

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Thursday, March 19, 2015

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MINUTES of the Meeting of The Port Authority of New York and New Jersey held Thursday, March 19, 2015 at 2 Montgomery Street, City of Jersey City, County of Hudson, State of New Jersey

PRESENT:

NEW JERSEY

Hon. John J. Degnan, Chairman
 Hon. George R. Laufenberg
 Hon. Raymond M. Pocino
 Hon. William P. Schuber
 Hon. David S. Steiner

Patrick J. Foye, Executive Director
 Darrell B. Buchbinder, General Counsel
 Karen E. Eastman, Secretary

Thomas E. Belfiore, Chief Security Officer
 Thomas L. Bosco, Director, Aviation
 Steven J. Coleman, Acting Director, Media Relations
 Nicole Crifo, Senior Advisor to the Chairman
 Stephanie E. Dawson, Acting Chief Operating Officer
 Gerard A. Del Tufo, Assistant Director, Development and Operations, Real Estate
 Erica Dumas, Senior Public Information Officer, Media Relations
 Diannae C. Ehler, General Manager, Port Authority Bus Terminal/Lincoln Tunnel, Tunnels, Bridges and Terminals
 Michael A. Fedorko, Director, Public Safety/Superintendent of Police
 Sean M. Fitzpatrick, Chief of Staff to the Chairman
 Michael B. Francois, Chief, Real Estate and Development
 Cedrick T. Fulton, Director, Tunnels, Bridges and Terminals
 Robert E. Galvin, Chief Technology Officer
 David P. Garten, Chief of Staff to the Vice Chairman
 Linda C. Handel, Deputy Secretary
 Mary Lee Hannell, Chief, Human Capital
 Portia L. Henry, Leadership Fellow, Human Resources
 Howard G. Kadin, Esq., Law
 Cristina M. Lado, Director, Government and Community Affairs, New Jersey
 Richard M. Larrabee, Director, Port Commerce
 Andrew G. Levine, Director, Audit Department
 Julian A. Lopez, Leadership Fellow, Human Resources
 Andrew S. Lynn, Director, Planning and Regional Development
 John H. Ma, Chief of Staff to the Executive Director
 Stephen Marinko, Esq., Law
 Ronald Marsico, Assistant Director, Media Relations
 Michael G. Massiah, Chief, Capital Planning, Execution and Asset Management
 Daniel G. McCarron, Comptroller
 Elizabeth M. McCarthy, Chief Financial Officer
 James E. McCoy, Manager, Board Management Support, Office of the Secretary
 David J. McGrath, Manager of Marketing and Communications
 Carlene V. McIntyre, Assistant General Counsel

NEW YORK

Hon. Scott H. Rechler, Vice-Chairman
 Hon. Kenneth Lipper
 Hon. Jeffrey A. Moerdler
 Hon. Rossana Rosado

Mark F. Muriello, Deputy Director, Tunnels, Bridges and Terminals
Steven A. Pasichow, Director, Office of Investigation, Office of Inspector General
Jared Pilosio, Staff External Relations Representative, Government and Community Affairs
Timothy G. Stickelman, Assistant General Counsel
Christopher M. Valens, Assistant Director, Media Relations
Lillian D. Valenti, Chief Procurement and Contracting Officer
Michael L. Valletta, Assistant Director, Capital Construction Planning, Tunnels, Bridges and Terminals
Sheree R. Van Duyne, Manager, Policies and Protocol, Office of the Secretary
Ian R. Van Praagh, Acting Director, Government and Community Affairs, New York
Peter J. Zipf, Chief Engineer

Guests:

Mark Gladden, Project Executive, Skanska USA Building Inc.
Amy Herbold, Assistant Counsel, Authorities Unit, Office of the Governor of New Jersey

Speakers:

Murray Bodin, Member of the Public
Reverend Malachia Brantley, Shiloh Baptist Church, Newark, NJ
Michael Carey, Local 32BJ
Gertrudes Contreas, Local 32BJ
Antwain Harvey, Unite Here
Sterling Jaquez, Local 32BJ
Shaheem Khan, SEIU 32BJ
Eduardo Lopez, Unite Here
Cleotildo Palanco, Local 32BJ
Britney Smith, Unite Here
Reverend Ronald Tuff, First Bethel Baptist Church, Irvington, NJ
Veronica Vanterpool, Tri-State Transportation Campaign
Neile Weissman, New York Cycle Club

The public meeting was called to order by Chairman Degnan at 1:00 p.m. and ended at 3:20 p.m. Commissioner Pocino was present for a portion of the public meeting. The Board also met in executive session after the public session. Commissioners Pocino and Rosado were not present for the executive session.

