

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Tuesday, December 18, 2007

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MINUTES of the Meeting of The Port Authority of New York and New Jersey held Tuesday, December 18, 2007 at 225 Park Avenue South, City, County and State of New York

PRESENT:

NEW JERSEY

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

NEW YORK

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

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

Kathleen P. Bincoletto, Senior Business Manager, Office of the Secretary
 A. Paul Blanco, Chief Financial Officer
 John D. Brill, Director, Audit
 Ernesto L. Butcher, Deputy Executive Director, Operations
 Rosemary Chiricolo, Assistant Director, Management and Budget
 Arthur J. Cifelli, Deputy Chief of Staff
 Steven J. Coleman, Assistant Director, Media Relations, Public Affairs
 William R. DeCota, Director, Aviation
 John C. Denise, Audio Visual Supervisor, Public Affairs
 Michael P. Dombrowski, Cinematographer, Public Affairs
 John J. Drobny, Director, Project Management
 Michael G. Fabiano, Deputy Chief Financial Officer/Comptroller
 Ziomara Y. Foster, Principal Business Manager, Office of the Secretary
 Donald F. Free, Assistant Director, WTC Redevelopment, Development
 Ann E. Freedman, Principal Property Representative, Development
 Michael B. Francois, Director, Development
 William H. Goldstein, Deputy Executive Director, Capital Programs
 Linda C. Handel, Assistant Secretary
 Alan H. Hicks, Senior Public Information Officer, Public Affairs
 Victoria C. Kelly, Director, Tunnels, Bridges and Terminals
 Kevin J. Kirchman, Deputy Director, Public Affairs
 Louis J. LaCapra, Chief Administrative Officer
 Tina Lado, Director, Government and Community Affairs
 Richard M. Larrabee, Director, Port Commerce
 Marc LaVorgna, Assistant Director, Media Relations, Public Affairs
 Susan Bass Levin, First Deputy Executive Director
 Timothy Lizura, Deputy Director, WTC Redevelopment, Development
 Francis J. Lombardi, Chief Engineer
 Norma L. Manigan, Program Director, External Affairs, Public Affairs
 Stephen Marinko, Attorney, Law
 Michael G. Massiah, Director, Management and Budget
 Candace McAdams, Director, Media Relations, Public Affairs
 James E. McCoy, Manager, Board Management Support, Office of the Secretary

Anne Marie C. Mulligan, Treasurer
Lynn A. Nerney, Senior Business Manager, Office of the Secretary
Summer Oesch, Special Assistant to the First Deputy Executive Director
Tony F. Oliver, Senior Marketing Analyst, Public Affairs
Desiree Ramos, Executive Assistant to the First Deputy Executive Director
Andrea Roitman, Director, Procurement
Richard R. Roper, Director, Planning
Stephen H. Sigmund, Chief, Public and Government Affairs
Timothy G. Stickelman, Chief of Public Securities, Law
Ralph Tragale, Client Manager, Government and Community Affairs
Lillian D. Valenti, Deputy Director, Procurement
William J. Young, Principal Policy Analyst, Public Affairs
Peter J. Zipf, Director of Engineering, Deputy Chief Engineer

Guest:

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

Public Speakers:

Christine Berthet, Clinton Hells Kitchen Coalition for Pedestrian Safety
Gail S. Buchwald, ASPCA
Anne Marie Karash, Humane Society of New York
Patrick Kwan, Humane Society of the United States
Valerie Sicignano, In Defense of Animals
Kathleen Treat, Clinton Hells Kitchen Coalition for Pedestrian Safety
Martin Treat, Clinton Hells Kitchen Coalition for Pedestrian Safety

The public session was called to order by Chairman Coscia at 3:19 p.m. and ended at 3:57 p.m. The Board met in executive session prior to the public session. Commissioner Chasanoff was present for a portion of the public session.

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of November 15, 2007. She reported that copies of these Minutes were sent to all of the Commissioners and to the Governors of New York and New Jersey. She reported further that the time for action by the Governors of New York and New Jersey has expired.

Whereupon, the Board of Commissioners unanimously approved the Minutes.

The Secretary also reported that the actions set forth on pages 300 through 322 of the Minutes of the meeting of November 15, 2007 adopting a Port Authority Plan of Financing were also approved for the purposes of the public approval provision of Section 147(f) of the Internal Revenue Code of 1986 and the regulations with respect thereto, upon expiration of the gubernatorial review period.

Report of Audit Committee

The Audit Committee reported, for information, on matters discussed in executive session at its meeting on December 18, 2007, which included matters involving external or internal investigations or audits, 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 session at its meeting on December 18, 2007, which included an update on the Downtown Restoration Program, a project for the design and construction of a Central Chiller Plant and River Water System at the World Trade Center site, a construction trade contract for masonry work for the below-grade and superstructure portions of One World Trade Center, the Freedom Tower, the award of a contract for the removal and disposal of asbestos-containing materials from the East Bathtub at the World Trade Center site and matters involving ongoing negotiations or review of contracts or proposals, and the report was received.

Report of Security Committee

The Security Committee reported, for information, on matters discussed in public session at its meeting on December 18, 2007, which included discussion of a contract for unarmed, uniformed security guard services at various Port Authority facilities, 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 December 18, 2007, which included the extension of an existing brokerage agreement to administer the Port Authority's Public Liability Insurance Program and discussion of financing activity for 2007 and the Port Authority's plan for funding capital projects in 2008, and the report was received.

Report of Committee on Capital Programs/Agency Planning

The Committee on Capital Programs/Agency Planning reported, for information, on matters discussed in public session at its meeting on December 18, 2007, which included discussion of an item for planning work for the structural rehabilitation of the George Washington Bridge main span upper level steel deck, and the report was received.

Report of Committee on Operations

The Committee on Operations reported, for information, on matters discussed in public and executive session at its meeting on December 18, 2007, which included discussion of an item for the development of the air rights above the Port Authority Bus Terminal, contracts for on-airport ground transportation services at John F. Kennedy International and LaGuardia airports, a contract for the purchase of airport shuttle buses at John F. Kennedy International Airport and matters related to the purchase, sale or lease of real property or securities, where disclosure would affect the value thereof or the public interest, and the report was received.

Executive Director's Report

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

Staff Reports

Presentations were made by staff on:

- 1) Port Authority Bus Terminal – Lease Agreement to Develop Air Rights;
- 2) World Trade Center Items; and
- 3) 2008 Budget/Capital Plan

GEORGE WASHINGTON BRIDGE – MAIN SPAN UPPER LEVEL STRUCTURAL STEEL REHABILITATION – PLANNING AUTHORIZATION

It was recommended that the Board authorize planning work to include: (1) design services for the near-term structural steel rehabilitation of the George Washington Bridge (GWB) main span upper level, including field inspection, and preparation of design documents, including construction staging and a contract cost estimate; and (2) assessment of the present-day truck loading and performance of a life-cycle cost analysis for near- and long-term rehabilitation of the upper level deck structure, at a total estimated planning cost of \$5.5 million.

The GWB's original upper level concrete deck was completed in 1931 and was replaced by a steel deck in 1978. This steel deck is supported by structural framing members that were built as part of the original bridge construction in 1931. The age of the structure, combined with the effects of de-icing salts and fatigue stresses related to the post-9/11 increase in truck traffic on the upper level, have resulted in accelerated wear of the deck and framing components. Federally mandated biennial inspections have revealed numerous locations with varying degrees of wear that could result in future load restrictions if left unaddressed. In addition, earlier this year, the Executive Director authorized an agreement for performance of expert professional architectural and engineering services to assist in this effort. The portion of the consultant services related to design services under this planning authorization is included in the requested \$5.5 million.

Assessment of the present-day truck loading is essential to develop an appropriate rehabilitation scheme for the various deck components. This planning authorization also would provide for a task to determine the post-rehabilitation remaining useful life of the deck system. This task would provide a structural model to determine the remaining life of the deck system, given the loading criteria and the planned rehabilitation work. This information would be used for capital planning purposes. It is estimated that the planning work would be completed in mid-2009.

