port Authority would return the Silverstein Group's $100 million deposit. Additionally, the Silverstein Group would have a right of first offer, during the ensuing 18-month period, prior to the Port Authority's entering into a similar transaction with a non-governmental third party during that period.

If the Port Authority defaults in its obligations under the Contracts and fails to close, it must return the Silverstein Group's $100 million deposit and pay to the Silverstein Group, as liquidated damages for such failure, the lesser of (i) five times the Silverstein Group's actual transaction costs (including non-refundable costs pertaining to financing commitments and costs in connection with the Silverstein Group's added staffing to operate the Net Leased Properties) and (ii) $100 million. Additionally, if during the 18-month period following a Port Authority default, the Port Authority enters into a similar transaction with a non-governmental third party other than the Silverstein Group, or a financing transaction to accomplish a privatization of the WTC, it must pay the Silverstein Group an additional amount equal to the sum of (i) the Silverstein Group's actual transaction costs and (ii) the difference between the net present value of the new transaction and $3.211 billion (the net present value of the Silverstein Group's proposal) and the amounts that have already been paid to the Silverstein Group as liquidated damages as a result of the Port Authority's default.

The Contracts provide for representations and warranties by the Port Authority as to, among other things, the current rent roll for the Net Leased Properties, outstanding litigation and contractual obligations, such as brokerage and collective bargaining agreements, and construction and service contracts related to the Net Leased Properties. The Port Authority would also indemnify the SPEs for all claims arising prior to the closing and, in addition, would provide indemnification for any future damages incurred in certain specified litigation.

During the Contract period (prior to the closing), the Port Authority would continue to be responsible for the operation and maintenance of the WTC in a manner consistent with its past practices. Among other items, to facilitate the SPEs' ability to obtain financing for the net lease transactions, the Port Authority would commit in the Contracts to continue to maintain insurance coverage related to the World Trade Center of at least $1 billion during the Contract period. The World Trade Center is currently included under the Port Authority's Property Damage/Loss of Revenue Insurance Program with limits of $1.5 billion, however that coverage expires on June 1, 2001. Staff is working with the broker under this program to renew the coverage for an additional year. Prior to finalization, the terms of the program renewal would be presented to the Committee on Finance for approval. Pending the renewal of the coverage, considering current market conditions, staff believes that at least $1 billion of property damage/loss of revenue insurance would be available to the Port Authority at commercially reasonable rates during the Contract period, and to the extent necessary staff would make temporary arrangements with the broker to maintain at least this level of coverage for the World Trade Center.

Additionally, during the Contract period, the Port Authority would, in effect, act as the leasing agent for the Net Leased Properties, with the ability to enter into new leases or modify, renew, terminate or accept the surrender of existing leases subject to the prior approval of the SPEs. As such, during the Contract period staff would not otherwise request any of the Board approvals currently required for such matters.

The SPEs would agree to cause the net lessees' association (as more fully discussed at "*Reciprocal Easement and Operating Agreement*") to assume all Port Authority post-closing obligations under certain existing construction contracts and service contracts for the Net Leased Properties, and, with limited exceptions, the net lessees' association would have the right terminate those contracts consistent with their terms. The SPEs would also agree to cause the net lessees' association to assume existing collective bargaining agreements, principally, with Local 32B-32J (the ABM cleaning personnel) and Local 94 (the building engineers). Under the terms of the Port Authority's agreement with Local 32B-32J, the net lessees' association would have the option of continuing the security guard contract under the terms of the agreement with the union, renegotiating the agreement, or terminating the agreement.

After the closing the Port Authority would continue to be responsible for the completion of certain on-going construction contracts, acting as project managers and construction managers. Such contracts pertain to final closeout of the standby power plant, permanent security system, and various electrical, mechanical, and fire alarm system contracts that would be over 90% complete as of the closing. It is presently expected that the aggregate cost to the Port Authority to complete these construction contracts would not exceed $5 million, in a period of three to six months beyond closing. Additional construction contracts may have to be awarded by the Chief Engineer to finish certain punch-list items associated with existing contracts in order to facilitate the closeout of these contracts. Additionally, the Chief Technology Officer would also extend an existing agreement to provide outsourced system administration functions for capital technology projects in order to ensure a smooth transition of certain operating systems, such as the World Trade Center's permanent security system.

The SPEs would also agree to cause the net lessees' association to indemnify the Port Authority for any "ERISA" liabilities that may arise as a result of the net lease transactions to certain multi-employer pensions plans for individuals that work at the World Trade Center and are covered by collective bargaining agreements, such as the contractors' cleaning and security staffs. While the Contracts preserve the Port Authority's assertion that it is not the employer of nor does it have any employment relationship with any individuals that work at the World Trade Center who are covered by collective bargaining agreements, in the event that the net lessees' association does not make any payments required under ERISA, under Federal law a court might ultimately determine that the Port Authority may be secondarily liable for those payments.

Certain employees of the Port Authority currently involved in the operation, management, and leasing of the World Trade Center would, while remaining employees of the Port Authority, be made available to perform transition services for the Silverstein Group during a minimum three to maximum six-month transition period following the closing. The Silverstein Group would reimburse the Port Authority for the allocable expense of the wages and benefits associated with these employees. These employees would also be able to accept direct offers of employment from the Silverstein Group to work for the Silverstein Group in the operation, management and leasing of the Net Leased Properties or otherwise. To the extent necessary, provisions of the Port Authority's Code of Ethics and Financial Disclosure which might be inconsistent with such employment would be waived. Any Port Authority employee whose job would be adversely affected by the net lease transaction would be eligible for reassignment to another position within the Port Authority.

Agreements of Lease

There would be five separate Agreements of Lease ("Net Leases"). The primary purpose of the Net Leases is to set forth the operating and management responsibilities of the SPEs ("Net Lessee") with respect to the Net Leased Properties. The term of each Net Lease would be 99 years, unless terminated earlier due to an event of default or otherwise under the Net Lease. During such term, the Net Lessee would pay to the Port Authority, in addition to the payment at closing, (i) a payment of base rent, which amount is graduated over the term of the Net Lease, and (ii) 0.5% of gross revenues from the Net Leased Properties in years 1 through 10 and 1.5% of gross revenues from the Net Leased Properties in years 11 through 99.

The Net Leases for the office component of the WTC would also provide for a 30-year stream of additional base rental payments in the amount of $13.75 million per year, to the Port Authority, payable in cash, monthly in advance, to the extent cash flow is available under these Net Leases after the payment of all other rentals, operating expenses, certain operating and capital reserves and debt service on the Silverstein Group's financing (up to $833 million in principal amount) for the net lease transaction. In the event additional base rental payments are not made, such amounts would accrue interest at a rate equal to 10% per annum compounded monthly until paid. At the earlier to occur of (i) the end of 30 years and (ii) a sale of these Net Leases any unpaid additional base rental would be due to the Port Authority. The obligation to pay additional base rental would be extinguished in the event of a foreclosure of the GMACCMC mortgage or any successor mortgage.

Upon the occurrence of a capital event (*e.g.*, a sale of the Net Leases or a refinancing of debt secured by the Net Leases), the Port Authority would receive a 10% participation in a capital event occurring during years 1 through 20 of a Net Lease. The Port Authority would receive its participation after the Silverstein Group has achieved for the Net Leased Properties an aggregate 15% internal rate of return on its invested capital. The Port Authority would have no capital event participation rights after the earlier to occur of (i) a sale of a net lease to a third-party unaffiliated with the Silverstein Group in an arms-length transaction, or (ii) the expiration of the twentieth year of a net lease. It should also be noted that in the event of a sale of a net lessee's interest under a net lease arising as a result of a bankruptcy or other foreclosure of that interest, the Port Authority would receive no capital event participation.

In addition to the payments set forth above, the Net Lessee would make payments to the Port Authority as follows:

(a) An amount equal to the payment due pursuant to the terms of the agreement between the Port Authority and the City of New York (the "PILOT Agreement") as it exists at this time.

(b) In the event the PILOT Agreement is amended or revised and the amounts due under the PILOT Agreement are increased (the "New PILOT Agreement"), the Net Lessee would bill all space tenants that have executed space leases before the Net Lease is executed for the PILOT increases payable by such space tenants, but would not institute any litigation against or seek to evict any existing space tenant or be obligated to terminate any existing space lease solely for the tenant's non-payment of PILOT increases. The Net Lessee would be liable for and required to pay to the Port Authority only those amounts collected.

(c) With respect to space tenants executing a space lease after the Net Lease is executed, an amount equal to the escalations in real estate taxes that would be payable if the Net Leased Properties were owned by a non-governmental entity, less amounts paid under clause (a) above. These escalations would be due whether or not the PILOT Agreement with City is amended.

In the event that there is a final, non-appealable determination (including, without limitation, pursuant to any settlement or agreement entered into by the Port Authority or as a result of the failure of the Port Authority to challenge any notice from the City of New York within the time required for such challenge) that real property taxes are payable with respect to the Net Leased Properties, the Port Authority would be responsible for the payment of all such amounts, and, in the event that it failed to make such payments and the Net Lessees then paid such amounts, the Net Lessees would be entitled to offset such payments against rent due under the Net Leases. Additionally, as discussed above, the Port Authority would agree to take whatever actions were required to prevent a foreclosure or forfeiture of the Net Lessees' leasehold estate and/or the Port Authority's fee interest in any part of the World Trade Center as a result of a real property tax lien.

The Port Authority would have the right to audit the Net Lessees' accounting procedures and results to assure that the appropriate percentage and capital event participation rents and PILOT are being paid to the Port Authority.

The Net Lessee would be required to maintain the Net Leased Properties in accordance with the manner in which comparable buildings and shopping malls are maintained, and would be required to comply with building, health and fire codes, security guidelines and rules and regulations established by the Port Authority and amended from time to time ("Port Authority Manual"). Under procedures which are acceptable to the Port Authority, the Net Lessee would be permitted to provide vehicle parking (including valet services), to individuals whether or not those individuals were tenants at the World Trade Center. In the event the Port Authority Manual is amended or modified by the Port Authority (unless within five years of the date of the amendment or modification, a conforming amendment or modification is made to the New York City Building Code), the Port Authority would be responsible for the increased costs caused by such modification, in excess of $1 million of capital costs in each 10-year period under the Net Leases and in excess of $1 million per year of operating expenses, incurred by the Net Lessees as a result of such modification or amendment. These limits would be subject to a CPI adjustment at the commencement of each 10-year period under the Net Leases.

The Net Lessees would also be required to maintain appropriate levels of property damage/loss of revenue insurance coverage for the Net Leased Properties. Consistent with existing Port Authority practice, the Port Authority would also separately maintain property damage/loss of revenue insurance under the general insurance program, which would cover the Net Leased Properties (among other facilities) on a contingency basis to protect the Port Authority in the event of a shortfall or other inadequacy in the Net Lessees' insurance.