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of February 19, 2015. She reported that copies of these Minutes were delivered to the Governors of New York (in electronic form) and New Jersey (in paper form) on February 20, 2015. The Secretary reported further that the time for action by the Governors of New York and New Jersey expired at midnight on March 6, 2015.

Whereupon, the Board unanimously approved the Minutes of the meeting of February 19, 2015.

Report of Audit Committee

The Audit Committee reported, for information, on matters discussed in executive session at its meeting on March 13, 2015, which included discussion of matters involving external or internal investigations or audits, and the report was received.

Report of Joint Meeting of Committees on Capital Planning, Execution and Asset Management and Finance

The Committees on Capital Planning, Execution and Asset Management and Finance reported, for information, on matters discussed in executive session at their joint meeting on March 13, 2015, which included discussion of matters related to the purchase, sale, or lease of real property, where disclosure would affect the value thereof or public interest, and the report was received.

Report of Committee on Finance

The Committee on Finance reported, for information, on matters discussed and actions taken in executive session at its meeting on March 13, 2015, which included discussion of matters involving ongoing negotiations or reviews of contracts or proposals, and discussion of matters related to the purchase, sale, or lease of real property, where disclosure would affect the value thereof or public interest, and matters in which the release of information could impair the right to receive funds from the United States or other grantor, and the report was received.

Report of Committee on Security

The Committee on Security reported, for information, on matters discussed in executive session at its meeting on March 19, 2015, which included discussion of matters involving public safety or law enforcement, and the report was received.

Report of Committee on Capital Planning, Execution and Asset Management

The Committee on Capital Planning, Execution and Asset Management reported, for information, on matters discussed in public and executive sessions at its meeting on March 19, 2015, which included discussion of an item to provide for additional funding for a runway rehabilitation project at LaGuardia Airport, and discussion of matters involving ongoing negotiations or reviews of contracts or proposals, and the report was received.

Report of Joint Meeting of Committees on Operations and Governance and Ethics

The Committees on Operations and Governance and Ethics reported, for information, on matters discussed in executive session at their joint meeting on March 19, 2015, which included discussion of matters involving ongoing negotiations or reviews of contracts or proposals, and the report was received.

Report of Committee on Operations

The Committee on Operations reported, for information, on matters discussed in public session at its meeting on March 19, 2015, which included discussion of the retention of an executive search firm to assist with the process of identifying qualified candidates for the newly created position of Chief Executive Officer, and the report was received.

Report of Committee on Governance and Ethics

The Committee on Governance and Ethics reported, for information, on matters discussed in public session at its meeting on March 19, 2015, which included discussion of a proposed Port Authority Whistleblower Protection Policy, and the report was received.

RECOMMENDATIONS OF THE BI-STATE SPECIAL PANEL ON THE FUTURE OF THE PORT AUTHORITY – AUTHORIZATION OF IMPLEMENTATION PLAN AND SCHEDULE

It was recalled that at its meeting of February 19, 2015, the Board of Commissioners endorsed in concept six core recommendations contained in the December 26, 2014 report of the Special Panel on the Future of the Port Authority appointed by Governor Chris Christie and Governor Andrew Cuomo. It was further recalled that at that time, the Board also directed the Chairman and Vice Chairman, with the support of the Executive Director, to establish a “Special Panel Implementation Office,” with an appropriate staff and budget, to coordinate implementation of such core recommendations, pursuant to a plan and schedule to be submitted to the Board for approval at its March 2015 meeting.