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

RESOLVED, that planning work to include: (1) design services for the near-term structural steel rehabilitation of the George Washington Bridge (GWB) main span upper level, including field inspection, and preparation of design documents, including construction staging and a contract cost estimate; and (2) assessment of the present-day truck loading and performance of a life-cycle cost analysis for future replacement or major rehabilitation of the upper level deck structure, at a total estimated planning cost of \$5.5 million, be and it hereby is authorized; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to take action with respect to contracts for professional and advisory services and such other contracts and agreements as may be necessary to effectuate the foregoing planning work, subject to advising the Commissioners of individual contracts or agreements to be acted upon pursuant to

this authorization prior to taking or authorizing such action; and it is further

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

**DOWNTOWN RESTORATION PROGRAM – WORLD TRADE CENTER SITE
COMMON INFRASTRUCTURE – CENTRAL CHILLER PLANT AND
RIVER WATER SYSTEM – PROJECT AUTHORIZATION**

It was recommended that the Board authorize: (1) a project for the design and construction of the Central Chiller Plant (CCP) at the World Trade Center (WTC) site, at an estimated total project cost of \$200 million, inclusive of previous stakeholder authorizations, in order to proceed with final design and construction of this project, including payments to contractors and consultants, procurement of long-lead items, allowances for extra and net cost work, insurance, engineering, project contingency, administrative and financial expenses and other project costs; and (2) the Executive Director to: (a) order the performance of the second task under the existing agreement with a joint venture composed of Atkinson Koven Feinberg Engineers, LLP and WM Group Engineers, PC (AKF/WM Group) to provide expert professional architectural and engineering services associated with the preparation of contract documents and post-award services for the design of the CCP, at a cost of \$1.53 million, including a 10 percent contingency; and (b) enter into cost reimbursement and allocation agreements with the National September 11 Memorial and Museum (NS11MM), WTC Retail LLC, and other entities (stakeholders) for work performed on behalf of or by the Port Authority on behalf of the CCP stakeholders.

The primary and secondary chiller plants on the WTC site were destroyed by the terrorist attacks on September 11, 2001. The combined capacity of both plants was approximately 59,000 tons. The plants supplied chilled water for the base-building and tenant air conditioning requirements at the WTC site. The chiller plants were supplied with condenser water from the Hudson River by river water lines that connected the chiller plants to the river water pump station located in Battery Park City. The river water lines and the pump station remain intact and will be resized and rehabilitated under this project to meet the CCP's requirements. Prior to September 11, 2001, these facilities served the commercial offices, as well as retail and hotel spaces and the U.S. Customs House at the WTC site.

Through mid-2005, the post-September 11 WTC Site Master Plan was based on the construction of a 40,000-ton-capacity CCP receiving condenser water from the Hudson River that would replace in its entirety what had been lost and serve all the planned facilities on the entire WTC site. Silverstein Properties, Inc (SPI) was to install a cooling water system similar to those facilities that existed prior to the September 11 terrorist attacks.

In November 2005, the Board authorized planning work for the design of the WTC CCP, at an estimated cost of \$6 million. In September 2006, the Board authorized an Agreement for the Performance of Professional Architectural and Engineering Services for the WTC CCP, at an estimated cost of \$2.5 million.

As a part of the regulatory process, a State Pollutant Discharge Elimination System (SPDES) permit is required from the New York State Department of Environmental Conservation (NYSDEC) for the usage of the Hudson River water serving the CCP. In March 2005, the Port Authority submitted a SPDES permit renewal application, along with a comprehensive Best Technologies Available (BTA) and Alternative Cooling Systems Study, that requested approval to maintain maximum river water flow rate of 120,000 gallons per minute (gpm). Pursuant to recent NYSDEC regulations for cooling water intake structures, all feasible

intake technologies and operational measures must be implemented, either individually or in combination, to reduce impingement by no less than 80 to 95 percent and entrainment by no less than 60 to 90 percent. With the new NYSDEC requirements, SPI determined that an alternative water source for cooling the commercial office buildings would be more cost-effective.

A CCP with a river water condensing system remains the most feasible and cost-effective solution to provide air conditioning for the remaining (non-office) facilities, including the WTC Transportation Hub, WTC retail development, and the WTC Memorial and Museum projects. Following numerous discussions, meetings and correspondence among NYSDEC, Lower Manhattan Development Corporation, SPI and the Port Authority, NYSDEC agreed to allow the Port Authority to apply for a maximum river water flow rate usage of 30,000 gpm for the CCP, in response to environmental concerns raised by environmental advocacy groups. Subsequently, the Port Authority received the modified SPDES permit at the reduced capacity of 30,000 gpm in December 2006. The proposed CCP of 12,500 tons installed capacity would meet a peak demand-cooling load of 10,000 tons, and is based on the current maximum allowable usage of the river water under the approved SPDES permit of 30,000 gpm (7 million gallons-per-day average).

This project would be closely coordinated with ongoing planning and engineering efforts for the WTC Transportation Hub, retail development, and the Memorial and Museum projects.

The CCP is being designed and specified to reduce the amount of energy required to cool the premises of the WTC site stakeholders. Most significantly, the design of the CCP takes advantage of colder Hudson River temperatures during certain times of the year to “free” cool the stakeholders’ premises without the use of mechanical cooling. The forecast reduction in energy consumption associated with this strategy totals 1,547 megawatt hours (Mwh) per year, avoiding the emission of approximately 162 tons of carbon dioxide per year by the power plants serving the CCP. Additionally, the procurement of the CCP chillers is being structured to use market forces to encourage the vendors to provide their most efficient, cost-effective chillers, based on a life-cycle cost evaluation of their proposals. Using this strategy, each small improvement in chiller efficiency of 0.01 kilowatts per ton of cooling could result in an energy savings of 154.42 Mwh per year, thereby avoiding emissions of approximately 16.16 tons of carbon dioxide per year by the power plants serving the CCP.

In November 2006, the CCP preliminary design work for the preparation of the Stage II design was awarded to AKF/WM Group, at an estimated cost of \$1,467,360. The contract also provided for a second task, to provide expert professional architectural and engineering services associated with the preparation of contract documents and post-award services (Stages III and IV) for the design of the CCP at the WTC site, at an estimated cost of \$1,521,650. Subsequently, in June 2007, additional preliminary engineering services for the refinement of the design and better coordination with the project stakeholders and adjoining projects was awarded to AKF/WM Group, at an estimated cost of \$600,000.

Through mid-2005, conceptual design of the CCP provided for 40,000 tons of capacity to serve all the planned facilities on the WTC site. Prior to the start of preliminary design in 2006, SPI determined that distributed, cooling-tower-based air conditioning systems would provide the most cost-effective cooling for their commercial office buildings. The CCP's original budget in 2005 was derived by prorating SPI's estimate for the 40,000-ton plant to reflect the CCP's reduced capacity of the current 12,500-ton plant, and did not account for material escalation or present market conditions. The current CCP cost estimate of \$200 million is based on 100 percent preliminary design documents and has been validated by the Federal Transit Administration's (FTA) risk assessment process and the Port Authority's cost estimating unit.

Cost reimbursement and allocation agreements with the CCP's stakeholders and others for work performed on behalf of or by the Port Authority on behalf of the stakeholders or others are necessary in order to accomplish construction in areas beyond the physical boundaries of the CCP proper, but on the WTC site, in an orderly and efficient manner. These project coordination and interface issues and project implementation roles and responsibilities would be finalized as part of such agreements. For example, the NS11MM would be made whole for its design and construction costs associated with providing the CCP's core and shell, based on an agreement identifying specific work breakdown elements directly related to the CCP. Other reimbursement items associated with the CCP may include portions of the river water piping, chilled water distribution system, temporary and permanent power supplies, and other similar work beyond the physical boundaries of the CCP itself. Costs to be allocated among the CCP's stakeholders would include the design and construction of items such as the vertical and horizontal circulation elements the CCP will share with adjacent occupancies to avoid the need for the CCP to construct separate dedicated elements. Cost allocations in those situations would be established based on usage or similar appropriate metrics.

It is estimated that construction would be completed in 2010. In its final design and construction, the energy performance of the CCP would reflect joint efforts among the stakeholders to fulfill the commitment of attaining a level of energy efficiency that is at least 20 percent higher than the currently effective New York State Energy Conservation Construction Code.

