

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Thursday, October 21, 2010

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MINUTES of the Meeting of The Port Authority of New York and New Jersey held Thursday, October 21, 2010 at 225 Park Avenue South, City, County and State of New York

PRESENT:

NEW JERSEY

Hon. Anthony R. Coscia, Chairman
 Hon. Virginia S. Bauer
 Hon. David S. Steiner

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

Susan M. Baer, Director, Aviation
 A. Paul Blanco, Chief Financial Officer
 John D. Brill, Director, Audit
 Ernesto L. Butcher, Chief Operating Officer
 Steven J. Coleman, Assistant Director, Media Relations
 Michael P. DePallo, Director, Rail Transit
 Gretchen P. DiMarco, Special Assistant to the Deputy Executive Director
 John J. Drobny, Director, Security Projects
 Michael G. Fabiano, Acting Chief Technology Officer
 Michael A. Fedorko, Director, Public Safety/Superintendent of Police
 Michael B. Francois, Chief, Real Estate and Development
 Jennifer Friedberg, Public Information Officer, Media Relations
 Richard Friedman, Manager, Special Projects, Office of Environmental and Energy Programs
 Cedrick T. Fulton, Deputy Director, Tunnels, Bridges and Terminals
 Glenn P. Guzi, Senior External Affairs Representative, Government and Community Affairs
 Linda C. Handel, Deputy Secretary
 Mark D. Hoffer, Director, New Port Initiatives, Port Commerce
 Lawrence S. Hofrichter, Deputy General Counsel
 Kara E. Hughes, Senior External Relations Client Manager, Government and Community Affairs
 Howard G. Kadin, Esq., Law
 John P. Kelly, Director, Media Relations
 Victoria C. Kelly, Director, Tunnels, Bridges and Terminals
 Kevin J. Kirchman, Director, Marketing and Special Events
 Sheila L. Koehler, Manager, General Services, Operations Services
 Louis J. LaCapra, Chief Administrative Officer
 Cristina M. Lado, Director, Government and Community Affairs
 Conor Lanz, Special Assistant to the Executive Director
 Richard M. Larrabee, Director, Port Commerce
 Thomas C. Lubas, Deputy Director, Operations Services
 Norma L. Manigan, Program Director, External Affairs, Marketing and Special Events
 Stephen Marinko, Esq., Law
 Ronald Marsico, Assistant Director, Media Relations, Public Affairs
 Michael G. Massiah, Director, Management and Budget
 James E. McCoy, Manager, Board Management Support, Office of the Secretary
 Michael J. McDonough, Manager, Central Automotive Division, Operations Services

NEW YORK

Hon. H. Sidney Holmes III
 Hon. Jeffrey A. Moerdler
 Hon. Henry R. Silverman

Sanjay S. Mody, Advisor to the Chairman
Anne Marie C. Mulligan, Treasurer
Mark F. Muriello, Assistant Director, Tunnels, Bridges and Terminals
Steven P. Plate, Director, World Trade Center Construction
Monika A. Radkowska, Board Management Support Specialist, Office of the Secretary
Alan L. Reiss, Deputy Director, World Trade Center Construction
Alan I. Rhome, Director, Operations Services
Stephen H. Sigmund, Chief, Public and Government Affairs
Timothy G. Stickelman, Assistant General Counsel
Gerald B. Stoughton, Director, Financial Analysis
Robert A. Sudman, Acting Comptroller
Ralph Tragale, Assistant Director, Public Affairs, Aviation
Lillian D. Valenti, Director, Procurement
Sheree Van Duyne, Manager, Policies and Protocol, Office of the Secretary
Andrew S. Warsaw, Chief of Staff to the Executive Director
David M. Wildstein, Director, Interagency Capital Projects, Office of the Deputy Executive
Director
Peter J. Zipf, Deputy Chief Engineer/Director of Engineering

Guest:

Deborah Gramiccioni, Director, Authorities Unit, Office of the Governor of New Jersey

Speakers:

Margaret Donovan, Twin Towers Alliance
Richard Hughes, Member of the Public

The public meeting was called to order by Chairman Coscia at 1:12 p.m. and ended at 1:35 p.m.

Action on Minutes

The Secretary submitted for approval Minutes of the meetings of September 14, 2010 and September 30, 2010. She reported that copies of these Minutes were delivered to the Governors of New York (in electronic form) and New Jersey (in paper form) on September 15, 2010 and October 1, 2010, respectively. She reported further that the time for action by the Governors of New York and New Jersey expired at midnight on September 29, 2010 and October 19, 2010, respectively.