In furtherance of the aforementioned Board action of February 19, 2015, a proposed plan and schedule for the implementation of such core recommendations was presented to the Board for consideration at today’s meeting.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Degnan, Laufenberg, Lipper, Moerdler, Pocino, Rechler, Rosado, Schuber and Steiner voting in favor. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that the plan and schedule for the implementation of the six core recommendations of the Bi-State Special Panel on the Future of the Port Authority, as presented to the Board of Commissioners, be and they hereby are adopted; and it is further

RESOLVED that the Chairman and Vice Chairman, with the support of the Executive Director, be and they hereby are directed to arrange for the implementation of such core recommendations, consistent with the approved plan and schedule, as such plan and schedule may be adjusted from time to time after notice to the Board; and it is further

RESOLVED that the Board shall continue to receive progress reports at each Board meeting until such time as implementation is complete or the Board otherwise directs on the implementation of such core recommendations, consistent with the approved plan and schedule, as they may be adjusted from time after notice to the Board.

PORT AUTHORITY GOVERNANCE – RETENTION OF EXECUTIVE SEARCH FIRM TO SUPPORT NATIONWIDE SEARCH FOR CHIEF EXECUTIVE OFFICER

At its meeting of February 19, 2015, the Board of Commissioners endorsed in concept the six core recommendations contained in the December 26, 2014 report of the Special Panel on the Future of the Port Authority appointed by Governor Chris Christie and Governor Andrew Cuomo, including the recommendation that the positions of Executive Director and Deputy Executive Director be replaced with a single “Chief Executive Officer” appointed by and accountable to the Board.

At that time, the Chairman, the Vice Chairman, and Commissioners Bagger and Lynford (collectively, the “search committee”) were tasked by the Board to oversee a nationwide search for qualified candidates, and the Chairman and Vice Chairman were authorized to engage the services of an executive search firm to assist with this process. The Chairman also announced at that time his intent to report to the Board at its March 19, 2015 meeting on the identity of the recommended search firm to be retained for this purpose. On the basis of a selection process undertaken by the search committee over the last month, Spencer Stuart was identified as being the best suited to assist with this effort.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Degnan, Laufenberg, Lipper, Moerdler, Rechler, Rosado, Schuber and Steiner voting in favor. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that the retention of Spencer Stuart, to assist the search committee in identifying candidates for the position of Chief Executive Officer of the Port Authority, is hereby approved.

**NEWARK BAY, PORT NEWARK AND PORT NEWARK PIERHEAD CHANNELS --
MAINTENANCE DREDGING – AGREEMENT WITH UNITED STATES
DEPARTMENT OF THE ARMY – FUNDING FOR UPLAND PLACEMENT**

It was recommended that the Board authorize the Executive Director to enter into an agreement with the United States Department of the Army, Army Corps of Engineers (Corps), in connection with the maintenance dredging of the Newark Bay, Port Newark and Port Newark Pierhead Channels (collectively, the Newark Bay Channels) by the Corps, to remove approximately 210,000 cubic yards of dredged material, with the Port Authority to fund the cost differential between ocean disposal of the material and placement at an upland facility, at a cost to the Port Authority estimated at \$12 million.

On May 30, 1986, the Port Authority and the Corps executed a Local Cooperation Agreement (LCA) to deepen the Kill Van Kull and Newark Bay Channels to a depth of 40 feet. The LCA also requires the Corps to maintain the channels at the depth to which they were dredged. The LCA anticipates that ocean placement of dredged material would be available at the Historic Area Remediation Site (HARS), and provides that if the dredged material cannot be disposed of in the ocean, the Port Authority would be responsible for providing an alternate placement site.

By Public Notice dated August 25, 2013, the Corps advised that up to 985,000 cubic yards of material needed to be dredged from certain areas of the Newark Bay Channels to restore them to their authorized depth of 40 feet. Because sufficient funds for this work were neither budgeted by the Port Authority, nor appropriated by the United States Congress at that time, the affected areas in the Newark Bay Channels were reviewed and prioritized by both agencies. The Corps recently has advised the Port Authority that it has sufficient funding to dredge approximately 210,000 cubic yards of material.