It is anticipated that an estimated \$28 million of the total \$200 million project cost will be recoverable, contingent on the execution of reimbursable agreements, from the Performing Arts Center and the New York State Metropolitan Transportation Authority, based on a multi-party cost allocation and usage agreement that includes the internal stakeholders. Of the total project cost of \$200 million associated with this authorization, \$71.46 million in FTA reimbursement will be sought for the WTC Transportation Hub and Vehicular Security Center portions of the project's cost, consistent with the terms of the grant and other applicable agreements with the FTA.

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

RESOLVED, that a project for the design and construction of the Central Chiller Plant (CCP) at the World Trade Center (WTC) site, at an estimated total project cost of \$200 million, in order to proceed with final design and construction of

the project, including payments to contractors and consultants, procurement of long-lead items, allowances for extra work (if necessary) and net cost work, insurance, engineering, project contingency (if necessary), administrative and financial expenses and other project costs, be and it hereby is authorized; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to: (1) order the performance of the second task under the existing agreement with a joint venture composed of Atkinson Koven Feinberg Engineers, LLP and WM Group Engineers, PC to provide expert professional architectural and engineering services associated with the preparation of contract documents and post-award services for the design of the CCP, at a cost of \$1.53 million, including a 10 percent contingency; and (2) enter into cost reimbursement and allocation agreements with the National September 11 Memorial and Museum, WTC Retail LLC, and other entities (stakeholders) for work performed on behalf of or by the Port Authority on behalf of the CCP stakeholders; and it was further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to take action with respect to purchase and construction contracts, contracts for professional and advisory services and such other contracts and agreements as may be necessary to effectuate the foregoing project, subject to advising the Commissioners of individual contracts or agreements to be acted upon pursuant to this authorization prior to taking our authorizing such action; and it is further

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

ELIZABETH-PORT AUTHORITY MARINE TERMINAL – DECLARATION OF SURPLUS PROPERTY AND CONVEYANCES IN CONNECTION WITH AN EXCHANGE OF PROPERTIES AND PROVISION OF CERTAIN ACCESS AND DRAINAGE EASEMENTS

It was recommended that the Board: (1) declare two parcels (PA Parcels) located on a 102-acre site (Site) owned by the Port Authority, adjacent to the Elizabeth-Port Authority Marine Terminal (EPAMT), as surplus property, so that the PA Parcels can be transferred to Catellus Urban Renewal North Avenue I, LLC in exchange for two parcels (Catellus Parcels) owned by Catellus Urban Renewal North Avenue I, LLC and other Catellus companies having any interest in this property (collectively, Catellus), private landowners of property located at 100 North Avenue East, a/k/a the Elizabeth Seaport Business Park, adjacent to the Site; and (2) authorize the Executive Director to: (a) convey the PA Parcels to Catellus; (b) acquire title to the Catellus Parcels from Catellus, including any temporary construction rights needed to advance the final phase of the construction of the North Avenue East Improvement Project (Project); (c) enter into agreements with Catellus to (i) grant Catellus permanent access and drainage easements, including any necessary rights to re-grade adjacent slopes, in the Site; and (ii) accept from Catellus a permanent roadway access easement to the Site; and (d) enter into any other agreements necessary to effectuate these actions, including title company agreements, surveys, and subdivision approvals, and make appropriate findings, determinations and authorizations related thereto. These real property exchanges would be at no cost to either the Port Authority or Catellus.

Pursuant to the Board authorizations in September 2002 and February 2003, in March 2005, a series of transactions occurred, commencing with Catellus' acquisition of a 177-acre site near the EPAMT from Continental Airlines, Inc. (Continental). Catellus retained approximately 75 acres of the 177-acre site to develop the Elizabeth Seaport Business Park, which consists of a planned one-million-square-foot warehouse/distribution center and is part of the Portfields initiative, and conveyed the remaining approximately 102 acres to the City of Elizabeth (City). Concurrently, the Port Authority purchased the remaining 102 acres of the site, consisting primarily of wetlands, from the City pursuant to a Memorandum of Understanding between the Port Authority and the City, dated March 1, 2005 (MOU). The MOU stipulated that the Port Authority would allow Catellus to encumber a portion of the Site in connection with the permits required for its Elizabeth Seaport Business Park project from the New Jersey Department of Environmental Protection (NJDEP) for wetlands mitigation and/or enhancement efforts and a storm water management/drainage plan, provided that at least 93 contiguous acres of the Site remained unencumbered. Subsequently, it was deemed appropriate for the Port Authority to transfer a 9-acre parcel to Catellus in connection with its wetland mitigation and waterfront public access provisions for its NJDEP Waterfront Development Permit, and to contractually transfer the associated environmental liability, to the extent permitted by law, with the fee title, instead of encumbering the 9-acre parcel. Furthermore, in connection with Catellus' proposed Elizabeth Seaport Business Park, the Port Authority would transfer a 0.8-acre parcel of upland area to Catellus. The PA Parcels are no longer required by the Port Authority for the purpose for which they were acquired. The Port Authority also would enter into permanent drainage easements to assist Catellus in satisfying its NJDEP permit application in connection with Catellus' storm drainage management system, including any necessary re-grading of adjacent slopes and rights for the Catellus discharge to flow from the Catellus property into and through a ditch located on the Site into Newark Bay. Catellus would indemnify the Port Authority to the extent the discharge from the Catellus property results in a degradation of the water quality and

of the ditch located in the Site, and for impacts to the flood plain in connection with the drainage easements.

In February 1994 and July 1999, the Board authorized Phases I and III of the Project, including funding in the amount of \$8.5 million, for the widening of certain portions of North Avenue East near the EPAMT. In November 1998, the Board authorized an additional \$5 million to construct Phase II of the Project, which consists of widening, realigning and improving the geometry of McLester Street and the North Avenue East curve. The design of Phase II has been revised to provide for an additional lane of egress traffic, improved pavement surface, center traffic barriers for safety, and significant new driveway connections, including signalization. In order for this work to progress, approximately three acres of the Catellus property must be acquired to accommodate the Project. Catellus would reserve access easement rights in these parcels, as necessary for Catellus' ingress and egress onto the city streets of McLester Street and North Avenue East. Catellus is willing to convey rights to the Port Authority in a roadbed that exists on a portion of the Catellus property adjacent to the Site, for ingress to and egress from the Site, along with certain temporary construction rights to facilitate completion of the Project. It is anticipated that, under two separate future actions, authorization will be requested in 2008 for an increase in project authorization, from an estimated \$5 million to a cost currently estimated at \$28 million, to provide for construction of the remaining phase of the Project, the award of a construction contract, agreements with public utilities for project required relocations, and real property transactions with various entities located in the vicinity of the realigned North Avenue/McLester Street curve. The exchange of these parcels between the Port Authority and Catellus would contractually transfer the associated environmental liability, to the extent permitted by law, with the fee title. The transfer of these parcels would be subject to receipt of subdivision approvals from the City.

Consummation of these transactions would help to advance the Project, and also enable Catellus to proceed with its Elizabeth Seaport Business Park project; both projects will contribute to Port Authority goals and business objectives. In addition, this action would: support the Portfields initiative, allowing for the remediation of a formerly contaminated industrial site; enable the creation of wetlands with public access; and reduce truck vehicle miles traveled by locating a warehouse/distribution center closer to the EPAMT, leading to improved air quality. Based on an average truck trip of 90 miles from the EPAMT to a warehouse site in Allentown, Pennsylvania, staff estimates that when Catellus' one-million-square-foot Elizabeth Seaport Business Park is fully occupied, it will result in a reduction of approximately 5.9 million truck vehicle miles – or 35,000 truck trips – per year. This would result in a savings of nearly 1 million gallons of diesel fuel annually, which equates to a reduction of approximately 10,000 tons of carbon dioxide emissions annually.