The Port Authority would continue to maintain its statutory jurisdiction and oversight with respect to (i) compliance with applicable building codes, as defined by the Port Authority and subject to existing agreements with the City of New York, for all future construction projects, both in tenant spaces and common areas; (ii) compliance with fire, environmental, and health codes; (iii) the operating integrity of the elevator/escalator systems, electrical and mechanical systems, as well as the structural integrity of the World Trade Center; (iv) the administration of the high tension electrical distribution system; and (v) Port Authority police services. Additionally, the Port Authority would agree in the Net Leases to provide sufficient staff and resources to operate its code compliance office in a manner that is capable of meeting the obligations assumed by that office for all future construction projects, both in tenant spaces and common areas. The Chief Technology Officer would arrange for the enhancement of the tenant alteration documents management system to provide for the code compliance office to meet certain of its responsibilities at an estimated cost of approximately $500,000.

The Net Lessee would also be required to comply with the office tenant eligibility criteria set forth in the World Trade Center's bi-State enabling legislation, but, otherwise, would not be restricted in its space leasing activities during the term of the Net Leases.

The Net Lessee would have the right to install accessory/tenant identification and advertising signage on the exterior of the buildings in a manner consistent with that permitted by zoning regulations in the City of New York. Additionally, the Net Lessee would have the right to permit certain temporary sponsorship signage for public events in the WTC. The Silverstein Group has also indicated that, in the future, it would like to make a separate proposal for signage that would not be consistent with New York City zoning regulations. Should it make such a proposal, it would include a provision by which the Port Authority would share in any revenues received.

Reciprocal Easement and Operating Agreement

The Port Authority and each Net Lessee would also enter into a Reciprocal Easement and Operating Agreement of Portions of the World Trade Center ("REOA"). The primary purpose of the REOA is to establish a net lessees' association ("Net Lessees' Association") as the vehicle to operate, manage and maintain the common building systems and the common areas in the Net Leased Properties, directly or through a property manager. In addition, among other matters, the REOA (i) grants the easements necessary to enable the operation of the Net Leased Properties and the common areas; (ii) provides for the allocation of costs of common building system utilities and other services provided by the Net Lessees' Association among the Port Authority (for services provided to Three, Six and Seven World Trade Center and PATH) and the Net Lessees; (iii) establishes certain paramount rights of the Port Authority with respect to matters pertaining to Three, Six and Seven World Trade Center and PATH, the termination of the agreement with The Power Authority of the State of New York ("NYPA"), to the extent such termination does not affect the WTC, the alteration or removal of the Plaza memorial erected with respect to the February 1993 bombing at the World Trade Center, and certain Port Authority responsibilities as a governmental entity; (iv) establishes a cost allocation methodology and auditing procedures; and (v) provides for compliance with security standards, the World Trade Center's bi-State enabling legislation, applicable Federal and state statutory and constitutional law with respect to continuous expressive activity directed to the public at the World Trade Center and certain other matters. PATH would be responsible for the operation and maintenance of certain systems integral to the safe operation of PATH. These systems are currently maintained for PATH by the Port Authority's World Trade Department. Other services currently provided by the World Trade Department to PATH would either be provided by the Net Lessees' Association to PATH, or assumed by PATH, at PATH's option.

In addition to remedying certain building conditions not in compliance with current codes, the Net Lessees' Association would be required to complete certain capital improvement projects at the Net Leased Properties, as specified in the REOA. These capital projects include essential work to conform to current codes, to meet upcoming lease obligations, to address operational requirements, or to ensure structural integrity. The Net Lessees' Association would also complete certain programs already under construction, including the elevator control system modernization, the new fire alarm system installation, and the subgrade slab rehabilitation; and would implement new projects including the mall egress and smoke purge projects, as well as other capital projects that the Net Lessees' Association believes to be desirable in connection with the Net Leased Properties. Total capital expenditures would be made by the Net Lessees' Association over an eight to ten year period from the closing, in an amount estimated to be up to approximately $200 million, including approximately $125 million for the capital improvement projects specified in the REOA.

Allocations to the Port Authority for utility services provided by the Net Lessees' Association to Three, Six and Seven World Trade Center and PATH would be based on actual cost of services. Allocations among the Net Lessees for electricity would most likely be based on an electrical survey and for all other services based on stated percentages in the REOA. The Port Authority has provided "rough justice" percentages based on square footage, although percentages provided by the Silverstein Group, if agreed to prior to closing, would be used. Thereafter, percentage allocations among the Net Lessees may be amended, subject to the approval by the Port Authority of the methodology used to devise such allocations.

The REOA provides for remedies enforceable by the Net Lessees' Association in the event of a default thereunder by a Net Lessee and for remedies enforceable by the Port Authority for the failure of the Net Lessees' Association to perform its obligations under the REOA. The Port Authority's remedies include enforcement rights, right of entry and the right to perform the obligations of the Net Lessees' Association, at the cost and expense of the Net Lessees' Association.

The parties to the REOA would agree to use commercially reasonable efforts to correct, amend or modify the REOA and the allocation of costs, expenses and services to the extent necessary to achieve the intent of the parties to the REOA.

Port Authority Space Lease and License Agreements

Since the Net Leases would include all of the office space and related facilities currently occupied by the Port Authority at the World Trade Center, the Port Authority would also, simultaneously with entering into the Net Leases, enter into a space lease ("Space Lease") with the Net Lessee of One World Trade Center, as landlord, and the Port Authority, as tenant. The Space Lease would include approximately 725,000 rentable square feet ("rsf") of office space (and certain subgrade areas, including 110 parking spaces and a separate parking area for Port Authority pool cars) in One World Trade Center, and other areas to a lesser degree under the License Agreements described below, which the Port Authority intends to use and occupy for the conduct of its operations after the effective date of the Net Lease. The Port Authority would also be provided with an exclusive Visitors Desk station in the lobby of One World Trade

Center, consistent with those provided for other large tenants. The Port Authority presently occupies approximately 900,000 rsf of office space at One and Two World Trade Center.

The Space Lease would have an initial term of 20 years and the Port Authority would also have four consecutive five-year renewal options at the greater of 90% of fair market value and 90% of the then fixed rent (capped at fair market value). Fixed rent for the office space is $22.00 per rsf for the first five years of the initial term, $26.00 per rsf for the second five years, and thereafter increases by $5.00 per rsf at the start of each additional five-year interval of the initial term. In addition to the fixed rent, the Port Authority would also pay a proportionate share of increases (over a base year of 2003) in certain operating expenses of One World Trade Center. In the event that the Port Authority fails to vacate any space occupied by it at the end of the term of the Space Lease, it would pay an amount ranging from 150% (for the first 30 days) to 200% (after 60 days) of the fair market rental value.

The Port Authority would have the right to sublease all or a portion of its space without consent of the Net Lessee, provided that certain minimum conditions would be met, for a rental at least equal to 95% of fair market value. Any assignment or subletting of all or a portion of its space by the Port Authority for less than 95% of fair market value, or to a then existing tenant of One, Two or Seven World Trade Center, or to a party with whom the Net Lessee is then in active negotiations for office space at One, Two or Seven World Trade Center, would require the Net Lessee's consent. The Net Lessee would have rights to recapture space proposed to be assigned or sublet by the Port Authority, on the same terms as the Port Authority was offering to third parties. The Port Authority would also have certain rights to make a first offer for a limited amount of available space.

The Port Authority would also have rights to reduce the square footage under the Space Lease commencing in the seventh year of the term and thereafter at two-year intervals in an amount not to exceed 200,000 rentable square feet, in full floor increments, for each space reduction period.

The Port Authority would be responsible for the remediation of any hazardous materials present in its leased space as of the commencement date of the Space Lease. Generally, any remediation obligation would only occur at the time of an alteration to the space by the Port Authority or as a result of a change in law or procedures applicable to the World Trade Center after the commencement date of the Space Lease. At the end of the term of the Space Lease, if requested by the Net Lessee, the Port Authority would also be responsible for the removal of "specialty" alterations located in the leased space.

The Port Authority would also enter into License Agreements with certain of the Net Lessees for a nominal rent with respect to certain office space currently occupied by World Trade Department staff, space occupied by the Port Authority Police, and antenna and equipment space in One, Two and Five World Trade Center.

Additionally, approximately 9,000 rsf of office space located on the 77th Floor of One World Trade Center and one parking space would be added to the Space Lease, at the rental rates to be paid by the Port Authority and with the other terms set forth above. This space is currently occupied by the World Trade Centers Association, Inc. ("WTCA"), for a term expiring on January 31, 2005. The WTCA was established in 1970 to promote the growth of world trade centers, to develop cooperative programs among world trade centers and to facilitate international trade by bringing together exporters, importers and service providers. It is a not-for-profit association with a membership that includes more than 300 world trade centers worldwide in about 100 countries. Over 500,000 companies are affiliated with WTCA members worldwide. In 1986, the Port Authority transferred to the WTCA its ownership of certain registered service marks pertaining to the World Trade Center name, with a reservation of the right to use such marks in the future. To facilitate a direct license of the right to use these service marks from the WTCA to the Net Lessees and a confirmation of certain Port Authority sublicensing rights, the Port Authority would extend the WTCA's lease, essentially as a subtenant of the Port Authority commencing on February 1, 2005 and expiring at the end of the initial term of the Space Lease, with four consecutive five-year renewal options. There would be no rental payments from the WTCA during the term of the sublease; however, it would continue to pay operating and maintenance escalations at the levels established in its current lease. The Port Authority would agree to continue to maintain its membership in the WTCA, at the lowest regular membership fee applicable on a non-discriminatory basis to all members of the WTCA. Continuing to have the WTCA headquarters at the WTC also facilitates the Port Authority's statutory mission in connection with world trade and commerce.

NYPA

NYPA has furnished electricity to Port Authority facilities in New York State, including the World Trade Center, since 1976 pursuant to an agreement entered into at that time. In 1996, an additional agreement was entered into with NYPA, which established a rate formula for the supply of electricity to be effective at least until December 31, 2004. NYPA's charges for electricity have generally been less than those of Con Edison and, in recent months, substantially less. Under the 1996 Agreement, either NYPA or the Port Authority could have first terminated the supply of electricity on three years' prior notice on or after December 31, 2001, to be effective on or after December 31, 2004.

In mid-March 2001, NYPA and the Port Authority entered into a modification of these agreements providing for the continuation of NYPA's supply of electricity to the Port Authority at its New York facilities, including the World Trade Center, through at least December 31, 2011. From and after December 31, 2008, either the Port Authority or NYPA may give notice of an election to terminate the agreement, to be effective three years thereafter, separately with respect to each of the Port Authority's New York facilities (including the World Trade Center) in whole or in part. During the term of the agreement the Port Authority may elect to receive electricity at such price and other terms equivalent to the terms offered by NYPA to its other large "Southeastern New York" governmental customers. The agreement details the billing and other arrangements under which NYPA would supply electricity to the World Trade Center following the effectuation of the Net Leases. The Port Authority and NYPA are to negotiate in good faith a supplement to the agreement setting forth in greater detail the pricing methodology to be used for the portion of the term from January 1, 2005 through December 31, 2011.