The Corps and Port Authority staff have concluded that the material to be dredged will not meet federal standards for disposal at the HARS, but is suitable for upland placement. It is anticipated that the material to be dredged under the proposed agreement would be disposed of at a permitted upland placement site within New York or New Jersey, with the Port Authority's non-federal-sponsor cost-share estimated at \$12 million.

It is anticipated that work would commence during the third quarter of 2015. The Corps would be responsible for fulfilling all environmental and regulatory requirements, including applicable testing, and would acquire all necessary federal and state permits. In addition, the Corps would require bidders to identify an approved and operating upland placement site, and to provide all approvals necessary to use the site, including the sampling and testing of the material.

This work would help ensure the continued safe navigation of vessels calling at the Port of New York and New Jersey.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Degnan, Laufenberg, Lipper, Moerdler, Rechler, Rosado, Schuber and Steiner voting in favor. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into an agreement with the United States Department of the Army, Army Corps of Engineers (Corps), in the form required by the Corps pursuant to federal law or Corps policy, pursuant to which the Corps would dredge and remove approximately 210,000 cubic yards of material from the Newark Bay, Port Newark and Port Newark Pierhead Channels, and the Port Authority would fund the cost differential between ocean placement of the dredged material and placement at an upland facility, at a cost to the Port Authority estimated at \$12 million; and it is further

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

DESIGNATION OF NEW YORK LOCATION FOR SERVICE OF PROCESS AND OFFICIAL NOTICES

In February 2015, the Port Authority's executive offices returned to the World Trade Center site, at 4 World Trade Center, 150 Greenwich Street, New York, New York 10006 (4 WTC). Therefore, it was recommended that the Port Authority's offices at 4 WTC be designated as the location for service of process and official notices in the State of New York.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Degnan, Laufenberg, Lipper, Moerdler, Rechler, Rosado, Schuber and Steiner voting in favor. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that the designation of the Port Authority's offices at 4 World Trade Center, 150 Greenwich Street, New York, New York 10006 as the location of the Port Authority, Port Authority Trans-Hudson Corporation, the Newark Legal and Communications Center Urban Renewal Corporation, the New York and New Jersey Railroad Corporation and the component units of the Port Authority for service of process and official notices in the State of New York, be and it hereby is approved.

LAGUARDIA AIRPORT – REHABILITATION OF RUNWAY 13-31 AND ASSOCIATED TAXIWAYS – AUTHORIZATION OF ADDITIONAL FUNDS AND AWARD OF CONTRACT LGA-124.166

It was recommended that the Board authorize: (1) the expenditure of an additional amount of \$3.6 million for the project to rehabilitate Runway 13-31 and associated taxiways at LaGuardia Airport (LGA), bringing the estimated total project cost to \$42.8 million; and (2) the Executive Director to award Contract LGA-124.166 to Tully Construction Co., Inc. (Tully), to perform the construction work in connection with the project, at an estimated total cost of \$32.7 million, inclusive of allowances for net cost and extra work.

Runway 13-31 last was rehabilitated in 2005. The runway and associated taxiway pavements exhibit normal age-related wear, based on heavy usage and weathering, and require rehabilitation in order to maintain a state of good repair.

At its meeting of February 19, 2014, the Board authorized a project for the milling and asphalt concrete overlay of Runway 13-31 and its associated taxiways, full-depth asphalt concrete pavement replacement for portions of the taxiways, modifications to the aircraft turning radius on two of the taxiways, milling and asphalt concrete overlay of the adjacent patrol service road, pavement markings, and replacement and upgrade of runway and taxiway lighting systems and guidance signs, at an estimated total project cost of \$39.2 million. At that time, the Board also authorized the Executive Director to award Contract LGA-124.166 to perform the construction work in connection with the project, at an estimated total cost of \$28.2 million.

The proposed increase in funds for the project would accommodate an increase in the scope of work, to allow for the relocation of runway edge lights that may be required by the Federal Aviation Administration (FAA), in order to comply with current FAA standards. In addition, the cost of the contract to construct the project is forecast to be higher than originally anticipated, based on the results of a competitive-bid solicitation to select a contractor.

Tully was the lowest bidder in response to a solicitation of pre-qualified aeronautical paving contractors developed from a publicly advertised Request for Qualifications.