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

RESOLVED, that the Board hereby finds and determines that two parcels of Port Authority-owned real property (PA Parcels), 0.790 acres and 9.010 acres in size, and, identified as Swap Parcel 1-1316X-1 and Swap Parcel 1-1316X-2, respectively, in Elizabeth, New Jersey, shown on a map entitled, "Major Subdivision Plat, Tax Account 1-1314, 1315, 1316, 1314B, 1205A, & 1205C, 100 North Avenue East, City

of Elizabeth, Union County, NJ,” dated December 12, 2006, are no longer required for the purposes for which they were acquired; and it is further

RESOLVED, that the Chief Engineer of the Port Authority be and he hereby is authorized and directed, for and on behalf of the Port Authority, to execute a certificate to be annexed to the appropriate Port Authority Map stating that such real property constituting these PA Parcels is no longer required for the purposes for which it was acquired, such map to be filed with the Office of the Secretary of the Port Authority; and it is further

RESOLVED, that the Executive Director be and he is hereby authorized, for and on behalf of the Port Authority, to: (1) convey title to the PA Parcels to Catellus Urban Renewal North Avenue I, LLC, or any other Catellus companies having real property interests to be transferred (collectively, Catellus), private landowner of property located at 100 North Avenue East, Elizabeth, New Jersey, a/k/a the Elizabeth Seaport Business Park, and adjacent to a 102-acre site (Site) owned by the Port Authority, consisting primarily of wetlands located immediately adjacent to the Elizabeth-Port Authority Marine Terminal (EPAMT), at no cost to Catellus; (2) acquire title to two parcels, 1.031 acres and 1.905 acres in size, and identified, respectively, as Swap Parcel 1-1314X and Swap Parcel 1-1315X, totaling approximately three acres of real property, located at the Elizabeth Seaport Business Park, from Catellus, as generally shown on a drawing entitled “Major Subdivision Plat, Tax Account 1-1314, 1315, 1316, 1314B, 1205A, & 1205C, 100 North Avenue East, City of Elizabeth, Union County, NJ,” dated December 12, 2006, at no cost to the Port Authority; and (3) enter into agreements with Catellus to (a) grant Catellus permanent access and drainage easements, including any necessary rights to re-grade adjacent slopes, in the Site, and (b) accept from Catellus a permanent roadway access easement to the Site and temporary construction rights; and to enter into any other agreements necessary to effectuate these actions, to include title company agreements, surveys, and subdivision approvals; and it is further

RESOLVED, that the Executive Director be and he is hereby authorized, for and on behalf of the Port Authority, to enter into any other related agreements to effectuate the transactions connected with the property interests and rights with Catellus herein, and do all other things necessary and appropriate to carry out the foregoing or to effectuate a project for the widening of certain portions of North Avenue East near the EPAMT, including, without limitation, enter into agreements with the City of Elizabeth and other public agencies and private entities, involving, among other matters, maintenance and jurisdiction, utility relocation, environmental studies, appraisals, surveys, title searches and title insurance; and it is further

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

2008 BUDGET

Consistent with longstanding Port Authority policy, and in keeping with governance best practices, the Port Authority strives to adopt, to the greatest extent possible, a Budget prior to the commencement of the ensuing budget year. As such, the 2008 Budget is being presented to the Board at today's meeting for its consideration.

The 2008 Budget for The Port Authority of New York and New Jersey, including the anticipated expenditures of its wholly owned corporate entities, provides for capital and operating expenditures during calendar year 2008 necessary to achieve the Port Authority's goals and objectives. Consistent with the By-Laws, the proposed 2008 Budget and supporting materials have been posted on the Port Authority's Web site and made available to the public and the press upon request, so that interested parties would have the opportunity to provide comments.

Building on the ongoing savings achieved to date through the Organizational Effectiveness and Change Management effort, this Budget holds staffing levels flat by eliminating 7 percent of managerial and professional staff positions and applying these resources to priority projects.

The Port Authority exists to enhance the region's competitiveness and prosperity by providing transportation services that efficiently move people and goods within the region and facilitate access to the nation and the world. The Port Authority strives to better coordinate terminal, transportation and other facilities of commerce in the New York-New Jersey metropolitan region surrounding the Port of New York and New Jersey, and does so by identifying and meeting the critical transportation infrastructure needs that support bi-state commerce, as well as trade in both goods and services between the region and the rest of the nation and world.

The agency meets its responsibility primarily through planning, constructing, financing, and operating trade and transportation infrastructure. It does so within the context of objectives that include enhancing safety and security, implementing new technologies, maintaining and enhancing infrastructure, advancing the delivery of capital programs, increasing agency cost effectiveness, pursuing improvements in regional mobility, and advancing regional economic competitiveness.

As part of a comprehensive planning process, the Budget serves as a financial planning tool that outlines estimated expenditures for fulfilling these objectives through programs already authorized or to be considered. In addition, the Strategic Plan serves as a tool for directing the agency's planning and project development resources for outlying years, and the Ten-Year Capital Plan represents the long-term investment plan to develop and operate transportation facilities and services that contribute to regional economic growth and prosperity.

The 2008 Budget totals approximately \$5,911 million. It consists of \$2,344 million for operating expenses, \$2,580 million for gross capital expenditures, \$814 million for debt service charged to operations, and \$173 million for other expenditures.

The proposed 2008 Budget provides for, among other things, maintaining a heightened level of security at all Port Authority facilities, increasing police presence at all Port Authority

Trans-Hudson (PATH) rail system stations, and growth in the Port Authority police force; the first full year of the Port Authority's operation of Stewart International Airport and various capital improvements thereto; continued development and construction of the World Trade Center site, as well as continued Port Authority management of the site to provide a safe, secure and clean environment to facilitate construction; and the Port Authority's commitment to partnering with New Jersey Transit Corporation to construct the Trans-Hudson Express Tunnel (ARC) Project. In order to accommodate higher costs, the 2008 Budget reflects additional savings initiatives recommended through the agency's Organizational Effectiveness and Change Management process.

The 2008 Budget includes \$2,580 million in capital plan spending. Our most critical capital initiatives include the rebuilding of the World Trade Center site, which includes the Transportation Hub and permanent PATH station, five office towers including the Freedom Tower, a Vehicular Security Center, retail development, and other common site infrastructure; building, in partnership with New Jersey Transit, the ARC Project; major upgrades and modernization of our tunnels, bridges and terminals; modernization of our airports; redeveloping our port facilities, including dredging to accommodate larger vessels; and expanding capacity and enhancing the PATH system. The 2008 Budget also provides for direct assistance to the two States for transportation and economic development projects and spending to maintain existing Port Authority facilities in a state of good repair.

The 2008 Budget continues to assume uninterrupted payments from tenants at all facilities, as specified in their lease agreements.

The Executive Director would implement the Budget in conjunction with his authority under the By-Laws, and is expected to take action with respect to: professional, technical, or advisory services; contracts for maintenance and services, construction, commodities (materials, equipment and supplies) and utilities purchases; leasing of equipment; the purchase of insurance; and other actions, including personnel benefit, classification, range and procedural adjustments and funding, as provided in the 2008 Budget and as previously authorized.

A provision of \$590,000 is also included to reimburse the States of New York and New Jersey for expenses incurred by the two States, including staff costs, in reviewing the Port Authority's annual Budget and any amendments thereto.

Circumstances arose during the year 2007 that were not foreseeable or determinable when the 2007 Budget was prepared, which are estimated to cause total expenditures to amount to \$459 million lower than the amounts set forth in the 2007 Budget.

The Executive Director would implement the capital plan in conjunction with his authority under the By-Laws consistent with the 2008 Budget and capital program projections, through the application of moneys in the Consolidated Bond Reserve Fund to the Capital Fund, subject to statutory, contractual, and other commitments and financial policies of the Port Authority, in addition to other capital funds carried into 2008 and the proceeds of Port Authority obligations to be issued. As such, it would be desirable to establish a maximum limit on such Consolidated Bond Reserve Fund applications in an amount not to exceed \$1,500 million (after reimbursement for temporary applications).

The Executive Director's authority, pending final adoption and approval of the annual Budget each year, to make operating expenditures and undertake contractual commitments for continuing operations and professional services, as contained in the financial plan presented to the Commissioners, would also be confirmed.