Whereupon, the Board unanimously approved the Minutes of the meetings of September 14, 2010 and September 30, 2010.

Report of Audit Committee

The Audit Committee reported, for information, on matters discussed in executive session at its meeting on October 21, 2010, which included discussion of matters involving external or internal investigations or audits, and the report was received.

Report of Governance and Ethics Committee

The Governance and Ethics Committee reported, for information, on matters discussed in public session at its meeting on October 21, 2010, which included a review of legal and regulatory requirements, discussion on bi-State and corporate trends in governance and ethics, and a review on ethical standards and compliance, and the report was received.

Report of Committee on Finance

The Committee on Finance reported, for information, on matters discussed and action taken in public session at its meeting on October 21, 2010, which included discussion of an item for the purchase of public liability insurance, and the report was received.

Report of Committee on Capital Programs/Agency Planning

The Committee on Capital Programs/Agency Planning reported, for information, on matters discussed in public and executive sessions at its meeting on October 21, 2010, which included discussion of an item for planning work to support the development of an intermodal container transfer facility at the Greenville Yard-Port Authority Marine Terminal, and discussion of matters involving ongoing negotiations or reviews of contracts or proposals, and the report was received.

Report of World Trade Center Redevelopment Subcommittee

The World Trade Center Redevelopment Subcommittee reported, for information, on matters discussed in public and executive sessions at its meeting on October 21, 2010, which included discussion of two contracts and agreements in connection with the continued development of the World Trade Center (WTC) Transportation Hub project, an update on the status of construction activities at the WTC site, and discussion of matters involving ongoing negotiations or reviews of contracts or proposals, and the report was received.

Report of Special, Interim Meeting of the Committee on Operations

In view of the absence of a quorum for the Board to act on certain matters to be considered at its meeting on October 21, 2010, consistent with the Board's resolution of December 15, 1994, a special, interim meeting of the Committee on Operations was held. At the meeting, the Committee acted for and on behalf of the Board on certain matters included on the agenda for the Board meeting. A copy of the minutes of the special, interim meeting of the Committee on Operations held on October 21, 2010 is included with these minutes.

GREENVILLE YARD-PORT AUTHORITY MARINE TERMINAL – INTERMODAL CONTAINER TRANSFER FACILITY – EXPRESSRAIL PORT JERSEY -- PLANNING AUTHORIZATION

It was recommended that the Board authorize planning and preliminary design work for an Intermodal Container Transfer Facility (ICTF) at the Greenville Yard-Port Authority Marine Terminal (Greenville Yard), which would be known as ExpressRail Port Jersey, in an estimated total amount of \$3 million.

Pursuant to previous Board authorizations, the comprehensive Port Intermodal Rail Development Program is underway, to develop the ExpressRail System at several of the Port Authority's marine terminal facilities. To date, the construction of ExpressRail facilities and supporting infrastructure at the Elizabeth-Port Authority Marine Terminal, Port Newark and the Howland Hook Marine Terminal has resulted in the ExpressRail System currently having the capacity to handle approximately 1.1 million rail lifts annually.

At its meeting of April 30, 2009, the Board authorized the Executive Director to enter into a new 37-year lease with Global Terminal and Container Services, LLC (Global) for a 100-acre parcel and the adjacent approximately 70 acres of property at the Port Jersey-Port Authority Marine Terminal (Port Jersey), which is adjacent to Greenville Yard, for the development of a new container terminal facility. Pursuant to its lease agreement with Global, the Port Authority is obligated to design and construct an operational ICTF at Greenville Yard with a minimum capacity of 125,000 lifts annually, to be known as ExpressRail Port Jersey, by July 1, 2014.

Planning and preliminary design work under the proposed authorization would include design development, including: location and site planning; detailed track alignment; connectivity to adjacent or nearby facilities; additional property acquisition requirements; permitting requirements; storm drainage, water supply and electrical distribution systems; coordination with tenants and utilities; construction staging; and cost estimates.

Expanding the intermodal rail system would result in improved efficiency, enhanced competitiveness of the marine terminals, added capacity for intermodal cargo growth, increased revenue to the Port Authority and growth of other necessary rail freight activities. In addition, moving cargo by rail would reduce environmental impacts caused by roadway congestion, including air pollution, and allow more containerized cargo to reach its destination with fewer truck trips.