An application would be submitted to the FAA for the use of Airport Improvement Program (AIP) funds to cover eligible costs. Any costs not reimbursed by AIP would be recovered through the LGA Flight Fee Agreement.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Degnan, Laufenberg, Lipper, Moerdler, Rechler, Rosado, Schuber and Steiner voting in favor. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that the expenditure of an additional amount of \$3.6 million for the project to rehabilitate Runway 13-31 and associated taxiways at LaGuardia Airport, bringing the estimated total project cost to \$42.8 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 award Contract LGA-124.166 to Tully Construction Co., Inc. to perform the construction work in connection with the foregoing project, at an estimated total cost of \$32.7 million, inclusive of allowances for net cost work and extra work; 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 construction contracts, contracts for professional and advisory services and such other contracts and agreements as may be necessary to effectuate the foregoing project, 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 documents and agreements in connection with the foregoing project shall be subject to the approval of General Counsel or his authorized representative.

PUBLICATION OF ANNUAL FINANCIAL STATEMENTS

Pursuant to the By-Laws and its Charter, the Audit Committee's members have reviewed and approved the Port Authority's Financial Statements and Appended Notes for the year ended December 31, 2014, and recommended to the Board that such Financial Statements be included in the Port Authority's Comprehensive Annual Financial Report, and other publications, as appropriate.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Degnan, Laufenberg, Lipper, Moerdler, Rechler, Rosado, Schuber and Steiner voting in favor. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that the publication of the Port Authority's Financial Statements and Appended Notes for the year ended December 31, 2014 in the Port Authority's Comprehensive Annual Financial Report, and other publications, as appropriate, be and the same hereby is authorized.

PORT AUTHORITY WHISTLEBLOWER PROTECTION POLICY

In furtherance of the Board's governance enhancement initiatives, today the Board is adopting a Whistleblower Protection Policy to permit Port Authority employees to step forward without fear of retaliation and report conduct which they know or reasonably believe involves corruption, criminal activity, other violation of applicable federal, state or local laws, rules or regulations, conflict of interest, gross mismanagement, gross waste of funds or abuse of authority within the Port Authority. Additionally, the principles set forth in this Whistleblower Protection Policy shall apply to all entities participating in Port Authority business transactions, to encourage employees of those entities to disclose wrongdoing in connection with those transactions or otherwise pertaining to the Port Authority, without fear of employer retaliation.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Degnan, Laufenberg, Lipper, Moerdler, Rechler, Rosado, Schuber and Steiner voting in favor. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that it is the policy of the Port Authority to encourage Port Authority employees to disclose wrongdoing by the Port Authority and its employees acting in connection with their employment, without fear of employer retaliation, and to that end this Whistleblower Protection Policy is hereby adopted; and it is further

RESOLVED, that in connection with the Whistleblower Protection Policy, the following terms shall have the indicated meaning:

- A. "Adverse personnel action" shall include any material alteration to existing terms, conditions and privileges of employment including, without limitation, dismissal, demotion, suspension, compulsory leave, disciplinary action, negative performance evaluation, any action resulting in loss of staff, office space or equipment or other benefit, failure to appoint, failure to promote, or any transfer or assignment or failure to transfer or assign against the wishes of the affected employee.
- B. "Remedial action" means an appropriate action to restore the employee to his or her former status, which may include one or more of the following:
 - 1. reinstatement or redeployment of the employee to a position the same as or comparable to the position the employee held or would have held if not for the adverse personnel action; or, as appropriate, to an equivalent position;
 - 2. reinstatement of full seniority rights;
 - 3. payment of lost compensation which includes both wages and benefits; and

4. other remedial measures necessary to effectuate a “make whole” remedy that addresses the effects of the adverse personnel action.
- C. “Inspector General” shall mean the Inspector General of the Port Authority.
- D. “Officer” shall mean the following officers of the Port Authority: the Executive Director, Chief Financial Officer, Comptroller, General Counsel, Secretary and the Treasurer.
- E. “Public body” means:
1. the United States Congress, any State legislature, or any popularly-elected local governmental body, or any member or employee thereof;
 2. any federal, State or local judiciary, or any member or employee thereof, or any grand or petit jury;
 3. any federal, State, or local regulatory, administrative or public agency or authority, or instrumentality thereof;
 4. any federal, State or local law enforcement agency, prosecutorial office, or police or peace officer;
 5. any federal, State or local department of an executive branch of government; or
 6. any division, board, bureau, office, committee or commission of any of the public bodies described in the above paragraphs.
- F. “Executive Director” means the Executive Director of the Port Authority or his/her successor in duties.