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

RESOLVED, that the 2008 Budget of The Port Authority of New York and New Jersey, as set forth below, be and the same hereby is approved and adopted, including authority for the Executive Director, pending final adoption of the annual Budget each year, to make operating expenditures and undertake contractual commitments for continuing operations and services:

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
Including Wholly Owned Corporate Entities
2008 BUDGET
(In Thousands)

Item	Total Expenditures	Personal Services	Materials & Services
Audit	\$11,741	\$8,803	\$2,938
Aviation	856,354	131,482	724,872
Business and Job Opportunity	3,195	1,609	1,586
Chief Administrative Officer	951	789	162
Chief Financial Officer	2,958	654	2,304
Corporate Enterprise Systems	29,258	-	29,258
Development	324,540	12,135	312,405
Deputy Executive Director - Capital	2,755	1,230	1,525
Deputy Executive Director - Operations	2,716	1,120	1,596
Chief Technology Officer	557	424	133
Comptroller's	12,624	11,164	1,460
Engineering	260,158	88,704	171,454
Construction Contracts	988,761	-	988,761
Executive Offices	2,555	2,194	361
Ferry Program	21,802	559	21,243
Financial Analysis	1,443	1,212	231
Human Resources	11,871	7,660	4,211
Medical Services	5,343	2,432	2,911
Inspector General	15,304	4,988	10,316
Labor Relations	2,520	1,918	602
Law	21,157	20,522	635
Management and Budget	14,723	6,522	8,201
Office of Emergency Management	9,666	3,297	6,369
Office of Environmental Policy, Programs & Compliance	3,806	2,203	1,603
Office of the Secretary	3,763	2,016	1,747
Operations Services	41,548	33,045	8,503 ⁽¹⁾
Facility Construction Support	33,424	24,098	9,326

Operations Standards	1,609	976	633
Planning	6,133	3,619	2,514
Port Commerce	184,588	23,460	161,128
WTC Construction	236,107	21,922	214,185
Procurement	14,843	11,684	3,159 ⁽¹⁾
Project Management	65,212	24,564	40,648
Public & Government Affairs	21,145	8,019	13,126
Public Safety	392,735	354,239	38,496
Rail	230,555	140,870	89,685
Technology Services	46,606	15,863	30,743 ⁽¹⁾
Treasury	20,506	6,084	14,422
Tunnels, Bridges and Terminals	212,067	111,501	100,566
Other:			
Amounts in Connection with Operating Asset Obligations	40,860	-	40,860
Bi-state Dredging Program	1,700	-	1,700
Debt Service - Operating	814,000	-	814,000
Debt Service – Capitalized Interest	115,000	-	115,000
Insurance	221,853	-	221,853
PA Insurance Captive Entity LLC	34,937	-	34,937
Municipal Rents and Amounts in Lieu of Taxes	228,442	-	228,442
Provision For Study and Development	23,750	-	23,750
Regional Programs - Operating	14,150	-	14,150
Regional Programs - Capital	219,109	-	219,109
Special Project Bonds Debt Service	79,942	-	79,942
Total Port Authority Budget	<u>\$5,911,342</u>	<u>\$1,093,581</u>	<u>\$4,817,761</u>

(1) Net after charges to other departments.

; and it is further

RESOLVED, that the revisions to the Budget for the year 2007 be and the same hereby are approved:

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
Including Wholly Owned Corporate Entities
2007 ESTIMATE VS 2007 BUDGET
(In Thousands)

	<u>2007</u> <u>ESTIMATE</u>	<u>2007</u> <u>BUDGET</u>	<u>CHANGE</u>
Operating Expenses	\$2,270,101	\$2,324,061	(\$53,960)
Debt Service Charged to Operations	791,898	805,862	(13,964)
Other Expenses	<u>131,040</u>	<u>69,048</u>	<u>61,992</u>
Total Operating	3,193,039	3,198,971	(5,932)
Capital Expenditures	<u>2,052,040</u>	<u>2,505,465</u>	<u>(453,425)</u>
Total Port Authority Expenditures	<u>\$5,245,079</u>	<u>\$5,704,436</u>	<u>(\$459,357)</u>

; and it is further

RESOLVED, that, based upon a requisition of the Governor of the State of New York or the Governor of the State of New Jersey, or the duly authorized designee of each, the Port Authority shall pay to the State of New York or the State of New Jersey, or both, upon receipt of an appropriate expenditure plan from said State, an amount not in excess of \$295,000 to each said State to reimburse said State or States for expenses incurred by said State or States, including staff costs, in reviewing the annual Budget of the Port Authority and any amendments thereto; and it is further

RESOLVED, that the provision by the Executive Director of portions of the Port Authority's capital program from time to time, consistent with the 2008 Budget and capital program projections (including the continuing application of the Capital Fund on a temporary basis, subject to reimbursement), by application of moneys in the Consolidated Bond Reserve Fund to the Capital Fund for capital expenditures for the year 2008 in connection with the Port Authority's facilities, shall not, subject to statutory, contractual, and other commitments and financial policies of the Port Authority, exceed \$1,500 million (after any such reimbursements and in addition to other capital funds carried into 2008 and the proceeds of obligations to be issued).

UPDATED 2007-2016 TEN-YEAR CAPITAL PLAN

It was recommended that the Board approve and adopt the \$29.5 billion updated 2007-2016 Ten-Year Capital Plan (Capital Plan).

At its meeting of December 14, 2006, the Board adopted the 2007-2016 Ten-Year Capital Plan. It was recognized that elements of the plan would be subject to revision from time to time, as appropriate, to reflect changes in programs, policies and projects and the environment in which the Port Authority operates.

Consistent with longstanding Port Authority policy, and in keeping with governance best practices, the Port Authority strives to adopt, to the greatest extent possible, an annual Budget prior to the commencement of the ensuing budget year. As such, the 2008 Budget is being presented to the Board at today's meeting for consideration under a companion item. As the annual Budget includes expenditures for the next year of the Capital Plan, the updated 2007-2016 Capital Plan is also being presented to the Board for its consideration. Implementation of this updated Capital Plan is dependent upon adjustments to the tolls and fares schedules that are currently the subject of an open public comment process, which was authorized at the meetings of the Boards of the Port Authority and Port Authority Trans-Hudson Corporation on November 15, 2007. Absent such toll and fare increases, the updated 2007-2016 Capital Plan would need to be reduced.

The updated Capital Plan, which has been posted on the Port Authority's Web site to solicit public comment, includes major investments in new facilities and existing facilities to create new capacity, protect the aging infrastructure of the New York-New Jersey region and provide new levels of security and environmental responsibility in urban development. The proposed update is primarily attributable to the following initiatives: an additional \$1 billion for additional security initiatives; an increase in the amount designated for Regional Transportation Programs from \$4 billion to \$5 billion, which includes the allocation of an additional \$1 billion for the Access to the Region's Core (ARC) project, for a total allocation of \$3 billion to that project; continued redevelopment efforts at the World Trade Center site; and approximately \$2.5 billion in new line business projects, many of which modernize and increase the capacity of the Port Authority Trans-Hudson (PATH) rail system and address flight delays at Port Authority airports.

Highlights of the updated Capital Plan include:

- **Security** - Strengthening the security of Port Authority facilities through technology such as airport Perimeter Intrusion Detection Systems and capital projects like hardening the PATH system and the Port Authority Bus Terminal (PABT).
- **ARC Project** - Building, in partnership with New Jersey Transit Corporation, the ARC project, including a two-track tunnel that will double rail transport capacity under the Hudson River to and from Manhattan and a new rail terminal under 34th Street and adjacent to the current New York Penn Station.
- **Tunnels, Bridges, and Terminals** - Upgrading Port Authority tunnels, bridges, and bus terminals, including implementation of All Electronic Tolling, modernization of the Goethals Bridge, rehabilitation of the Holland and Lincoln Tunnels, improvements to the

George Washington Bridge, the construction of a permanent ferry terminal in Hoboken, and the development of a bus garage in the vicinity of the PABT.

- **PATH** - Expanding capacity by modernizing stations and extending platforms to accommodate longer trains, adding 459 new railcars, implementing a new state-of-the-art signal and communication system, enhancing security, and replacing and upgrading aging substations.
- **World Trade Center** - Rebuilding the World Trade Center site and reinvigorating Lower Manhattan with the National September 11th Memorial and Museum, the World Trade Center Transportation Hub and permanent PATH system terminal, five commercial office towers, including the 1,776-foot-tall Freedom Tower, a Vehicular Security Center, retail development, cultural facilities, new public open spaces, new streets, and a new common infrastructure.
- **Ports** - Redeveloping the Port of New York and New Jersey, including dredging to accommodate today's larger vessels, expanding the Port's infrastructure, and completing the ExpressRail system, which will permit more than one million containers each year to be transported by rail instead of road.
- **Airports** – Modernizing Port Authority airports by initiating major terminal developments or modifications at John F. Kennedy International (JFK), Newark Liberty International, LaGuardia, Teterboro and Stewart International Airports, and implementing a Flight Delay Reduction Program at JFK.