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

RESOLVED, that planning and preliminary design work for an Intermodal Container Transfer Facility at the Greenville Yard-Port Authority Marine Terminal, to be known as ExpressRail Port Jersey, in an estimated total amount of \$3 million, be and it hereby is authorized; and it is further

RESOLVED, that the Executive Director be and hereby is authorized, for and on behalf of the Port Authority, to take action with respect to contracts for professional and advisory services and other agreements that may be necessary to effectuate the foregoing planning and preliminary design work, pursuant to authority granted in the By-Laws or other resolution adopted by the Board; and it is further

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

SETTLEMENT OF CLAIMS – IN RE: WORLD TRADE CENTER DISASTER SITE LITIGATION, 21 MC 100, AND IN RE: COMBINED WORLD TRADE CENTER AND LOWER MANHATTAN DISASTER SITE LITIGATION, 21 MC 103 (“DISASTER SITE LITIGATION”)

It was recommended that the Board authorize General Counsel to settle claims (on behalf of more than 9,000 claimants) brought in the United States District Court, Southern District of New York, in the total amount of \$47.5 million. The plaintiffs allege various personal injuries resulting from the rescue, recovery and cleanup efforts following the events of September 11, 2001, and plaintiffs are represented by the law firm of Worby Groner Edelman & Napoli Bern, LLP (Worby plaintiffs).

The total settlement amount of \$47.5 million would be reduced to the extent any of the Worby plaintiffs opt out of the settlement or are disqualified for any reason. For the settlement to be effective, 95 percent of the Worby plaintiffs who complied with the Port Authority’s suability legislation, *and* 80 percent of the plaintiffs who failed to comply, must opt in to the settlement.

The settlement was approved by order of Judge Alvin Hellerstein on October 14, 2010. The settlement amount would be allocated to individual plaintiffs based upon the severity of their respective injuries, with Judge Hellerstein (or court-appointed special masters) approving the allocation methodology.

For all Port Authority employees who opt in to the settlement reached by the Captive Insurance Corporation for the City of New York (WTC Captive Settlement), the Port Authority’s workers’ compensation carriers would waive all liens and agree to continue workers’ compensation payments. (These particular plaintiffs have not sued the Port Authority, because they are barred from doing so under New York’s workers’ compensation statutes.) The Worby plaintiffs who accept the proposed settlement with the Port Authority would sign a release and covenant not to sue that extinguishes all of their claims for currently known injuries and any claims for injuries that may develop in the future. As to Worby plaintiffs who opt in to this settlement, plaintiffs’ counsel would secure from the other defendants and insureds a release of all actual or alleged indemnification claims that these other defendants and insureds may have against the Port Authority as a result of their settlement with these Worby plaintiffs. To the extent that any of the Worby plaintiffs who opt in to this settlement are awarded judgments against any other defendant, such plaintiffs agree to reduce those judgments to the full extent of such defendant’s contribution and indemnity claims, if any, against the Port Authority. The proposed Port Authority settlement is not contingent upon the WTC Captive Settlement or any other settlement reached with any other defendant.

The entire settlement amount would be reimbursed to the Port Authority under the Port Authority’s applicable excess liability insurance coverage. These insurance policies are “reimbursement policies” that require the settlement to be funded initially by the Port Authority. Simultaneously with the Port Authority’s payment into an escrow account to be established for this purpose, the Port Authority would request reimbursement from the excess insurers. The excess insurers have agreed to wire the reimbursement payments within 48 hours of the Port Authority’s payment into the escrow account. Upon receipt of the required settlement paperwork from plaintiffs, the escrow account would pay over to plaintiffs’ counsel the appropriate

settlement proceeds. Any funds remaining in the escrow account, after payment of all appropriate settlement amounts, would be returned to the excess insurers.

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

RESOLVED, that General Counsel be and he hereby is authorized, for and on behalf of the Port Authority, to effectuate the settlements with the Worby plaintiffs as described in the foregoing report.

TRIBUTE TO STEPHEN H. SIGMUND

The Board of Commissioners, upon the impending departure of Stephen H. Sigmund, unanimously adopted the following resolution.

WHEREAS, from the time he joined The Port Authority of New York and New Jersey in February 2006 as Advisor to the Chairman and through his appointment as Chief of Public and Government Affairs in October 2006, Stephen Sigmund has served with great pride and distinction in leading the Port Authority's media, public and government affairs functions; and

WHEREAS, Stephen Sigmund has given the full measure of his talent, time and dedication to garner support and public awareness across the region for the Port Authority's key initiatives, most notably the reconstruction of the World Trade Center site; the acquisition of Stewart International Airport as an integral part of the region's air transportation system and delay reduction efforts at the agency's airports; environmental sustainability initiatives; a wide range of customer service enhancements including the PATH Modernization Program; and critical initiatives to assure the public that safety and security is of paramount concern to the agency; and