; and it is further

RESOLVED, that the Inspector General shall administer this Whistleblower Protection Policy pursuant to the following principles and procedures:

- A. No Commissioner, officer or employee of the Port Authority shall take or participate in an adverse personnel action with respect to an officer or employee of the Port Authority solely as a result of, or in retaliation for, his or her: (i) making a truthful report (regardless of motivation) of information concerning conduct which he or she knows or reasonably believes to involve corruption, criminal activity, conflict of interest, gross mismanagement, gross waste of funds or abuse of authority by another Port Authority officer or employee, which concerns his or her office or employment, or by persons dealing with the Port Authority (collectively,

“misconduct”) to the Inspector General; (ii) objection to, and/or refusal to participate in misconduct; or (iii) cooperation with an investigation by a public body, including provision of truthful information or testimony with respect to misconduct. If a reporting officer or employee wishes to disclose his or her identity, the officer or employee may do so. If a reporting officer or employee does not wish to disclose his or her identity, the officer or employee may report on an anonymous basis, and such anonymous reporting shall not adversely impact on such officer’s or employee’s eligibility for coverage under this Whistleblower Protection Policy, to the extent that such officer’s or employee’s identity is subsequently disclosed. The confidentiality of the identity of the officer or employee submitting the report or complaint will be maintained to the fullest extent possible, consistent with the need to conduct an adequate investigation. In the course of any investigation, the Inspector General or his/her designee may find it necessary to share information with others on a “need to know” basis.

- B. An officer or employee of the Port Authority who believes that a Commissioner or another officer or employee of the Port Authority has taken or participated in an adverse personnel action in violation of this Whistleblower Protection Policy may report such action to the Inspector General in accordance with the procedures established by the Office of Inspector General. As part of such procedures, the Office of Inspector General shall establish and maintain a “hotline” to facilitate reporting on either an anonymous or confidential basis under this Whistleblower Protection Policy.
- C. Upon receipt of a report of an adverse personnel action in violation of this Whistleblower Protection Policy, the Inspector General shall conduct an inquiry to determine whether an adverse personnel action has been taken in violation of this Whistleblower Protection Policy. To the extent that the Inspector General determines that the officer or employee making the report of the prohibited adverse personnel action, while acting in good faith (regardless of motivation, and based on actual knowledge or reasonable belief of the existence of misconduct), failed to follow one of the procedural elements set forth in this Whistleblower Protection Policy, but as an equitable matter should otherwise qualify for protection under this Whistleblower Protection Policy, the Inspector General shall not take into account such procedural failure in making a determination under this Whistleblower Protection Policy.
- D. Within fifteen days after receipt of a report of a prohibited adverse personnel action, the Inspector General shall provide a written acknowledgement to the officer or employee making the report at the last known address reflected in official Port Authority records or any other address expressly provided in writing to the Inspector General by the

officer or employee that the report has been received. Such notice shall include the name of the person in the Office of Inspector General who shall serve as a contact with the officer or employee making the allegation.