The updated Capital Plan reflects a net increase of \$3.4 billion since its initial adoption in December 2006. The Capital Plan further reflects expenditures from various Port Authority funding sources as determined by the Executive Director, in connection with capital projects and operations of the Port Authority. The 2008 budget year will be the second year of this updated Capital Plan.

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

RESOLVED, that the Port Authority's \$29.5 billion updated 2007-2016 Ten-Year Capital Plan be and it hereby is approved and adopted, subject to annual reviews with the Commissioners based on revenue levels available during the forecast period.

JOHN F. KENNEDY INTERNATIONAL AIRPORT – AUTHORIZATION TO ELIMINATE THE AIRTRAIN JFK ACCESS FEE ON THE LONG ISLAND RAIL ROAD/AIRTRAIN JFK MONTHLY JOINT TICKET AND REVISION TO SCHEDULE OF CHARGES FOR AIR TERMINALS

It was recommended that the Board authorize the Executive Director to: (1) enter into necessary agreements to eliminate the AirTrain JFK access fee on the Long Island Rail Road (LIRR)/AirTrain JFK monthly joint ticket; and (2) revise the Schedule of Charges for Air Terminals to include the AirTrain JFK access fee.

Currently, the Port Authority receives a \$40 access fee for each LIRR/AirTrain JFK monthly joint ticket purchased. An estimated total of 227,112 passengers traveled through AirTrain JFK Jamaica Station during October 2007, and fewer than .3 percent had purchased a LIRR/AirTrain JFK monthly joint ticket.

Passengers who use the LIRR and connect with AirTrain JFK at Jamaica Station to access John F Kennedy International Airport (JFK) pay both a LIRR transit fare and an AirTrain JFK access fee. For example, the LIRR monthly fare from Hicksville to Jamaica is \$156; from Jamaica to JFK it is \$40 a month, totaling \$196. The single-ride LIRR/AirTrain JFK joint ticket access fee would not be affected.

Eliminating the access fee from the LIRR/AirTrain JFK monthly joint ticket would enable more airport employees to utilize AirTrain. This would be a step toward reducing airport roadway congestion.

In order to take advantage of this special discount program, an individual would be required to purchase a joint monthly ticket at one of the two LIRR ticket vending machines located in the AirTrain JFK Jamaica Station or one of the two LIRR ticket vending machines located in the New York City Penn Station.

The elimination of the access fee on the LIRR/AirTrain JFK monthly joint ticket would be a pilot program for one year and would be evaluated at that time. It also would be consistent with a recent agreement between New Jersey Transit Corporation and the Port Authority with regard to the elimination of the access fee on monthly tickets to and from the Newark Liberty International Airport AirTrain Station, consistent with New Jersey Transit's fare policy, which is also a one-year pilot program, subject to evaluation at the end of the term.

Revising the Schedule of Charges for Air Terminals to include the AirTrain JFK access fee would ease the implementation of future changes to the access fees, because the Board has previously delegated authority to revise the Schedule of Charges for Air Terminals, including adjustment of fees contained therein, to the Executive Director.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to: (1) enter into necessary agreements to

eliminate the AirTrain JFK access fee on the Long Island Rail Road/AirTrain JFK monthly joint ticket; and (2) revise the Schedule of Charges for Air Terminals to include the AirTrain JFK access fee; and it is further

RESOLVED, that the form of the agreement(s) in connection with the foregoing shall be subject to the approval of General Counsel or his authorized representative.

PORT AUTHORITY BUS TERMINAL – 20X SQUARE ASSOCIATES, LLC – LEASE AGREEMENT TO DEVELOP THE AIR RIGHTS ABOVE THE TERMINAL

It was recommended that the Board authorize the Executive Director to: (1) execute a term sheet and enter into leases and related agreements with 20X Square Associates, LLC (Developer) to develop, construct and operate an office tower above the North Wing of the Port Authority Bus Terminal (PABT) and a retail complex in the North Wing; (2) enter into an agreement with the Developer to effectuate Port Authority-approved plans for improvements to the public and bus operations areas of the PABT in conjunction with the North Wing development project, funded by revenues from the proposed lease transaction; and (3) enter into a separate, concurrent 180-day Exclusivity Agreement with the Developer to negotiate a potential transaction involving the leasing, renovation and management of the retail portion of the South Wing of the PABT.

In connection therewith, it was also recommended that the Board authorize the Executive Director to continue to retain professional consulting services to provide financial and technical expertise in negotiating the documents pertaining to the proposed transactions regarding the North Wing of the PABT and assistance in negotiations with the Developer regarding the potential retail project for the South Wing, at a total cost not to exceed \$3.5 million.

The PABT, with approximately 1.4 million gross square feet, is the busiest passenger facility in the world, with approximately 200,000 passenger trips through the facility and 7,000 bus movements on a typical weekday. Improvements to communication technologies, including way-finding, bus carrier ticketing and tracking of buses, security, environmental enhancements, construction of additional bus gates on the fourth floor and the creation of a new bus parking facility are necessary in order to accommodate the anticipated future growth in the number of users. If the retail development proposals were effectuated, the quality and functional layout of the PABT retail space would be improved to better serve commuters, local businesses and nearby residents.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to: (1) execute a term sheet and enter into leases and related agreements with 20X Square Associates, LLC (Developer) to develop, construct and operate an office tower above the North Wing of the Port Authority Bus Terminal (PABT) and a retail complex in the North Wing; (2) enter into an agreement with the Developer to effectuate Port Authority-approved plans for improvements to the public and bus operations areas of the PABT in conjunction with the North Wing development project, funded by revenues from the proposed lease transaction; and (3) enter into a separate, concurrent 180-day Exclusivity Agreement with the Developer to negotiate a potential transaction involving the leasing, renovation and management of the retail portion of the South Wing of the PABT; in each case, substantially in accordance with the terms and conditions outlined to the Board; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to continue to retain professional consulting services to provide financial and technical expertise in negotiating the documents pertaining to the proposed transactions regarding the North Wing of the PABT and assistance in negotiations with the Developer regarding the potential retail project for the South Wing; and it is further

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

WORLD TRADE CENTER SITE – WTC RETAIL LLC – REIMBURSEMENT AGREEMENT WITH SILVERSTEIN PROPERTIES, INC. FOR MECHANICAL, ELECTRICAL AND PLUMBING IMPROVEMENTS

It was recommended that the Board authorize WTC Retail LLC (WTC Retail), a wholly owned Port Authority entity, to enter into a reimbursement agreement with Silverstein Properties, Inc. or an affiliate (SPI), for mechanical, electrical and plumbing (MEP) improvements of the retail areas in Towers 2, 3 and 4 at the World Trade Center (WTC) site, at a total estimated cost to WTC Retail of \$382 million.

The Port Authority, through WTC Retail, has developed retail schematic designs and, via a design agreement with SPI has begun producing construction documents. This work has been coordinated with SPI for the East Bathtub at the WTC site. (With respect to the West Bathtub, design work has been coordinated with Port Authority staff.)

This authorization would allow WTC Retail to enter into a reimbursement agreement with SPI for retail MEP improvements – which include mechanical, electrical and plumbing, piping and shafts, fire protection, fire alarms, telecommunications, security and building management systems, as well as related back-of-house improvements. It was recommended that SPI construct this portion of the work to ensure completeness in coordination and to allow for economies of scale for procuring materials and labor.

Port Authority staff would have broad oversight of SPI's activities under this agreement. This oversight would include approving the bid packages prior to issuance and approving the allocation of project costs. Port Authority staff would be present at all bid openings, de-scoping sessions and contract negotiations. WTC Retail would make periodic reimbursement payments to SPI, based on requests from SPI with supporting documentation and verification by WTC Retail that the work has been completed satisfactorily and within agreed-upon costs. The Executive Director would be authorized to approve such awards, subject to prior review with the Chairman of the WTC Redevelopment Subcommittee.