WHEREAS, Stephen Sigmund has worked tirelessly to ensure that members of the public, the media and elected officials are continuously provided with timely and consistent information concerning newsworthy events and matters of interest concerning the Port Authority and its facilities; and

WHEREAS, Stephen Sigmund has been a strong and influential voice in fostering greater public openness and transparency in the conduct of all facets of the Port Authority's businesses and has championed the public's "right to know" in both his words and deeds; and

WHEREAS, Stephen Sigmund brought a singular focus on the need to maximize the use of technology to inform the public of important Port Authority activities, which under his tenure included the development and implementation of a new vision for the agency's website as a means to achieve greater openness and access for the public, including a website specifically dedicated to progress at the World Trade Center site; and

WHEREAS, in keeping with the agency's continuing tradition of excellence and achievement Stephen Sigmund was awarded the Chairman's Award of Achievement in 2007 in recognition of his contributions to governance reforms at the Port Authority; and

NOW, therefore, be it

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

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

TRIBUTE TO VICTORIA CROSS KELLY

The Board of Commissioners, upon the impending retirement of Victoria Cross Kelly, unanimously adopted the following resolution.

WHEREAS, from the time she joined the Port Authority in 1976 as a Professional Assistant to her appointment as Director, Tunnels, Bridges and Terminals Department in January 2005, Victoria Cross Kelly has served with great honor and distinction and has given the full measure of her talent, skill, and ability to further the mission and goals of the Port Authority in numerous areas of the transportation industry and the region it serves; and

WHEREAS, Victoria Cross Kelly has been a visionary leader and consummate professional in her management of the Tunnels, Bridges and Terminals Department, and has worked tirelessly to ensure that the Port Authority's regional transportation network preserves the highest standards of excellence, through her tireless efforts to maintain Port Authority crossings in a state of good repair and champion critical asset replacement programs, including innovative and entrepreneurial options for the future of the Goethals and Bayonne Bridges, which will foster additional economic growth and activity throughout the region; and

WHEREAS, Victoria Cross Kelly has contributed her acute business insights and dedication to customer service to maintain interstate bus transit as a vital element of the regional transportation system by spearheading major operating and retail revitalization programs at the Port Authority Bus Terminal and George Washington Bridge Bus Station; and

WHEREAS, Victoria Cross Kelly has become a nationally and internationally recognized leader in the toll collection and road pricing industry, by extending the interoperability of toll systems, building upon the success of the E-ZPassSM Program, and laying a strong foundation for the future implementation of All-Electronic Tolling at Port Authority crossings; and

WHEREAS, Victoria Cross Kelly has provided strategic direction and guidance for a strong security program that resulted in the initiation, planning and completion of technology and infrastructure strengthening projects at the agency's tunnel, bridge and terminal facilities, which has led to safer, more secure facilities that benefit our customers, employees and the region at large; and

WHEREAS, Victoria Cross Kelly has been a strong environmental advocate and leader in the agency's commitment to sustainability efforts that reduce expense, energy use, and congestion, and was instrumental in the development of the installation of energy efficient lighting at the Holland Tunnel and George Washington Bridge and the development of a new bicycle path that connects the George Washington Bridge and the Palisades Interstate Parkway; and

WHEREAS, from February 2000 to February 2003, Victoria Cross Kelly served as the Deputy Director of the PATH interstate rail transit system, and instinctively provided critical direction to safely evacuate thousands of PATH commuters on September 11, 2001 and thereafter was instrumental in the recovery and restoration of PATH service to the World Trade Center; and

WHEREAS, from 1986 to 1999, Victoria Cross Kelly developed extensive experience in the maritime industry, fostering economic growth and development of the Port of New York and New Jersey, while serving in various roles, including General Manager of the Port Newark/Port Elizabeth Seaport, and as Acting Deputy Director of the Port Commerce Department; and

WHEREAS, in keeping with the agency's continuing tradition of excellence and achievement, Victoria Cross Kelly has received numerous awards throughout her distinguished career, including the Civilian Commendation Award in 2002 for the World Trade Center PATH Station Evacuation on September 11, 2001; and

NOW, therefore, be it

RESOLVED, that the Commissioners of The Port Authority of New York and New Jersey hereby express to Victoria Cross Kelly their sincere and heartfelt appreciation for her outstanding service to the agency and the region it serves; and it is further

RESOLVED, that the Board of Commissioners hereby directs that this resolution be suitably engraved and presented to Victoria Cross Kelly as a symbol of the high esteem in which she is held by the Board and staff alike.

TRIBUTE TO ALAN I. RHOME

The Board of Commissioners, upon the impending retirement of Alan I. Rhome, unanimously adopted the following resolution.