The Net Lessees would have an obligation to pay the Port Authority an amount equal to the Port Authority's obligation to NYPA for the quantity of electricity purchased by the Port Authority (whether or not each World Trade Center space tenant paid all or any part of the bills rendered to it by the Net Lessees). The Port Authority would not take any markup or cost reimbursement from the Net Lessees for the electricity. Pursuant to applicable statutes, the amount of the difference between the Net Lessees' payment to the Port Authority and its charges to the space tenants would be restricted in the aggregate by a "cost of service" formula, which essentially provides for the recovery of the investment in the electrical distribution system in the World Trade Center as well as its operation and maintenance, plus an allowance for general and administrative costs and amounts payable in-lieu-of taxes. This process would be effectuated by the Port Authority establishing a cost basis in the electrical distribution system as of the date of execution of the Net Leases with the Net Lessees' future expenditures for the items specified in the formula to be treated as if they had been made by the Port Authority. Any aggregate payments for electricity received by the Net Lessees in excess of the allowable difference described above would be reflected as a credit in bills rendered by the Net Lessees to the space tenants.

Twin Towers Service Mark

In April 2001, the Port Authority filed an application with the United States Patent and Trademark Office for the registration of the "Twin Towers" service mark, which has been used by the Port Authority since 1993 for various services associated with the operation of the World Trade Center. The Port Authority would provide the Net Lessees with a non-exclusive license to use this service mark, as well as certain other previously registered service marks that are currently used by the Port Authority in connection with the World Trade Center.

Pursuant to the foregoing report, the following resolution was adopted in executive session with Commissioners Donovan, Eisenberg, Gargano, Mack, Martini, Philibosian, Sartor, Song and Weinstein voting in favor; Commissioner Chasanoff abstaining; none against:

> **RESOLVED**, that the Executive Director and his designated representatives be and they each hereby are authorized, for and on behalf of the Port Authority, to take any and all action to effectuate the net lease of certain components of the World Trade Center, consistent with the terms and conditions 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 action 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 form of all contracts and agreements, in each case, in connection with the foregoing shall be subject to the approval of General Counsel or his authorized representatives.

NEWARK INTERNATIONAL AIRPORT – NORTHEAST CORRIDOR MONORAIL STATION COMMON USE TERMINAL EQUIPMENT – SUPPLEMENT TO PERMIT ANA/ASD-001 WITH SOCIETE INTERNATIONALE DE TELECOMMUNICATIONS AERONAUTIQUES

It was recommended that the Board authorize the Executive Director to enter into a five-year supplement to an existing permit agreement with Societe Internationale de Telecommunications Aeronautiques (SITA) which would provide for the installation, operation and maintenance of a common use terminal equipment (CUTE) system, for the purpose of rendering electronic common use airline terminal arrival and departure services, and an electronic customer information system known as AirportVision, at Newark International Airport's (Airport) Northeast Corridor Connection (NEC) Monorail Station.

SITA operates and maintains the CUTE system in Terminal B at the Airport pursuant to an agreement executed in 1995. Subsequently, in November 1999, the Board authorized a supplemental agreement with SITA for the installation of AirportVision in Terminal B, which included a five-year operation and maintenance agreement.

The Port Authority's investment of $540,000 for, among other items, ticket counter equipment, software, installation and cabling for the NEC Station and the purchase of mobile ticket counters, would be fully recouped from the airlines' monorail flight fee. Any costs associated with the operation and maintenance of the systems during the five-year term would be paid by the airlines as user fees.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Chasanoff, Donovan, Eisenberg, Gargano, Mack, Martini, Philibosian, Sartor, Song and Weinstein 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 five-year supplement to a permit agreement with Societe Internationale de Telecommunications Aeronautiques, which supplement will provide for the installation, operation and maintenance of a common use terminal equipment system and an electronic customer information system known as AirportVision at Newark International Airport's Northeast Corridor Connection Monorail Station, in accordance with the terms and conditions outlined to the Board; and it is further
>
> **RESOLVED,** that the form of the agreement shall be subject to the approval of General Counsel or his authorized representative.

ELIZABETH-PORT AUTHORITY MARINE TERMINAL – BUYOUT OF SHIPSIDE SERVICES, INC. LEASE EP-170 AND NEW LEASE WITH MAHER TERMINALS, INC.

It was recommended that the Board authorize the Executive Director to: (1) accept the surrender of the lease with Shipside Services, Inc. (Shipside) at the Elizabeth-Port Authority Marine Terminal; (2) pay Shipside $3.9 million as compensation for the remainder of the term of its lease; and (3) enter into a lease with Maher Terminals, Inc. (Maher) covering the former Shipside premises.

The surrender of the Shipside lease, which covers approximately 30.83 acres of open area and Buildings No. 1500 and No. 1510, and which would have expired on August 31, 2015, will be effective on or about August 31, 2001. Shipside's monthly rental for August 2001 will be reduced as part of the surrender agreement. The lease with Maher will commence on or about September 1, 2001 and will expire on August 31, 2015. Maher will pay initial basic rental which will escalate every two years based upon 100 percent of the percentage increase in the regional Consumer Price Index, with minimum and maximum increases. The Port Authority will have the right to recapture up to six acres of Maher's leasehold for the duration of the Port Redevelopment Program, with Maher to receive an appropriate abatement of rental during any such recapture period.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Chasanoff, Donovan, Eisenberg, Gargano, Mack, Martini, Philibosian, Sartor, Song and Weinstein 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) accept the surrender of the lease with Shipside Services, Inc. (Shipside) at the Elizabeth-Port Authority Marine Terminal; (2) pay Shipside $3.9 million as compensation for the remainder of the term of its lease; and (3) enter into a lease with Maher Terminals, Inc. covering the former Shipside premises, substantially in accordance with the terms and conditions outlined to the Board; the form of the agreements required to effectuate the foregoing shall be subject to the approval of General Counsel or his authorized representative.

PORT AUTHORITY TECHNICAL CENTER – SUBLEASE AGREEMENT FOR VEHICLE STORAGE YARD

It was recommended that the Board authorize the Executive Director to negotiate and enter into a sublease agreement with ITURC Holding Corporation, GP (ITURC), the parent company of Trends Urban Renewal Association, Ltd., the current tenant of a 1.1 acre lot (Lot) in Jersey City. The subleased premises will be used by the Port Authority as a vehicle storage yard. This sublease shall be subject to the terms and conditions of the lease between ITURC and the owner and landlord of the Lot, National Retail Transportation Systems, Inc. ITURC is the landlord of the Port Authority Technical Center.

The Port Authority's Central Automotive Shop (Shop), which is currently located at the Elizabeth-Port Authority Marine Terminal, is scheduled to move its operation to 777 Jersey Avenue, Jersey City, in April 2001. The Shop has been utilizing a nearby lot at Newark International Airport to park and store existing vehicles scheduled for servicing, new vehicles slotted for the Port Authority fleet, and older vehicles being prepared for auction and disposal. However, due to planned uses for this undeveloped space for airport operations, staff has requested that the space be vacated in conjunction with the relocation of the Shop. Although the Shop has managed to streamline its total storage requirements, it will still require a vehicle storage facility. Due to the Lot's proximity to the new location of the Shop, this move will meet the Port Authority's operational needs more efficiently and will avoid the costs associated with shuttling vehicles to a remote storage facility.

Under the terms and conditions of the proposed agreement, the Port Authority will sublease the property for an initial five-year period, with an option for a second five-year term. The Port Authority will sublease the Lot "as is" and will be responsible for the preparation of the Lot, maintenance and utilities, and property taxes.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Chasanoff, Donovan, Eisenberg, Gargano, Mack, Martini, Philibosian, Sartor, Song and Weinstein 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 negotiate and enter into a sublease agreement with ITURC Holding Corporation, GP, the parent company of Trends Urban Renewal Association, Ltd., the tenant, for a 1.1 acre lot in Jersey City for use as a vehicle storage yard, substantially in accordance with the terms and conditions outlined to the Board; and it is further

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

THE WORLD TRADE CENTER – JOSEPH STEVENS & COMPANY, INC. – LEASE SURRENDER

It was recommended that the Board authorize the Executive Director to enter into a lease surrender agreement with Joseph Stevens & Company, Inc. (Stevens) covering the surrender of its entire Two World Trade Center premises of approximately 28,083 rentable square feet, effective as of March 31, 2001. As consideration for the Port Authority's acceptance of the surrender, Stevens will pay the Port Authority the sum of $150,000 and will relinquish its security deposit in the amount of $300,000.

It was reported that Stevens had entered into a lease agreement for space on the 27th floor of Two World Trade Center for a term of approximately ten years, to expire on November 19, 2010. Following the recent downturn in the economy and in the securities markets, Stevens decided not to take possession of its space under the lease agreement. The Port Authority's financial staff has reviewed Stevens's financial statements and determined that Stevens would be unable to meet the terms of its lease agreement.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Chasanoff, Donovan, Eisenberg, Gargano, Mack, Martini, Philibosian, Sartor, Song and Weinstein 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 surrender agreement with Joseph Stevens & Company, Inc., with respect to its lease for space at The World Trade Center, substantially in accordance with the terms outlined to the Board; and it is further
>
> **RESOLVED**, that the Committee on Operations be and it hereby is authorized to approve the final terms of the surrender agreement in the event they are not substantially in accordance with the terms outlined to the Board; and it is further
>
> **RESOLVED**, that the form of the surrender agreement shall be subject to the approval of General Counsel or his authorized representative.