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

RESOLVED, that World Trade Center Retail LLC (WTC Retail) be and it hereby is authorized to enter into a reimbursement agreement with Silverstein Properties, Inc. or an affiliate (SPI), for mechanical, electrical and plumbing improvements of the retail areas in Towers 2, 3 and 4 at the World Trade Center site, at a total estimated cost to WTC Retail of \$382 million, with SPI's award of any work to be covered by such agreement to be subject to the approval of the Executive Director after prior review with the Chairman of the World Trade Center Redevelopment Subcommittee; and it is further

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

WORLD TRADE CENTER SITE – REIMBURSEMENT AGREEMENT WITH SILVERSTEIN PROPERTIES, INC. FOR STRUCTURAL ENCLOSURE AND ASSOCIATED WORK

It was recommended that the Board authorize the Port Authority and WTC Retail LLC (WTC Retail), a wholly owned Port Authority entity, to enter into a reimbursement agreement with Silverstein Properties, Inc., or an affiliate (SPI), to provide for, among other things, reimbursing SPI for structural enclosure and associated work for the World Trade Center (WTC) Transportation Hub project, several common infrastructure projects, the parking project and retail portions of the WTC site in the East Bathtub, in a total estimated amount of \$723 million.

The current WTC Site Master Plan includes several site infrastructure projects that are located below grade or at grade in the East Bathtub. These facilities are being designed and constructed by either the Port Authority or SPI, depending on their below grade location. Those projects include a common electrical distribution network, the eastside tour bus facility and service roads, and the streets and utilities project. In accordance with the Master Development Agreement (MDA), SPI will contribute \$140 million for its share of certain common infrastructure costs.

The current WTC Site Master Plan also provides for approximately 630 vehicle parking spaces in four areas located in the East Bathtub, West Bathtub and within the sub-grade extents of the Freedom Tower project. During 2006, the tenant parking plans for the WTC site were significantly advanced and configured, pursuant to an agreement with SPI, and in conjunction with other work on all areas of the WTC site.

As part of the MDA, the Port Authority is obligated to pay for the construction and design of 300 vehicle parking spaces that will be used by SPI. Some of these 300 vehicle spaces (75 spaces) are within the Port Authority work zone, and authorization to construct those spaces will be requested at a later date. In addition, the MDA provides for the Port Authority to reimburse SPI for its pro rata share of costs of constructing areas in the East Bathtub that are Port Authority space. In addition, the MDA provides for the various stakeholders (the Port Authority; Port Authority Trans-Hudson Corporation; WTC Retail LLC; 1 World Trade Center LLC; and 2 World Trade Center LLC, 3 World Trade Center LLC, 4 World Trade Center LLC) who perform work within the East Bathtub on behalf of another stakeholder to be reimbursed by that stakeholder for its pro rata share of costs of constructing areas in the East Bathtub that are the respective stakeholders responsibility.

Port Authority staff would have broad oversight of SPI's activities under this agreement. This oversight would include approving the bid packages prior to issuance and approving the allocation of project costs and oversight of construction for quality assurance. Port Authority staff would be present at all bid openings, descoping sessions and contract negotiations. The Executive Director would be authorized to approve such contract awards, subject to prior review with the Chairman of the World Trade Center Redevelopment Subcommittee.

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

RESOLVED, that the Executive Director be and he hereby is authorized for and on behalf of the Port Authority, and WTC Retail LLC (WTC Retail) be and it hereby is authorized, respectively, to enter into a tri-partite agreement with Silverstein Properties, Inc., or an affiliate (SPI), to, among other things, reimburse SPI for the Port Authority's and WTC Retail's respective responsibility for certain design services and structural enclosure and associated work for the World Trade Center (WTC) Transportation Hub project, several common infrastructure projects, the vehicular parking project, and retail portions of the WTC site in the East Bath tub, in a total estimated amount of \$723 million, with SPI's award of any work to be covered by such agreement to be subject to the approval of the Executive Director, after prior review with the Chairman of the World Trade Center Redevelopment Subcommittee; and it is further

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

**ONE WORLD TRADE CENTER, THE FREEDOM TOWER PROJECT –
AUTHORIZATION TO AWARD CONSTRUCTION TRADE CONTRACTS**

It was recommended that the Board authorize 1 World Trade Center LLC (1 WTC LLC) through its construction manager, Tishman Construction Corporation (Tishman), to enter into construction trade contracts with Rad and D'Aprile Inc. for below-grade masonry and superstructure masonry, both for construction of One World Trade Center, the Freedom Tower, in the total amount of \$7,446,913, including an eight percent allowance for extra work.

At its January 25, 2007 meeting, the Board authorized 1 WTC LLC to execute an amendment (Third Freedom Tower Amendment) to the September 2003 General Contractor Agreement to: (1) allow Tishman to provide construction management services for the Freedom Tower Project, for an estimated fee of \$26.5 million; and (2) provide for general conditions work of approximately \$170 million, to be managed by Tishman.

At its February 22, 2007 meeting, the Board authorized 1 WTC LLC to advance construction of the Freedom Tower at the World Trade Center (WTC) site, at a total estimated cost of \$2.877 billion, inclusive of below-grade and above-grade construction, and for common site infrastructure, finance charges associated with the project and coordination of construction with other projects at the WTC site. At that meeting, the Board also authorized 1 WTC LLC to, among other things, enter into construction trade contracts for the Freedom Tower, at an estimated cost of \$429.6 million.

The subject construction trade contracts to be administered by Tishman as construction manager are the following: (1) a contract for below-grade masonry, at a bid award price of \$4,191,210; and (2) a contract for superstructure masonry, at a bid award price of \$2,704,080. An eight percent authorization for extra work is being requested for each of these construction trade contracts.

The below-grade masonry contract scope of work would include the following work below the ground-floor slab of One World Trade Center, the Freedom Tower: furnishing and installation of all concrete masonry units (CMU), glazed concrete masonry units, bond beams, reinforced CMU lintels, accessories (joint reinforcing, anchors, ties, reinforcing bars and rods, joint fillers, etc.), firesafing, smoke sealant, caulking, joint sealers, compressible fillers, etc. In addition, the contractor would coordinate with others and receive and build items provided by others into its masonry work.

The superstructure masonry contract scope of work would include the following work in One World Trade Center: furnishing and installation of all CMUs, glazed concrete masonry units, bond beams, reinforced CMU lintels, accessories (joint reinforcing, anchors, ties, reinforcing bars and rods, joint fillers, etc.), firesafing, smoke sealant, caulking, joint sealers, compressible fillers, etc. In addition, the contractor would coordinate with others and receive and build items provided by others into its masonry work.

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

The terms of the construction trade contracts proposed for award were negotiated and would be awarded to the lowest responsive bidders in accordance with the procurement procedures established in the Third Freedom Tower Amendment, authorized by the Board at its January 25, 2007 meeting.

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

RESOLVED, that 1 World Trade Center LLC be and it hereby is authorized to enter into construction trade contracts, through its construction manager, Tishman Construction Corporation, with Rad and D'Aprile Inc. for below-grade masonry and superstructure masonry, both for construction of One World Trade Center, the Freedom Tower, in the total amount of \$7,446,913, including an eight percent allowance for extra work; and it is further

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

NEW JERSEY MARINE TERMINALS - ACQUISITION OF CERTAIN PROPERTY IN BAYONNE, NEW JERSEY FOR MARINE TERMINAL PURPOSES AND PURPOSES INCIDENTAL THERETO

It was recommended that the Board: (1) find and determine that it is necessary for public use for marine terminal purposes and purposes incidental thereto for the Port Authority to acquire fee simple absolute title to certain real property generally shown and identified on the Tax Map of the City of Bayonne, County of Hudson, State of New Jersey, dated August 2003, as Block 400, Lots 1, 2 and 3 (the "Property"), to the extent of the Port Authority's statutory acquisition authority, with the property corner coordinates, the areas, and the bearings and distances of the boundary lines, of which Property to be subject to verification and correction by an American Land Title Association/American Congress on Surveying and Mapping (ALTA/ACSM) Land Title Survey prepared by a licensed Professional Land Surveyor; and (2) authorize the Executive Director and/or General Counsel, either one acting individually, to acquire, for and on behalf of the Port Authority, fee simple absolute title to such Property, which the Port Authority has hereby determined that it is necessary to acquire, by negotiation or purchase or by condemnation pursuant to applicable law, to incur all related costs and expenses and execute all related documents, including, without limitation, conveyances relating to the transfer of property interests to or from the Port Authority, and agreements with the City of Bayonne, the Bayonne Local Redevelopment Authority (BLRA) and other public and private entities, involving, among other matters, payments in lieu of taxes, maintenance and jurisdiction, utilities and utility relocation, environmental studies, appraisals, surveys, title searches and title insurance, including agreements with consultants, as may be necessary to implement such marine terminal purposes and purposes incidental thereto, and to obtain environmental permits and approvals.