WHEREAS, from the time he joined the Port Authority in June 1969 as an Electrical Engineer and since his appointment as Director of Operations Services, in August 1998, Alan Rhome has served with great distinction and has provided critical services and the essential goods necessary to support the agency's core transportation mission and business needs; and

WHEREAS, Alan Rhome has demonstrated a considerable level of talent and dedication to the agency during his 41-year career by contributing his skills and abilities to a variety of areas, including his service as Manager of Airport Facilities at Newark Liberty International Airport, Manager of Facility Construction and Support in the World Trade Department and as an Engineer in the Engineering Department; and

WHEREAS, as Director of the Operations Services Department Alan Rhome has overseen various important corporate services, from state-of-the-art print and reproduction services to essential operational services such as the Communications, Security and Electronics Unit (COMSEG), which was instrumental in effectuating expansion of the 800MHz Program providing for improved police radio communications to all Port Authority facilities; and

WHEREAS, Alan Rhome has been instrumental in the delivery of reliable and cost effective programs that enhance the workplace and worker safety, including the Occupational Safety and Health Training Program, which has contributed to a high level of employee safety performance, and has earned the National Safety Council's most prestigious award, the Award of Honor, on eight occasions; and

WHEREAS, Alan Rhome has been an advocate for the importance of sustainability efforts and has raised awareness agency-wide to ensure the Port Authority's commitment to sustainability by implementing environmentally friendly programs such as the Operations Services Going Green initiative, which encourages recycling and energy conservation, and the Clean Fleet Initiative, which has resulted in the "greening" of nearly 70 percent of the Port Authority's vehicle fleet; and

WHEREAS, following the events of September 11, 2001, Alan Rhome oversaw the provision of critical assistance and support with the construction of temporary office space for hundreds of displaced staff, through the efforts of the Operations Services Staff Engineering Maintenance and Construction Unit (SEMAC); and

WHEREAS, in keeping with the agency's continuing tradition of excellence and achievement, Alan Rhome received the James G. Hellmuth Unit Citation Award for his role in the Preparation, Review and Release of the September 11, 2001 Transcripts and, his contributions as a member of the Restoration of PATH Service to Exchange Place and Lower Manhattan in 2004, and was the recipient of

the Exceptional Service Team Award as a member of the Family Assistance Center Development Team in 2002.

NOW, therefore, be it

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

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

TRIBUTE TO KEVIN J. KIRCHMAN

The Board of Commissioners, upon the impending retirement of Kevin J. Kirchman, unanimously adopted the following resolution.

WHEREAS, from the time he joined The Port Authority of New York and New Jersey, on March 3, 1976, to his appointment as Director of Marketing and Special Events on November 10, 2008, Kevin Kirchman has been a dedicated public servant and has served the agency in several important roles during his 34-year career; and

WHEREAS, over the course of his career, Kevin Kirchman has been a dedicated and committed member of the agency, providing significant contributions in a variety of areas, including his service in the former Planning and Development and World Trade Departments, as well as the Tunnels Bridges and Terminals Department; and

WHEREAS, Kevin Kirchman has been a driving force in the unification of the agency's marketing functions to provide greater efficiency, and has provided a cohesive voice and recognizable brand to the agency's facilities and functions through his innovative and adept leadership of the agency's marketing and advertising functions; and

WHEREAS, Kevin Kirchman has worked tirelessly to ensure that the Port Authority's commitment to transparency is realized, by guiding the successful launch of webcasting of the Port Authority's committee and Board meetings and by ensuring that the public is well-informed of agency progress on key initiatives through his commitment to support and maintain the most current information on the agency's Website, production of the agency's Annual Report, and development of various agency publications; and

WHEREAS, Kevin Kirchman has played a prominent role in ensuring that the historic redevelopment of the World Trade Center site is documented by enabling public service entities to film the progress, such as Discovery Channel and the NOVA science series, as well as for the agency's historical records; and

WHEREAS, Kevin Kirchman has overseen the production of various internal publications, including PA News and PA Today, which has ensured that thousands of agency staff who work at nearly 25 different locations stay connected and informed; and

WHEREAS, in keeping with the agency's continuing tradition of excellence and achievement, Kevin Kirchman received James G. Hellmuth Unit Citation Awards for his tireless efforts as a member of the Preparation, Review and Release of the 9/11 Transcripts Team, the Restoration of PATH Service to Exchange Place and Lower Manhattan Team in 2004, and the World Trade Center Recovered Photo Archive Team in 2006; and

NOW, therefore, be it

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

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

Whereupon, the meeting was adjourned.

Secretary