PORT AUTHORITY AUTO MARINE TERMINAL – EASEMENT AGREEMENT WITH THE CITY OF JERSEY CITY

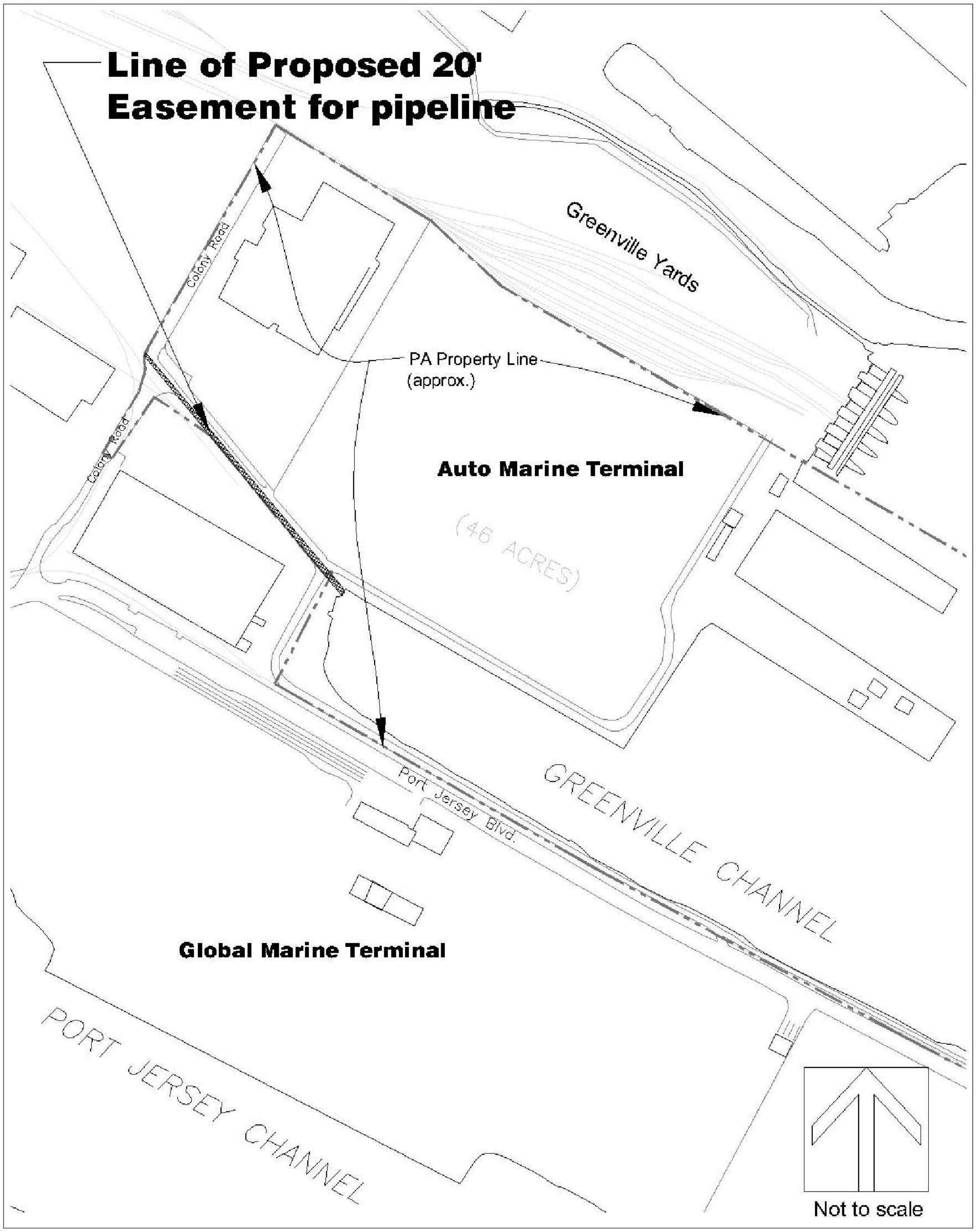
It was recommended that the Board authorize the Executive Director to enter into an agreement with the City of Jersey City, New Jersey (City), granting an easement to the City at the Port Authority Auto Marine Terminal (AMT) in connection with the construction and maintenance of a subsurface storm water drainage line.

The City's plan to construct a 50-acre industrial warehouse complex in Greenville Yards, adjacent to the AMT, requires the installation of a 54-inch subsurface storm water drainage line on Port Authority property at the AMT. The subsurface drainage line will cross Colony Road, continue down the access road to the south of the Greenville Yard section of the AMT, and empty into the Greenville Channel. Four manholes also will be installed along the line. The City requires a permanent easement for the purpose of constructing and maintaining the drainage line. Construction will be performed in stages to minimize any impact on Port Authority tenant operations.

The easement would be effective upon execution by the Port Authority and the City of an appropriate agreement. The agreement would provide that the City would be responsible for any and all environmental testing and site remediation, and for the disposal of any and all hazardous materials disturbed or uncovered as a result of their activities at the AMT, and will hold the Port Authority harmless from any obligations and liabilities resulting therefrom.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Chasanoff, Donovan, Eisenberg, Gargano, Mack, Martini, Philibosian, Sartor, Song and Weinstein 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 Jersey City, New Jersey (City), granting a permanent easement to the City for the area more particularly depicted on the attachment in connection with the construction and maintenance of a subsurface storm water drainage line at the Port Authority Auto Marine Terminal; and it is further
>
> **RESOLVED**, that the form of the agreement shall be subject to the approval of General Counsel or his authorized representative.


Line of Proposed 20'
Easement for pipeline
Greenville Yards
Colony Road
Colony Road
PA Property Line
(approx.)
Auto Marine Terminal
(46 ACRES)
GREENVILLE CHANNEL
Port Jersey Blvd.
Global Marine Terminal
PORT JERSEY CHANNEL
Not to scale

SETTLEMENT OF CLAIM – NOEL CURRAN-MORRIS AND ASHLEY CURRAN-MORRIS v. THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY, N.Y. DIMPLE TAXI INC. AND JOSEPH VILLEMARETH

It was recommended that General Counsel be authorized to settle the action entitled Noel Curran-Morris and Ashley Curran-Morris v. The Port Authority of New York and New Jersey, N.Y. Dimple Taxi Inc. and Joseph Villemareth, by paying to plaintiffs the total sum of $5,500,000, inclusive of attorneys' fees, costs and disbursements, in return for a General Release and Stipulation of Dismissal of the action, with prejudice.

Noel Curran-Morris (Plaintiff) a 52-year-old homemaker, was a victim of an automobile-pedestrian accident in front of the British Airways Terminal at John F. Kennedy International Airport on July 30, 1995. Prior to the accident, a van had knocked down one of the traffic signals for a crosswalk in front of the terminal, and the other traffic signal was turned off due to damage to the signal system. A Port Authority police officer was assigned to direct traffic at the crosswalk in the main roadway between the terminal and the parking lot. While performing his duties, the officer stepped into the road to stop a motor vehicle approaching the crosswalk. Joseph Villemareth, operating a taxi owned by N.Y. Dimple Taxi Inc., had been following the stopping motor vehicle. Mr. Villemareth lost control of the taxi when he swerved to avoid the stopping car. The taxi jumped the curb and struck Plaintiff, dragging her under the engine for approximately 90 feet.

Plaintiffs focused their liability case on the Port Authority. The taxi was insured for casualty liability with the minimum required coverage of $10,000 per accident, per person, to a maximum of $20,000. Plaintiffs claimed that the Port Authority police officer failed to direct traffic with proper equipment (i.e., a reflective vest, whistle and white gloves). They also claimed that the Port Authority was negligent in not repairing the traffic signal before the accident. Finally, they claimed, through an independent witness, that the police officer suddenly and without warning jumped out into the road, causing the taxi driver to take an emergency evasive maneuver, resulting in the loss of control of the taxi. The Port Authority vigorously contested all theories of liability.

The liability phase of the action was tried to a jury, which found the Port Authority negligent in causing the accident. The Port Authority was held to be 70 percent at fault and the taxi driver was held to be 30 percent at fault.

Plaintiff sustained many severe and debilitating injuries, including very serious burns, multiple fractures, joint injuries and psychological injuries. Plaintiff's daughter, Ashley Curran-Morris, was standing in the "zone of danger" beside her mother just prior to the accident, and witnessed the events. She suffered serious psychological injuries as a result of witnessing the accident.

During the liability phase of the trial, the parties agreed to settle this action for $5,500,000, with Noel Curran-Morris to be paid $4,750,000 and Ashley Curran-Morris to receive $750,000. The Port Authority's self-insured retention in this matter is $3,000,000. London Underwriters also reserved their rights as to their excess obligation of $2,500,000, because their New York counsel, Mendes & Mount LLP, erroneously reported the matter closed in May 1996, although it had been actively in suit since November 1995. The Port Authority's insurance broker, AON Hamond & Regine, has advised that since the claim was properly reported, it sees no coverage issues and has opined that the issue will be resolved favorably to the Port Authority when reviewed. As provided for by the policy, once the settlement is paid, the Port Authority will seek reimbursement under its excess insurance coverage in the amount paid over its self-insured retention.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Chasanoff, Donovan, Eisenberg, Gargano, Mack, Martini, Philibosian, Sartor, Song and Weinstein voting in favor; none against:

> **RESOLVED**, that General Counsel be and he hereby is authorized, for and on behalf of the Port Authority, to settle the action entitled Noel Curran-Morris and Ashley Curran-Morris v. The Port Authority of New York and New Jersey, N.Y. Dimple Taxi Inc. and Joseph Villemareth, by paying to Ms. Noel Curran-Morris the sum of $4,750,000.00 and to Ms. Ashley Curran-Morris the sum of $750,000, in return for a General Release and Stipulation of Dismissal, with prejudice.

SETTLEMENT OF CLAIM – JOSE SANABIA v. NEW YORK CITY TRANSIT AUTHORITY AND THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

It was recommended that General Counsel be authorized to settle the action entitled Jose Sanabia v. New York City Transit Authority and The Port Authority of New York and New Jersey, by paying to Plaintiff, Jose Sanabia, and his attorneys the sum of $575,000, inclusive of attorneys' fees, costs and disbursements, in return for a General Release and Stipulation of Dismissal of the action, with prejudice.

On March 17, 1994, Mr. Sanabia (Plaintiff), a 48-year-old printer, slipped and fell on construction dust while walking on a ramp on New York City Transit Authority (NYCTA) property adjacent to the Port Authority Bus Terminal (PABT). Both Mr. Sanabia and an eyewitness claimed that Plaintiff slipped and fell on dust coming from a Port Authority construction site within the PABT. Plaintiff sustained a trimalleolar fracture to his right ankle, which was treated with open reduction and internal fixation. A hard cast, which he wore for more than a month, was placed on his right leg from below the knee to the tip of his toe. Plaintiff was hospitalized for six days at the time of the accident. He subsequently developed an antalgic gait, which his medical expert attributed to the injuries caused by his fall at the PABT, that caused a torn meniscus in his right knee.

This action was tried in Supreme Court, New York County, and the jury returned a verdict in favor of Plaintiff in the amount of $1.5 million, holding the Port Authority 80 percent liable and the NYCTA 20 percent liable. The Port Authority had filed a post-trial motion to set aside the jury's verdict, which was pending before the trial judge when the settlement was agreed to after a conference with the court.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Chasanoff, Donovan, Eisenberg, Gargano, Martini, Philibosian, Sartor, Song and Weinstein voting in favor; Commissioner Mack abstaining; none against:

RESOLVED, that General Counsel be and he hereby is authorized, for and on behalf of the Port Authority, to settle the action entitled Jose Sanabia v. New York City Transit Authority and The Port Authority of New York and New Jersey, for the total amount of $575,000, inclusive of attorneys' fees, costs and disbursements, in return for a General Release and a Stipulation of Dismissal, with prejudice.

(Board - 4/26/01)

FINAL CONTRACTS PAYMENTS

The Comptroller's Department reported, for information only, that the contracts set forth hereafter have been completed satisfactorily by the contractors. Final Payments have been made in the period of February 1, 2001 to February 28, 2001.