Port Authority plans for statutorily authorized marine terminal purposes along the Bayonne/Jersey City waterfront include the use of such Property. The property corner coordinates, the areas and the bearings and distances of the boundary lines of the Property, to the extent of the Port Authority's statutory acquisition authority, are subject to verification and correction by, and, to the extent they are shown on the Tax Map, may change as a result of, an ALTA/ACSM Land Title Survey prepared by a licensed Professional Land Surveyor. Appropriate maps, based on such ALTA/ACSM Land Title Surveys, would be prepared for condemnation proceedings.

Together with other Port Authority marine terminal initiatives in Newark, Elizabeth, Bayonne, and Jersey City, New Jersey, the development of the Bayonne/Jersey City waterfront for marine terminal purposes and purposes incidental thereto will be for purposes authorized by bi-state legislation applicable to the Port Authority.

The BLRA has publicly expressed interest in acquiring a portion of Block 400, Lot 1; however, any BLRA acquisition would not affect the Port Authority's plans for the acquisition of the remainder of the Property.

According to title reports, record title to Block 400, Lot 1 is vested in Pulaski Street Real Estate, LLC and to Block 400, Lots 2 and 3 in Sasid Properties LLC. An eminent domain proceeding involving condemnation of private property would give rise to claims for damages, which the court would adjudicate in its determination of just compensation.

This action shall not be made available for public inspection until such time as it becomes a matter of public record.

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

RESOLVED, that it is hereby found and determined that it is necessary for public use for marine terminal purposes and purposes incidental thereto for the Port Authority to acquire fee simple absolute title to certain real property generally shown and identified on the Tax Map of the City of Bayonne, County of Hudson, State of New Jersey, dated August 2003, as Block 400, Lots 1, 2 and 3 (a copy of which Tax Map was before the Board), to the extent of the Port Authority's statutory acquisition authority, with the property corner coordinates, the areas, and the bearings and distances of the boundary lines of which real property to be subject to verification and correction by an American Land Title Association/American Congress on Surveying and Mapping Land Title Survey prepared by a licensed Professional Land Surveyor; and it is further

RESOLVED, that the Executive Director and General Counsel, either one acting individually, be and they each hereby are authorized: to acquire, for and on behalf of the Port Authority, fee simple absolute title to such real property, which the Port Authority has hereby determined that it is necessary to acquire, by negotiation or purchase or by condemnation pursuant to applicable law, to incur all related costs and expenses and execute all related documents, including, without limitation, conveyances relating to the transfer of property interests to or from the Port Authority, and agreements with the City of Bayonne, the Bayonne Local Redevelopment Authority and other public and private entities, involving, among other matters, payments in lieu of taxes, maintenance and jurisdiction, utilities and utility relocation, environmental studies, appraisals, surveys, title searches and title insurance, including agreements with consultants, as may be necessary to implement such marine terminal purposes and purposes incidental thereto, and to obtain environmental permits and approvals; and it is further

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

PORT AUTHORITY AUTO MARINE TERMINAL – NORTHEAST AUTO MARINE TERMINAL, INC. – BUYOUT OF LEASE NO. AMT-3 – OPERATING PERMIT

It was recommended that the Board authorize the Executive Director to negotiate and enter into the transaction described below, including the following agreements with Northeast Auto Marine Terminal, Inc. (NEAT), in accordance with the parameters that were presented to the Board: (1) a surrender agreement under which NEAT would surrender its lease of a vehicle processing facility (the Lease) covering approximately 99.4 acres at the Port Authority Auto Marine Terminal (AMT), in consideration of the payment to it by the Port Authority of a surrender fee; (2) an operating permit (Permit) under which NEAT would continue its operations at the AMT for approximately one year to facilitate an orderly transition of its vehicle processing operations; and (3) such ancillary agreements as may be necessary or advisable in connection with the transaction contemplated above. The Permit would cover the premises formerly under the Lease and 16 acres of space at the AMT now under a permit that expired by its terms on November 30, 2007. NEAT would pay a fee under the Permit which will be at least equivalent to the combined payments to the Port Authority under, but not limited to, rental and fees payable, respectively, under the Lease and the expired permit subject to reduction proportionate to reduced throughput of vehicles and/or reduced space under the Permit over its term.

As part of the transaction with NEAT contemplated above, and as an inducement to NEAT to extend the current exclusivity period with the Port Authority entered into on November 14, 2007, the Port Authority would place into escrow, upon reaching agreement with NEAT on an extension of the exclusivity period (the Transaction Exclusivity Period), an agreed-upon portion of the surrender fee (the Escrow Amount). Upon execution of definitive documents, the Escrow Amount would remain in escrow as security for NEAT's obligations under the Permit and would be subject to release to NEAT upon surrender, expiration or termination of the Permit and compliance with the Permit's terms. In the event that the Port Authority and NEAT do not reach agreement and execute definitive documents with respect to the transaction prior to expiration of the Transaction Exclusivity Period or otherwise agree to extend the Transaction Exclusivity Period, an agreed-upon portion of the Escrow Amount would be released to NEAT and the remainder of the Escrow Amount, plus any interest on the Escrow Amount, would be returned to the Port Authority.

This action shall not be made available for public inspection, in accordance with the confidentiality agreement between the parties until such time as the confidentiality agreement expires.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to negotiate and enter into the transaction described below, including the following agreements with Northeast Auto Marine Terminal, Inc. (NEAT), in accordance with the parameters that were presented to the Board: (1) a surrender agreement under which NEAT would surrender its lease of a vehicle processing facility covering approximately 99.4 acres at the Port Authority Auto Marine Terminal (AMT), in consideration of the payment to it by the Port Authority of a surrender fee; (2) an operating permit (Permit) under which NEAT

would continue its operations at the AMT for approximately one year, to facilitate an orderly transition of its vehicle processing operations; and (3) such ancillary agreements as may be necessary or advisable in connection with the transaction contemplated above, substantially in accordance with the terms and conditions outlined to the Board; and be it further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to take any and all action to effectuate the transaction contemplated above, consistent with the report to the Board, including the execution of permits, extensions thereof, contracts, agreements and other documents, together with amendments and supplements thereof, or amendments and supplements to existing permits, contracts, agreements and other documents, and to take action in accordance with the terms of such permits, contracts, agreements and documents as may be necessary in connection with the lease surrender or operating permit, and in furtherance of the transaction contemplated hereby; and it is further

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

AWARD OF THE CHAIRMAN’S AWARD OF ACHIEVEMENT MEDAL

The Chairman’s Award of Achievement Medal was established in 2006 to provide a means for the Chairman to formally recognize dedicated staff that provide outstanding public service to the agency and the region at large.

For 2007, the Chairman’s Award of Achievement medal was awarded to:

Karen E. Eastman, in recognition of her many contributions to the Port Authority, her sound advice and guidance in support of the advancement of the agency’s agenda, and her insurmountable dedication to the Board of Commissioners, the Executive Director and the agency at large; and

The Governance Reform Team, consisting of Darrell B. Buchbinder, Karen E. Eastman, Lawrence S. Hofrichter, Sanjay S. Mody, Andrew M. Rachlin and Stephen H. Sigmund, for their efforts in developing and implementing numerous governance reforms in the latter half of 2006 through 2007.

Whereupon, the meeting was adjourned.

Secretary