- E. Upon the completion of an investigation initiated under this Whistleblower Protection Policy, the Inspector General shall provide a written summary of the final determination to the officer or employee who reported the prohibited adverse personnel action. The summary shall include the Inspector General's recommendations, if any, for remedial action, or shall state that the Inspector General has determined to dismiss the complaint and terminate the investigation. The Inspector General shall report any final determination to dismiss a complaint and terminate an investigation to the Governance and Ethics Committee. The Governance and Ethics Committee will, as warranted, recommend such action, if any, as it deems appropriate under the circumstances to the Board of Commissioners.
- F. Upon a determination that a prohibited adverse personnel action has been taken, the Inspector General shall without undue delay report his or her findings and, if appropriate, recommendations to (i) the Governance and Ethics Committee and (ii) the Executive Director, except to the extent set forth below. The Executive Director shall, except to the extent set forth below, without undue delay (i) determine the remedial action to be taken and (ii) report such determination on remedial action to the Governance and Ethics Committee in writing, with a copy sent to the Inspector General. The Governance and Ethics Committee will, as warranted, recommend such action, if any, as it deems appropriate under the circumstances to the Board of Commissioners. In the event the Inspector General determines that the Executive Director participated in such prohibited adverse personnel action, the Inspector General's report shall be made solely to the Governance and Ethics Committee, which shall determine the remedial action to be taken.
- G. An officer or employee of the Port Authority found to have violated the principles set forth in this Whistleblower Protection Policy may be disciplined in the manner provided in the rules and regulations of the Port Authority. The Governance and Ethics Committee will, as warranted, recommend such action as it deems appropriate under the circumstances to the Board of Commissioners, with respect to any Commissioner found to have violated the principles set forth in this Whistleblower Protection Policy.
- H. Nothing in this Whistleblower Protection Policy shall be construed to limit the rights of any officer or employee of the Port Authority with regard to any administrative procedure or judicial review; provided, that an officer or employee who is the subject of a report of misconduct shall not

participate in any adverse personnel action pertaining to the officer or employee reporting such misconduct, other than to provide factual information in the proceedings pertaining to such adverse personnel action.

- I. The Inspector General shall conduct ongoing educational efforts to inform Commissioners, officers and employees of the Port Authority of the principles set forth in this Whistleblower Protection Policy. The Port Authority shall conspicuously display, and annually publish written or electronic notices with respect to the principles set forth in this Whistleblower Protection Policy.
- J. On a quarterly basis, the Inspector General shall prepare and forward to the Executive Director and the Governance and Ethics Committee a report with respect to the administration of this Whistleblower Protection Policy during the preceding quarter. The report shall include, but not be limited to, the number of complaints received, and a summary of each complaint and its disposition.

; and it is further

RESOLVED, that the principles set forth in this Whistleblower Protection Policy shall apply to all entities participating in Port Authority business transactions, to encourage employees of those entities to disclose wrongdoing in connection with those transactions or otherwise pertaining to the Port Authority, without fear of employer retaliation.

CONFIDENTIAL ITEM

The Board took action in executive session on a security matter that shall remain confidential until such time as its publication is determined not to endanger the public interest.

SETTLEMENT OF CLAIM – R. MAKARIUS v. THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY, ET AL.

It was recommended that the Board authorize General Counsel to finalize the settlement of a personal injury claim in the civil action pending in the Supreme Court of the State of New York, New York County, entitled, “R. Makarius v. The Port Authority of New York and New Jersey, et al.,” in the total amount of \$1.7 million, inclusive of attorneys’ fees, costs and disbursements. Of the total settlement amount, the Port Authority would pay \$850,000, and the co-defendant, S.E. Elite, would pay \$850,000.

Plaintiff, Richard Makarius, who was 41 years old and employed as a site supervisor by DAFNA Construction at the time of the incident, alleges that, on March 17, 2003, he sustained serious personal injuries when he was struck on the head by a 110-pound transformer that dislodged from a wall that had been damaged by water leaks during construction of the U.S. Post Office at the Port Authority Bus Terminal. As a result of the incident, Mr. Makarius sustained various personal injuries, which resulted in three surgeries, and, as a result, is fully disabled from working.

Pursuant to the foregoing report, the following resolution was adopted in executive session with Commissioners Degan, Laufenberg, Lipper, Moerdler, Rechler, Schuber and Steiner voting in favor. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that General Counsel be and he hereby is authorized, for and on behalf of the Port Authority, to finalize the settlement of the civil action pending in the Supreme Court of the State of New York, New York County, entitled, “R. Makarius v. The Port Authority of New York and New Jersey, et al.,” in the total amount of \$1.7 million, inclusive of liens, attorneys’ fees, costs and disbursements, of which amount the Port Authority will pay \$850,000, and the co-defendant, S.E. Elite, will pay \$850,000.

Whereupon, the meeting was adjourned.

Secretary