CONTRACT NUMBER	CONTRACT TITLE FACILITY AND CONTRACTOR	TOTAL AUTHORIZED		TOTAL PAYMENTS	
LGA124076	FACILITY PRIORITY IMPROVEMENTS	5,000,000.00	(C)	4,829,805.00	(C)
	LAGUARDIA AIRPORT	5,000,000.00		4,829,805.00	
	NEW YORK PAVING, INC				
WTC197	INSTALLATION OF MAIN SPRINKLER	465,000.00	(A)	465,000.00	(A)
	LOOP - SERVICE LEVEL B-1	37,200.00	(D)	24,000.00	(D)
	WORLD TRADE CENTER	502,200.00		489,000.00	
	ACTIVE FIRE SPRINKLER CORP				
HT345B	SALT STORAGE FACILITY	374,100.00	(A)	330,757.00	(A,F)
	HOLLAND TUNNEL	40,000.00	(C)	53,585.00	(C)
	ALCOR CONTRACTING, INC	30,000.00	(D)	24,700.00	(D)
		444,100.00		409,042.00	
GWB434	SECURITY FENCING AT LOWER LEVEL	1,051,000.00	(A)	1,051,000.00	(A)
	EXPRESSWAY AREA & PEDESTRIAN	25,000.00	(C)	7,878.00	(C)
	GATES ON PEDESTRIAN WALKWAYS	63,060.00	(D)	36,180.00	(D)
	GEORGE WASHINGTON BRIDGE	1,139,060.00		1,095,058.00	
	VISTA ENGINEERING CORP				
LRS074001	CTA UTILITY VERIFICATION &	1,000,000.00	(C)	787,128.00	(C)
	RELOCATION AT LRS ALINGMENT	1,000,000.00		787,128.00	
	JOHN F. KENNEDY INT'L AIRPORT				
	TULLY CONSTRUCTION CO, INC				

CONTRACT NUMBER	CONTRACT TITLE FACILITY AND CONTRACTOR	TOTAL AUTHORIZED		TOTAL PAYMENTS	
LGA648	REHABILITATION OF TAXIWAYS M & Z	770,184.00	(A)	770,184.00	(A)
	LAGUARDIA AIRPORT	2,082,816.00	(B)	2,017,748.00	(B)
	GRACE INDUSTRIES, INC	150,000.00	(C)	64,960.00	(C)
		171,180.00	(D)	55,773.00	(D)
		17,337.00	(E)	17,337.00	(E)
		--0--	(G)	15,206.00	(G)
		--0--	(H)	53,882.00	(H)
		--0--	(I)	24,173.00	(I)
		3,191,517.00		3,019,263.00	
JFK133021	CONVERSION OF TOP LOADING FUEL	375,500.00	(A)	375,500.00	(A)
	RACKS AT BULK FUEL FARM FACILITY	22,530.00	(D)	22,530.00	(D)
	JOHN F. KENNEDY INT'L AIRPORT	16,470.00	(J)	9,149.00	(J)
	OVAN CONSTRUCTION CO., INC	414,500.00		407,179.00	
EWR154111	TERMINAL B, REPLACEMENT OF	6,379,000.00	(A)	6,379,000.00	(A)
	OUTBOUND BAGGAGE SYSTEMS #1 & 3	950,000.00	(C)	691,635.00	(C)
	AND MODIFICATIONS TO OUTBOUND	510,300.00	(D)	448,683.00	(D)
	BAGGAGE SYSTEM #2	7,839,300.00		7,519,318.00	
	NEWARK INTERNATIONAL AIRPORT				
	VRH CONSTRUCTION CORP				
JFK954111	TAXIWAY U RELOCATION AND BYPASS	8,240,000.00	(A)	8,240,000.00	(A)
	JOHN F. KENNEDY INT'L AIRPORT	1,356,760.00	(B)	1,356,760.00	(B)
	HALMAR BUILDERS OF NEW YORK, INC	100,000.00	(C)	732,153	(C)
		576,000.00	(D)	576,000.00	(D)
		250,000.00	(K)	135,834.00	(K)
		850,000.00	(L)	807,140.00	(L)
		--0--	(M)	53,705.00	(M)
		11,372,760.00		11,901,592.00	
LT439A	HOBOKEN TUNNEL REROOFING & STONE	86,417.00	(A)	80,117.00	(A,N)
	TUCKPOINTING	6,000.00	(C)	10,429.00	(C)
	LAGUARDIA AIRPORT	5,185.00	(D)	--0--	(D)
	CHRIS ANDERSEN ROOFING &	97,602.00		90,546.00	
	ERECTING CO., INC				

(Board - 4/26/01)

CONTRACT NUMBER	CONTRACT TITLE FACILITY AND CONTRACTOR	TOTAL AUTHORIZED		TOTAL PAYMENTS	
WTC861094	5 WTC FIRE COMMAND CONSOLE	139,499.00	(A)	139,499.00	(A)
	WORLD TRADE CENTER	8,370.00	(D)	8,370.00	(D)
	VRH CONSTRUCTION	15,030.00	(O)	5,258.00	(O)
		162,899.00		153,127.00	
WTC875041	2 WTC LIBERTY STREET SIDEWALK	917,000.00	(A)	917,000.00	(A)
	REPLACEMENT AND STAIR	100,000.00	(C)	9,900.00	(C)
	MODIFICATIONS	55,020.00	(D)	55,020.00	(D)
	WORLD TRADE CENTER	10,000.00	(P)	9,909.00	(P)
	T. MORIARTY & SON, INC	1,082,020		991,829	
AKG211A	MODIFICATIONS TO THE NY ABUTMENT	167,200.00	(A)	167,200.00	(A)
	BUILDING SANITARY SYSTEM	35,000.00	(C)	35,000.00	(C)
	GOETHALS BRIDGE	13,400.00	(D)	13,400.00	(D)
	AC GENERAL MECHANICAL CORP	20,000.00	(Q)	4,972.00	(Q)
		46,603.00	(R)	33,316.00	(R)
		282,203.00		253,888.00	
BT300B	UPGRADE OF LIFE SAFETY CONTROL	847,139.00	(A)	847,139.00	(A)
	SYSTEMS	80,000.00	(C)	16,651.00	(C)
	PORT AUTHORITY BUS TERMINAL	67,771.00	(D)	49,954.00	(D)
	ELECTRONIC SYSTEMS USA, INC	994,910.00		913,744.00	
MFP315750	ASBESTOS REMOVAL VIA WORK ORDER	250,000.00	(C)	12,342.00	(C)
	NEW YORK MARINE TERMINAL	250,000.00		12,342.00	
	FACILITIES				
	ADAM'S INSULATION, INC				
LT320A	FIRE STANDPIPE SYSTEM	599,808.00	(A)	574,618.00	(A,T)
	FREEZE PROTECTION IMPROVEMENTS	60,000.00	(D)	60,000.00	(D)
	LINCOLN TUNNEL	34,987.00	(S)	34,987.00	(S)
	JOHN H. COONEY, INC	150,000.00	(U)	114,302.00	(U)
		844,795.00		783,907.00	

(A) Lump Sum
(B) Classified Work
(C) Net Cost - amount in the "Total Authorized" column represents the estimated net cost amount. However, the amount in the "Total Payments" column is the authorized net cost amount.
(D) Extra Work.
(E) Premium for furnishing performance and payment bond as provided for in the contract.
(F) The difference between "Total Authorized" and "Total Payments" represents credit change orders in the total amount of $43,343 for changes in the scope of the work.
(G) Increase in compensation pursuant to "Concrete Bonus" clause, in the amount of $15,206 as provided for in the contract.
(H) Increase in compensation pursuant to "Asphalt Bonus" clause, in the amount of $53,882 as provided for in the contract.
(I) Increase in compensation pursuant to "Emergency Delays" clause, in the amount of $24,173 as provided for in the contract.
(J) Increase in extra work in the amount of $16,470 authorized on 4/10/99.
(K) Increase in extra work in the amount of $250,000 authorized on 9/28/98.
(L) Increase in classified work in the amount of $850,000 authorized on 12/15/98.
(M) Increase in compensation pursuant to "Emergency Delays" clause, in the amount of $53,705 as provided for in the contract.
(N) The difference between "Total Authorized" and "Total Payments" represents a credit change order in the amount of $6,300 for the deletion of part of the work .
(O) Increase in extra work in the amount of $15,030 authorized on 2/10/2000.
(P) Increase in extra work in the amount of $10,000 authorized on 5/31/2000.
(Q) Increase in extra work in the amount of $20,000 authorized on 11/18/99.
(R) Increase in net cost work in the amount of $46,603 authorized on 2/5/2000.
(S) Supplemental Agreement No.1 which provided for an increase in the amount of $34,987 for lump sum work on 11/16/90.
(T) The difference between "Total Authorized" and "Total Payments" represents a credit to the Port Authority in the amount of $25,190.
(U) Increase in extra work in the amount of $150,000 authorized on 4/27/92.

Investments & Deposits

The Committee on Finance reported, for information only, that in accordance with authority granted by the Committee, the Executive Director has authorized the following security transactions, time accounts, interest rate exchange contracts and variable rate master note agreements during the period February 1, 2001 through February 28, 2001.

REPORT A:

Purchase of Port Authority Bonds

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

No new transactions this period.

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

Purchase of Securities

Purchase Date	**Par Value**	**Description**	**Coupon Rate**	**Maturity Date**	**Purchase Price**	**Discount Rate**	**BEY @Cost**	**Principal**	**Dealer**
02/05/01	$ 25,000,000	US T-BILL	--	03/08/01	99.58	4.870%	4.958%	$ 24,895,159.73	Merrill Lynch
02/05/01	50,000,000	US T-BILL	--	03/08/01	99.58	4.870	4.958	49,790,319.45	Merrill Lynch
02/05/01	50,000,000	US T-BILL	--	03/08/01	99.58	4.870	4.958	49,790,319.45	Merrill Lynch
02/05/01	50,000,000	US T-BILL	--	03/08/01	99.58	4.870	4.958	49,790,319.45	Merrill Lynch
02/07/01	15,000,000	US T-NOTE	4.750%	01/31/03	100.11	--	4.691	15,016,406.25	Morgan Stanley & Co
02/07/01	25,000,000	US T-BILL	--	11/29/01	96.29	4.525	4.722	24,073,003.48	S.G. Cowen
02/12/01	8,000,000	FHDN	--	02/13/01	99.99	5.370	5.445	7,998,806.66	Lehman Brothers
02/12/01	50,000,000	FHDN	--	02/13/01	99.99	5.370	5.445	49,992,541.65	Lehman Brothers
02/13/01	17,610,000	FHDN	--	03/09/01	99.64	5.370	5.464	17,546,956.20	Merrill Lynch
02/13/01	25,000,000	US T-BILL	--	06/14/01	98.39	4.800	4.946	24,596,666.68	S.G. Cowen
02/13/01	25,000,000	US T-BILL	--	08/09/01	97.67	4.730	4.910	24,418,604.17	Nesbitt Burns Securities

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

Purchase of Securities (Cont.)

Purchase Date	Par Value	Description	Coupon Rate	Maturity Date	Purchase Price	Discount Rate	BEY @Cost	Principal	Dealer
02/13/01	$ 25,000,000	US T-BILL	--	05/03/01	98.91	4.950%	5.074%	$ 24,728,437.50	Nesbitt Burns Securities
02/13/01	30,000,000	US T-BILL	--	11/29/01	96.39	4.500	4.693	28,916,250.00	S.G. Cowen
02/13/01	50,000,000	US T-BILL	--	06/21/01	98.30	4.780	4.930	49,150,222.20	S.G. Cowen
02/15/01	50,000,000	US T-BILL	--	04/26/01	99.02	5.025	5.145	49,511,458.35	Morgan Stanley & Co
02/16/01	30,000,000	US T-NOTE	4.750%	01/31/03	99.78	--	4.867	29,934,375.00	S.G. Cowen
02/20/01	31,000,000	GECC CP	--	02/21/01	99.98	5.450	5.527	30,995,306.94	General Electric Capital
02/21/01	41,000,000	GECC CP	--	02/22/01	99.99	5.400	5.476	40,993,850.00	General Electric Capital
02/22/01	30,000,000	US T-NOTE	4.750	01/31/03	100.05	--	4.723	30,014,062.50	Nesbitt Burns Securities
02/22/01	33,000,000	GECC CP	--	02/23/01	99.99	5.380	5.456	32,995,068.35	General Electric Capital
02/22/01	50,000,000	GECC CP	--	02/23/01	99.99	5.380	5.456	49,992,527.80	General Electric Capital
02/23/01	36,000,000	GECC CP	--	02/26/01	99.96	5.300	5.376	35,984,099.99	General Electric Capital

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

Purchase of Securities (Cont.)

Purchase Date	Par Value	Description	Coupon Rate	Maturity Date	Purchase Price	Discount Rate	BEY @Cost	Principal	Dealer
02/23/01	$ 50,000,000	GECC CP	--	02/26/01	99.96	5.300%	5.376%	$ 49,977,916.65	General Electric Capital
02/26/01	50,000,000	GECC CP	--	02/27/01	99.99	5.380	5.456	49,992,527.80	General Electric Capital
02/27/01	47,000,000	GECC CP	--	02/28/01	99.99	5.340	5.415	46,993,028.35	General Electric Capital
02/28/01	2,815,000	GECC CP	--	03/09/01	99.87	5.300	5.381	2,811,270.13	General Electric Capital
02/28/01	47,000,000	GECC CP	--	03/01/01	99.99	5.350	5.425	46,993,015.28	General Electric Capital
02/28/01	50,000,000	GECC CP	--	03/01/01	99.99	5.350	5.425	49,992,569.45	General Electric Capital
	$ 993,425,000							$ 987,885,089.46	

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

Sale of Securities

Sale Date	Par Value	Description	Coupon Rate	Maturity Date	Sale Price	Discount Rate	Principal	Dealer
02/20/01	$30,000,000	US T-NOTE	4.750%	01/31/03	100.02	--	$30,007,031.25	Nesbitt Burns Securities
02/26/01	30,000,000	US T-NOTE	4.750	01/31/03	100.24	--	30,073,828.14	Nesbitt Burns Securities
	$60,000,000						$60,080,859.39	

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

Repurchase Transactions

Dealer	**Purchase Date**	**Sale Date**	**Par Value**	**Interest Rate**	**Total Interest Earned**
Daiwa Securities America	02/01/01	02/02/01	$ 1,630,000	5.460%	$ 247.22
Greenwich Capital Mkts	02/01/01	02/02/01	3,885,000	5.430	585.99
UBS Warburg	02/01/01	02/02/01	7,000,000	5.440	1,057.78
Paribas Corporation	02/01/01	02/02/01	19,537,000	5.460	2,963.11
Daiwa Securities America	02/01/01	02/02/01	21,985,000	5.460	3,334.39
Fuji Securities	02/01/01	02/02/01	22,489,000	5.470	3,417.08
Daiwa Securities America	02/01/01	02/02/01	24,135,000	5.460	3,660.48
S.G. Cowen	02/01/01	02/02/01	25,366,000	5.440	3,833.08
Fuji Securities	02/01/01	02/02/01	29,648,000	5.470	4,504.85
UBS Warburg	02/01/01	02/02/01	30,369,000	5.440	4,589.09
S.G. Cowen	02/01/01	02/02/01	36,557,000	5.440	5,524.17

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

Repurchase Transactions (Cont.)

Dealer	**Purchase Date**	**Sale Date**	**Par Value**	**Interest Rate**	**Total Interest Earned**
Lehman Brothers	02/01/01	02/02/01	$ 37,010,000	5.460%	$ 5,613.18
Paribas Corporation	02/01/01	02/02/01	37,987,000	5.460	5,761.36
S.G. Cowen	02/01/01	02/02/01	38,077,000	5.440	5,753.86
Paribas Corporation	02/01/01	02/02/01	42,476,000	5.460	6,442.19
Greenwich Capital Mkts	02/01/01	02/02/01	45,509,000	5.430	6,864.27
Fuji Securities	02/01/01	02/02/01	47,863,000	5.470	7,272.52
Greenwich Capital Mkts	02/01/01	02/02/01	50,102,000	5.430	7,557.05
Daiwa Securities America	02/01/01	02/02/01	51,593,000	5.460	7,824.94
Lehman Brothers	02/01/01	02/02/01	62,990,000	5.460	9,553.48
Fuji Securities	02/02/01	02/05/01	2,952,000	5.420	1,333.32
Daiwa Securities America	02/02/01	02/05/01	7,183,000	5.410	3,238.34

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

Repurchase Transactions (Cont.)

Dealer	**Purchase Date**	**Sale Date**	**Par Value**	**Interest Rate**	**Total Interest Earned**
S.G. Cowen	02/02/01	02/05/01	$ 16,690,000	5.390%	$ 7,496.59
Nomura Securities	02/02/01	02/05/01	19,040,000	5.430	8,615.60
Nomura Securities	02/02/01	02/05/01	33,124,000	5.430	14,988.61
UBS Warburg	02/02/01	02/05/01	34,000,000	5.410	15,328.33
S.G. Cowen	02/02/01	02/05/01	36,557,000	5.390	16,420.19
Daiwa Securities America	02/02/01	02/05/01	37,523,000	5.410	16,916.62
Paribas Corporation	02/02/01	02/05/01	39,586,000	5.400	17,813.70
S.G. Cowen	02/02/01	02/05/01	40,000,000	5.390	17,966.67
Lehman Brothers	02/02/01	02/05/01	45,416,000	5.400	20,437.20
Nomura Securities	02/02/01	02/05/01	47,836,000	5.430	21,645.79
Fuji Securities	02/02/01	02/05/01	48,524,000	5.420	21,916.67

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

Repurchase Transactions (Cont.)

Dealer	**Purchase Date**	**Sale Date**	**Par Value**	**Interest Rate**	**Total Interest Earned**	
Fuji Securities	02/02/01	02/05/01	$ 48,524,000	5.420%	$ 21,916.67	
Paribas Corporation	02/02/01	02/05/01	50,988,000	5.400	22,944.60	
Lehman Brothers	02/02/01	02/05/01	53,995,000	5.400	24,297.75	
Daiwa Securities America	02/02/01	02/05/01	54,840,000	5.410	24,723.70	
UBS Warburg	02/05/01	02/06/01	10,660,000	5.440	1,610.84	
Daiwa Securities America	02/05/01	02/06/01	11,124,000	5.440	1,680.96	
Daiwa Securities America	02/05/01	02/06/01	15,089,000	5.440	2,280.12	
Daiwa Securities America	02/05/01	02/06/01	21,911,000	5.440	3,311.00	
Salomon Smith Barney Inc.	02/05/01	02/08/01	24,656,250	5.400	11,129.56	*
Salomon Smith Barney Inc.	02/05/01	02/08/01	24,656,250	5.400	11,129.56	*
UBS Warburg	02/05/01	02/06/01	27,000,000	5.440	4,080.00	

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

Repurchase Transactions (Cont.)

Dealer	Purchase Date	Sale Date	Par Value	Interest Rate	Total Interest Earned	
Fuji Securities	02/05/01	02/06/01	$27,768,000	5.440%	$ 4,196.05	
Fuji Securities	02/05/01	02/06/01	28,840,000	5.440	4,358.04	
S.G. Cowen	02/05/01	02/09/01	30,525,000	5.450	18,357.40	*
Fuji Securities	02/05/01	02/06/01	43,000,000	5.440	6,497.78	
Nomura Securities	02/05/01	02/06/01	45,536,000	5.440	6,881.00	
Paribas Corporation	02/05/01	02/06/01	49,064,000	5.440	7,414.12	
S.G. Cowen	02/05/01	02/06/01	49,900,000	5.450	7,554.31	*
Daiwa Securities America	02/05/01	02/06/01	50,927,000	5.440	7,695.64	
Paribas Corporation	02/05/01	02/06/01	50,936,000	5.440	7,697.00	
Nomura Securities	02/05/01	02/06/01	54,020,000	5.440	8,163.02	
Paribas Corporation	02/06/01	02/07/01	195,000	5.400	29.25	

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

Repurchase Transactions (Cont.)

Dealer	**Purchase Date**	**Sale Date**	**Par Value**	**Interest Rate**	**Total Interest Earned**	
Fuji Securities	02/06/01	02/07/01	$ 5,689,000	5.400%	$ 853.35	
Daiwa Securities America	02/06/01	02/07/01	12,495,000	5.400	1,874.25	
Salomon Smith Barney Inc.	02/06/01	02/15/01	24,625,000	5.400	33,243.75	*
Salomon Smith Barney Inc.	02/06/01	02/15/01	24,625,000	5.400	33,243.75	*
Nomura Securities	02/06/01	02/07/01	27,614,000	5.400	4,142.10	
Nomura Securities	02/06/01	02/07/01	28,844,000	5.400	4,326.60	
Fuji Securities	02/06/01	02/07/01	32,000,000	5.400	4,800.00	
Daiwa Securities America	02/06/01	02/07/01	42,000,000	5.400	6,300.00	
Nomura Securities	02/06/01	02/07/01	43,000,000	5.400	6,450.00	
Daiwa Securities America	02/06/01	02/07/01	44,749,000	5.400	6,712.35	
UBS Warburg	02/06/01	02/07/01	45,221,000	5.400	6,783.15	

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

Repurchase Transactions (Cont.)

Dealer	Purchase Date	Sale Date	Par Value	Interest Rate	Total Interest Earned
Paribas Corporation	02/06/01	02/07/01	$ 45,543,000	5.400%	$ 6,831.45
Fuji Securities	02/06/01	02/07/01	46,146,000	5.400	6,921.90
Paribas Corporation	02/06/01	02/07/01	51,433,000	5.400	7,714.95
UBS Warburg	02/06/01	02/07/01	54,779,000	5.400	8,216.85
Nomura Securities	02/07/01	02/08/01	3,591,000	5.430	541.64
Daiwa Securities America	02/07/01	02/08/01	9,959,000	5.420	1,499.38
Paribas Corporation	02/07/01	02/08/01	27,618,000	5.420	4,158.04
Nomura Securities	02/07/01	02/08/01	28,849,000	5.430	4,351.39
Daiwa Securities America	02/07/01	02/08/01	41,656,000	5.420	6,271.54
Greenwich Capital Mkts	02/07/01	02/08/01	45,550,000	5.420	6,857.81
Daiwa Securities America	02/07/01	02/08/01	46,153,000	5.420	6,948.59

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

Repurchase Transactions (Cont.)

Dealer	Purchase Date	Sale Date	Par Value	Interest Rate	Total Interest Earned
Paribas Corporation	02/07/01	02/08/01	$47,000,000	5.420%	$ 7,076.11
Fuji Securities	02/07/01	02/08/01	49,051,000	5.420	7,384.90
Fuji Securities	02/07/01	02/08/01	50,949,000	5.420	7,670.66
Greenwich Capital Mkts	02/07/01	02/08/01	51,636,000	5.420	7,774.09
Nomura Securities	02/07/01	02/08/01	53,662,000	5.430	8,094.02
Daiwa Securities America	02/08/01	02/09/01	4,403,000	5.430	664.12
Nomura Securities	02/08/01	02/09/01	8,540,000	5.440	1,290.49
S.G. Cowen	02/08/01	02/12/01	15,018,750	5.350	8,969.53 *
Lehman Brothers	02/08/01	02/09/01	16,638,000	5.450	2,518.81
Paribas Corporation	02/08/01	02/09/01	18,111,000	5.440	2,736.77
Paribas Corporation	02/08/01	02/09/01	20,112,000	5.440	3,039.15

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

Repurchase Transactions (Cont.)

Dealer	**Purchase Date**	**Sale Date**	**Par Value**	**Interest Rate**	**Total Interest Earned**	
Fuji Securities	02/08/01	02/09/01	$ 27,607,000	5.430%	$ 4,164.06	
Fuji Securities	02/08/01	02/09/01	28,453,000	5.430	4,291.66	
Fuji Securities	02/08/01	02/09/01	43,000,000	5.430	6,485.83	
Nomura Securities	02/08/01	02/09/01	44,000,000	5.440	6,648.89	
Daiwa Securities America	02/08/01	02/09/01	46,883,000	5.430	7,071.52	
Nomura Securities	02/08/01	02/09/01	47,153,000	5.440	7,125.34	
Daiwa Securities America	02/08/01	02/09/01	48,000,000	5.430	7,240.00	
S.G. Cowen	02/08/01	02/14/01	49,937,500	5.400	45,013.11	*
Paribas Corporation	02/08/01	02/09/01	51,048,000	5.440	7,713.92	
Lehman Brothers	02/08/01	02/09/01	52,000,000	5.450	7,872.22	
Nomura Securities	02/09/01	02/12/01	955,000	5.380	428.16	

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

Repurchase Transactions (Cont.)

Dealer	**Purchase Date**	**Sale Date**	**Par Value**	**Interest Rate**	**Total Interest Earned**	
Fuji Securities	02/09/01	02/21/01	$ 1,200,000	5.400%	$ 2,157.50	*
Fuji Securities	02/09/01	02/28/01	1,200,000	5.350	3,409.17	*
Daiwa Securities America	02/09/01	02/12/01	3,592,000	5.375	1,608.92	
Daiwa Securities America	02/09/01	02/12/01	5,861,000	5.375	2,625.24	
Nesbitt Burns Securities	02/09/01	02/28/01	12,211,000	5.350	35,055.75	*
UBS Warburg	02/09/01	02/12/01	15,661,000	5.370	7,008.30	
Nomura Securities	02/09/01	02/12/01	16,581,000	5.380	7,433.82	
Paribas Corporation	02/09/01	02/12/01	27,609,000	5.370	12,355.03	
Paribas Corporation	02/09/01	02/12/01	28,370,000	5.370	12,695.58	
Nomura Securities	02/09/01	02/12/01	33,606,000	5.380	15,066.69	
Nomura Securities	02/09/01	02/12/01	37,565,000	5.380	16,841.64	

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

Repurchase Transactions (Cont.)

Dealer	**Purchase Date**	**Sale Date**	**Par Value**	**Interest Rate**	**Total Interest Earned**	
Nesbitt Burns Securities	02/09/01	02/28/01	$ 37,589,000	5.350%	$ 107,911.75	*
Daiwa Securities America	02/09/01	02/12/01	38,139,000	5.375	17,083.09	
Paribas Corporation	02/09/01	02/12/01	44,000,000	5.370	19,690.00	
Lehman Brothers	02/09/01	02/12/01	48,000,000	5.380	21,520.00	
Fuji Securities	02/09/01	02/21/01	48,600,000	5.400	87,378.75	*
Fuji Securities	02/09/01	02/28/01	48,600,000	5.350	138,071.25	*
Nesbitt Burns Securities	02/09/01	02/28/01	49,800,000	5.350	142,967.50	*
UBS Warburg	02/09/01	02/12/01	50,000,000	5.370	22,375.00	
Lehman Brothers	02/09/01	02/12/01	51,234,000	5.380	22,969.91	
Daiwa Securities America	02/09/01	02/12/01	51,899,000	5.375	23,246.43	
Daiwa Securities America	02/12/01	02/13/01	6,601,000	5.420	993.82	

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

Repurchase Transactions (Cont.)

Dealer	**Purchase Date**	**Sale Date**	**Par Value**	**Interest Rate**	**Total Interest Earned**
Daiwa Securities America	02/12/01	02/13/01	$ 11,200,000	5.420%	$ 1,686.22
Daiwa Securities America	02/12/01	02/13/01	17,544,000	5.420	2,641.35
Daiwa Securities America	02/12/01	02/13/01	26,563,000	5.420	3,999.21
UBS Warburg	02/12/01	02/13/01	27,621,000	5.420	4,158.50
UBS Warburg	02/12/01	02/13/01	28,360,000	5.420	4,269.76
Daiwa Securities America	02/12/01	02/13/01	38,039,000	5.420	5,726.98
UBS Warburg	02/12/01	02/13/01	44,000,000	5.420	6,624.44
Paribas Corporation	02/12/01	02/13/01	48,000,000	5.420	7,226.67
Nomura Securities	02/12/01	02/13/01	48,000,000	5.420	7,226.67
Paribas Corporation	02/12/01	02/13/01	51,111,000	5.420	7,695.05
Nomura Securities	02/12/01	02/13/01	51,993,000	5.420	7,827.84

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

Repurchase Transactions (Cont.)

Dealer	Purchase Date	Sale Date	Par Value	Interest Rate	Total Interest Earned
Banc One Capital Markets+A38	02/13/01	02/14/01	$21,898,000	5.410%	$ 3,290.78
Nomura Securities	02/13/01	02/14/01	22,337,000	5.440	3,375.37
UBS Warburg	02/13/01	02/14/01	27,608,000	5.420	4,156.54
Paribas Corporation	02/13/01	02/14/01	28,014,000	5.420	4,217.66
Nomura Securities	02/13/01	02/14/01	48,877,000	5.440	7,385.86
UBS Warburg	02/13/01	02/14/01	50,900,000	5.420	7,663.28
Banc One Capital Markets	02/13/01	02/14/01	51,102,000	5.410	7,679.50
Paribas Corporation	02/13/01	02/14/01	51,105,000	5.420	7,694.14
Daiwa Securities America	02/14/01	02/15/01	282,000	5.430	42.54
Paribas Corporation	02/14/01	02/15/01	1,087,000	5.420	163.65
Nomura Securities	02/14/01	02/15/01	3,046,000	5.420	458.59

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

Repurchase Transactions (Cont.)

Dealer	Purchase Date	Sale Date	Par Value	Interest Rate	Total Interest Earned	
Daiwa Securities America	02/14/01	02/15/01	$ 22,267,000	5.430%	$ 3,358.61	
Paribas Corporation	02/14/01	02/15/01	27,111,000	5.420	4,081.71	
Greenwich Capital Mkts	02/14/01	02/15/01	27,551,000	5.410	4,140.30	
Nomura Securities	02/14/01	02/15/01	27,983,000	5.420	4,213.00	
Nomura Securities	02/14/01	02/15/01	47,836,000	5.420	7,201.98	
Daiwa Securities America	02/14/01	02/15/01	48,676,000	5.430	7,341.96	
Paribas Corporation	02/14/01	02/15/01	49,721,000	5.420	7,485.77	
Greenwich Capital Mkts	02/14/01	02/15/01	51,449,000	5.410	7,731.64	
Lehman Brothers	02/15/01	02/21/01	1,282,500	5.440	1,173.49	*
Lehman Brothers	02/15/01	02/23/01	2,085,000	5.400	2,532.70	*
S.G. Cowen	02/15/01	02/27/01	15,000,000	5.380	26,966.67	*

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

Repurchase Transactions (Cont.)

Dealer	Purchase Date	Sale Date	Par Value		Interest Rate		Total Interest Earned	
Paribas Corporation	02/15/01	02/20/01	$ 20,725,000		5.450%		$ 15,687.67	
Daiwa Securities America	02/15/01	02/20/01	21,000,000		5.450		15,895.83	
S.G. Cowen	02/15/01	Open	24,906,250	*	Variable	**	55,866.10	***
Paribas Corporation	02/15/01	02/20/01	27,115,000		5.450		20,524.55	
Daiwa Securities America	02/15/01	02/20/01	27,987,000		5.450		21,184.60	
Nomura Securities	02/15/01	02/16/01	30,000,000		5.500		4,583.33	
Greenwich Capital Mkts	02/15/01	02/16/01	33,000,000		5.450		4,995.83	
Lehman Brothers	02/15/01	02/23/01	47,790,000		5.400		58,051.58	*
Lehman Brothers	02/15/01	02/21/01	48,405,000		5.440		44,290.58	*
S.G. Cowen	02/15/01	Open	49,812,500	*	Variable	**	104,343.35	***
UBS Warburg	02/15/01	02/20/01	50,000,000		5.430		37,708.33	

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

Repurchase Transactions (Cont.)

Dealer	**Purchase Date**	**Sale Date**	**Par Value**	**Interest Rate**	**Total Interest Earned**
Paribas Corporation	02/15/01	02/20/01	$ 50,815,000	5.450%	$ 38,464.13
Daiwa Securities America	02/15/01	02/20/01	50,890,000	5.450	38,520.90
Nomura Securities	02/16/01	02/20/01	31,000,000	5.390	18,565.56
Nomura Securities	02/20/01	02/21/01	26,857,000	5.450	4,065.85
Nomura Securities	02/20/01	02/21/01	27,383,000	5.450	4,145.48
Paribas Corporation	02/20/01	02/21/01	31,800,000	5.450	4,814.17
Nomura Securities	02/20/01	02/21/01	40,000,000	5.450	6,055.56
UBS Warburg	02/20/01	02/21/01	49,694,000	5.450	7,523.12
Paribas Corporation	02/20/01	02/21/01	50,000,000	5.450	7,569.44
UBS Warburg	02/20/01	02/21/01	50,300,000	5.450	7,614.86
Fuji Securities	02/21/01	Open	900,000 *	Variable **	1,206.25 ***

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

Repurchase Transactions (Cont.)

Dealer	Purchase Date	Sale Date	Par Value		Interest Rate		Total Interest Earned	
Banc One Capital Markets	02/21/01	02/22/01	$ 3,940,000		5.370%		$ 587.72	
UBS Warburg	02/21/01	02/22/01	16,951,000		5.380		2,533.23	
Daiwa Securities America	02/21/01	02/22/01	26,861,000		5.380		4,014.23	
Daiwa Securities America	02/21/01	02/22/01	27,358,000		5.380		4,088.50	
Daiwa Securities America	02/21/01	02/22/01	40,000,000		5.380		5,977.78	
Banc One Capital Markets	02/21/01	02/22/01	46,445,000		5.370		6,928.05	
Fuji Securities	02/21/01	Open	48,650,000	*	Variable	**	57,974.58	***
Banc One Capital Markets	02/21/01	02/22/01	49,303,000		5.370		7,354.36	
UBS Warburg	02/21/01	02/22/01	54,901,000		5.380		8,204.65	
Lehman Brothers	02/22/01	Open	1,865,000	*	Variable	**	1,944.26	***
Nomura Securities	02/22/01	02/23/01	26,863,000		5.420		4,044.37	

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

Repurchase Transactions (Cont.)

Dealer	Purchase Date	Sale Date	Par Value		Interest Rate		Total Interest Earned	
Nomura Securities	02/22/01	02/23/01	$ 26,950,000		5.420%		$ 4,057.47	
Nomura Securities	02/22/01	02/23/01	41,762,000		5.420		6,287.50	
Lehman Brothers	02/22/01	Open	48,035,000	*	Variable	**	50,076.49	***
Paribas Corporation	02/22/01	02/23/01	48,948,000		5.410		7,355.80	
Paribas Corporation	02/22/01	02/23/01	49,582,000		5.410		7,451.07	
Dresdner Kleinwort Benson	02/23/01	02/28/01	1,737,000		5.350		1,290.69	*
Lehman Brothers	02/23/01	02/28/01	1,777,500		5.350		1,322.26	*
Dresdner Kleinwort Benson	02/23/01	02/28/01	24,800,000		5.350		18,427.78	*
Paribas Corporation	02/23/01	02/26/01	26,757,000		5.340		11,906.87	
Paribas Corporation	02/23/01	02/26/01	26,814,000		5.340		11,932.23	
UBS Warburg	02/23/01	02/26/01	30,150,000		5.330		13,391.63	*

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

Repurchase Transactions (Cont.)

Dealer	**Purchase Date**	**Sale Date**	**Par Value**	**Interest Rate**	**Total Interest Earned**
Paribas Corporation	02/23/01	02/26/01	$41,768,000	5.340%	$ 18,586.76
Dresdner Kleinwort Benson	02/23/01	02/28/01	47,863,000	5.350	35,564.87 *
Lehman Brothers	02/23/01	02/28/01	48,035,000	5.350	35,732.70 *
Daiwa Securities America	02/23/01	02/26/01	48,641,000	5.340	21,645.25
Daiwa Securities America	02/23/01	02/26/01	49,454,000	5.340	22,007.03
Nomura Securities	02/26/01	02/27/01	25,317,000	5.380	3,783.49
Nomura Securities	02/26/01	02/27/01	26,749,000	5.380	3,997.49
Daiwa Securities America	02/26/01	02/27/01	35,859,000	5.380	5,358.93
Daiwa Securities America	02/26/01	02/27/01	36,104,000	5.380	5,395.54
Nomura Securities	02/26/01	02/27/01	40,000,000	5.380	5,977.78
UBS Warburg	02/26/01	02/27/01	46,640,000	5.360	6,944.18

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

Repurchase Transactions (Cont.)

Dealer	Purchase Date	Sale Date	Par Value	Interest Rate	Total Interest Earned
UBS Warburg	02/26/01	02/27/01	$ 48,082,000	5.360%	$ 7,158.88
Daiwa Securities America	02/27/01	02/28/01	12,416,000	5.360	1,848.60
S.G. Cowen	02/27/01	Open	15,112,500 *	Variable **	4,495.97 ***
Salomon Smith Barney Inc.	02/27/01	03/01/01	24,625,000	5.350	7,319.10 *
Salomon Smith Barney Inc.	02/27/01	03/01/01	24,625,000	5.350	7,319.10 *
Paribas Corporation	02/27/01	02/28/01	24,955,000	5.350	3,708.59
Paribas Corporation	02/27/01	02/28/01	26,558,000	5.350	3,946.81
Salomon Smith Barney Inc.	02/27/01	03/01/01	29,287,500	5.350	8,704.90 *
UBS Warburg	02/27/01	02/28/01	46,066,000	5.350	6,845.92
UBS Warburg	02/27/01	02/28/01	47,754,000	5.350	7,096.78
Paribas Corporation	02/27/01	02/28/01	48,000,000	5.350	7,133.33

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

Repurchase Transactions (Cont.)

Dealer	Purchase Date	Sale Date	Par Value	Interest Rate	Total Interest Earned
Daiwa Securities America	02/27/01	02/28/01	$ 59,558,000	5.360%	$ 8,867.52
Nomura Securities	02/28/01	03/01/01	18,406,000	5.390	2,755.79
UBS Warburg	02/28/01	03/01/01	20,726,000	5.370	3,091.63
Daiwa Securities America	02/28/01	03/01/01	21,000,000	5.360	3,126.67
Nomura Securities	02/28/01	03/01/01	23,255,000	5.390	3,481.79
Paribas Corporation	02/28/01	03/01/01	24,478,000	5.370	3,651.30
Paribas Corporation	02/28/01	03/01/01	26,559,000	5.370	3,961.72
Paribas Corporation	02/28/01	03/01/01	36,217,000	5.370	5,402.37
Nomura Securities	02/28/01	03/01/01	47,268,000	5.390	7,077.07

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

Repurchase Transactions (Cont.)

Dealer	Purchase Date	Sale Date	Par Value	Interest Rate	Total Interest Earned
UBS Warburg	02/28/01	03/01/01	$ 50,306,000	5.370%	$ 7,503.98

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

** This rate subject to change daily.

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

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

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

Dealer	Sale Date	Purchase Date	Par Value	Interest Rate	Total Interest Paid
S.G. Cowen	02/05/01	02/09/01	$30,525,000	5.200%	$17,212.71
S.G. Cowen	02/05/01	02/06/01	49,900,000	5.200	7,207.78
Salomon Smith Barney Inc.	02/05/01	02/08/01	24,656,250	5.150	10,615.89
Salomon Smith Barney Inc.	02/05/01	02/08/01	24,656,250	5.150	10,615.89
Salomon Smith Barney Inc.	02/06/01	02/15/01	24,625,000	4.900	31,431.08
Salomon Smith Barney Inc.	02/06/01	02/15/01	24,625,000	4.900	31,431.08
S.G. Cowen	02/08/01	02/12/01	15,018,750	5.100	8,239.45
S.G. Cowen	02/08/01	02/14/01	49,937,500	5.150	42,932.38
Fuji Securities	02/09/01	02/21/01	49,800,000	5.150	85,386.25
Fuji Securities	02/09/01	02/28/01	49,800,000	5.100	133,941.25
Nesbitt Burns Securities	02/09/01	02/28/01	49,800,000	5.100	135,912.50

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

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

Dealer	Sale Date	Purchase Date	Par Value	Interest Rate		Total Interest Paid	
Nesbitt Burns Securities	02/09/01	02/28/01	$49,800,000	5.100%		$135,912.50	
Lehman Brothers	02/15/01	02/23/01	49,875,000	4.400		55,388.96	
Lehman Brothers	02/15/01	02/21/01	49,687,500	5.190		43,393.75	
S.G. Cowen	02/15/01	Open	49,812,500	Variable	*	97,563.32	**
S.G. Cowen	02/15/01	Open	24,906,250	Variable	*	49,058.39	**
S.G. Cowen	02/15/01	02/27/01	15,000,000	4.972		24,341.67	
Fuji Securities	02/21/01	Open	49,550,000	Variable	*	55,468.47	**
Lehman Brothers	02/22/01	Open	49,900,000	Variable	*	49,109.92	**
Dresdner Kleinwort Benson	02/23/01	02/28/01	49,600,000	5.050		34,444.44	
Dresdner Kleinwort Benson	02/23/01	02/28/01	24,800,000	5.050		17,222.22	
UBS Warburg	02/23/01	02/26/01	30,150,000	4.850		12,185.63	

(Board - 04/26/01)

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

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

Dealer	**Date**	**Date**	**Par Value**	**Rate**	**Paid**
Lehman Brothers	02/23/01	02/28/01	$49,812,500	5.100%	$35,256.18
S.G. Cowen	02/27/01	Open	15,112,500	Variable *	3,929.25 **
Salomon Smith Barney Inc.	02/27/01	03/01/01	24,625,000	5.100	6,977.08
Salomon Smith Barney Inc.	02/27/01	03/01/01	24,625,000	5.100	6,977.08
Salomon Smith Barney Inc.	02/27/01	03/01/01	29,287,500	4.850	7,932.03

* This rate subject to change daily.

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

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

REPORT B: In addition to the transactions described in Report A of this report, the Executive Director also reports the following transactions during the period February 1, 2001 through February 28, 2001, pertaining to investments in United States Treasury securities and interest rate options contracts with respect to United States Treasury securities pursuant to the guidelines established by the Board of Commissioners on August 25, 1988.

Option Transactions - Purchased

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

No new transactions this period.

Options Transactions - Sold

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

No new transactions this period.

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

REPORT C: In addition to the transactions described in Report A and B, the Executive Director also reports the following transactions during the period February 1, 2001 and February 28, 2001, pertaining to the execution or cancellation of Interest Rate Exchange Contracts pursuant to the guidelines established by the Board of Commissioners on December 10, 1992.

Interest Rate Exchange Contracts

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

No new transactions this period.

As of February 28, 2001, the Port Authority has interest rate exchange contracts in place on notional amounts totaling $757 million, including $382 million pertaining to refundings and $100 million of reversals.

REPORT D: In addition to the transactions described in Report A, B and C, the Executive Director also reports the following transactions during the period February 1, 2001 and February 28, 2001 under the Variable Rate Master Note Program as amended and supplemented through October 13, 1994.

Variable Rate Master Note Placements

Date of Issuance	Amount	Purchaser	Term	Variable Rate Index

No new transactions this period.

Whereupon, the meeting was adjourned.

____

Secretary