

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Thursday, July 26, 2007

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MINUTES of the Meeting of The Port Authority of New York and New Jersey held Thursday, July 26, 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. Michael J. Chasanoff
 Hon. David S. Mack

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

Diana E. Beecher, Chief Technology Officer
 A. Paul Blanco, Chief Financial Officer
 John D. Brill, Director, Audit
 Ernesto L. Butcher, Deputy Executive Director, Operations
 Arthur Cifelli, Deputy Chief of Staff
 Steven J. Coleman, Public Information Officer, Public and Government Affairs
 William R. DeCota, Director, Aviation
 Michael P. DePallo, Director, Rail Transit
 Michael Dombrowski, Cinematographer, Public and Government Affairs
 John J. Drobny, Director, Project Management
 Michael G. Fabiano, Deputy Chief Financial Officer/Comptroller
 Ziomara Y. Foster, Senior Administrator, Office of the Secretary
 Michael B. Francois, Director, Development
 Ann Freedman, Principal Property Representative, Development
 Jessica L. Goldstein, Staff External Affairs Representative, Public and Government Affairs
 William H. Goldstein, Deputy Executive Director, Capital Programs
 Linda C. Handel, Assistant Secretary
 Alan H. Hicks, Senior Public Information Officer, Public and Government Affairs
 Lawrence S. Hofrichter, Deputy General Counsel
 Howard G. Kadin, Senior Attorney, Law
 Victoria C. Kelly, Director, Tunnels, Bridges and Terminals
 Louis J. LaCapra, Chief Administrative Officer
 Richard M. Larrabee, Director, Port Commerce
 Marc LaVorgna, Assistant Director, Media Relations
 Susan Bass Levin, First Deputy Executive Director
 Timothy J. Lizura, Deputy Director, Development
 Francis J. Lombardi, Chief Engineer
 Robert Maggi, IT Manager Customer Service, Technology Services
 Stephen Marinko, Attorney, Law
 Michael G. Massiah, Director, Management and Budget
 John J. McCarthy, Director, Public and Government Affairs
 James E. McCoy, Manager, Board Management Support, Office of the Secretary

Sanjay Mody, Advisor to the Chairman
Christopher J. Mohr, Board Management Support Specialist, Office of the Secretary
Anne Marie C. Mulligan, Treasurer
Lynn A. Nerney, Senior Administrator, Office of the Secretary
Tony F. Oliver, Senior Marketing Analyst, Public and Government Affairs
Steven P. Plate, Director, World Trade Center Construction
Samuel J. Plumeri Jr., Director, Public Safety
Andrew Rachlin, Special Assistant to the Executive Director
Andrea Roitman, Director, Procurement
Alexandria Sica, Executive Assistant, First Deputy Executive Director
Stephen Sigmund, Chief, Public and Government Affairs
Ralph Tragale, Client Manager, Public and Government Affairs
Sheree R. Van Duynne, Manager of Policies and Protocol, Office of the Secretary
Lillian Valenti, Deputy Director, Procurement
Peter J. Zipf, Director of Engineering, Deputy Chief Engineer

Guests:

Vincent Chin, Intern
Sonia Frontera, Authorities Unit, Office of the Governor of New Jersey
Brian Price, Summer Law Intern
Glenn Prives, Summer Law Intern

Public Speakers:

Jan Mackey, HDS Retail North America
Roland Martyres, Unite Here
Fatima Najib, Unite Here
Kuldip Parmar, Unite Here
Hon. Luis Quintana, Vice President – Municipal Council, City of Newark, N.J.

The public session was called to order by Chairman Coscia at 1:40 p.m. and ended at 2:19 p.m. The Board met in executive session prior to the public session.

Action on Minutes

The Secretary submitted for approval Minutes of the meetings of May 24, 2007 and June 21, 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.

Report of World Trade Center Redevelopment Subcommittee

The World Trade Center Redevelopment Subcommittee reported, for information, on matters discussed in executive session at its meeting on July 26, 2007, which included matters involving ongoing negotiations or reviews of contracts or proposals, matters related to the development of future Port Authority facilities or projects and the redevelopment of existing facilities or projects, where public disclosure may impact property values, and matters related to the purchase, sale, or lease of real property or securities, where disclosure would affect the value thereof or the public interest, and the report was received.

Report of Security Subcommittee

The Security Subcommittee reported, for information, on matters discussed in executive session at its meeting on July 26, 2007, which included matters involving public safety or law enforcement, and the report was received.

Report of Committee on Finance

The Committee on Finance reported, for information, on matters discussed in public session at its meeting on July 26, 2007, which included discussion of an item to provide the necessary certification required for Stewart International Airport to be an additional facility of the Port Authority, and a review of the operations of the wholly owned insurance entity, Port Authority Insurance Captive Entity, that was established for the purpose of insuring certain risk exposures of the Port Authority, as well as matters filed with the Committee pursuant to Board action or separately reported to the Board of Commissioners at this meeting of the Board, and the report was received.

Report of Committee on Construction

The Committee on Construction reported, for information, on matters filed with the Committee pursuant to Board action or separately reported to the Board of Commissioners at this meeting of the Board, and the report was received.

Executive Director's Report

The Executive Director provided a status report on various projects and accomplishments in each of our core business areas.

Staff Reports

Presentations were made by staff on:

- 1) The Future of Roadway Safety and Toll Collection through Emerging Technology;
- 2) Development and Implementation of the Regional Information and Joint Awareness Network Project;
- 3) Newark Liberty International Airport – Terminals A & B – Management of Concessions;
and
- 4) Update on Redevelopment of the World Trade Center Site

**JOHN F. KENNEDY INTERNATIONAL AIRPORT – TAXIWAY E REHABILITATION
– PROJECT AUTHORIZATION AND AWARD OF CONTRACT**

It was recommended that the Board authorize: (1) a project for the design and rehabilitation of Taxiway E at John F. Kennedy International Airport (JFK), at an estimated total project cost of \$25 million; and (2) the Executive Director to award Contract JFK-164.012 to the lowest qualified bidder, at an estimated construction cost of \$17.4 million.

Taxiway E was last rehabilitated in 1994, under Contract JFK-746. The taxiway is 5,500 feet long, 205 feet wide (including shoulder and erosion pavements). It is used as the primary exit for aircraft landing on Runway 4R-22L from the south, and is a critical component in the airport's infrastructure for maintaining operational efficiencies. The taxiway pavement was identified in the Seven-Year Pavement Management Plan as having deteriorated due to normal wear, settlement and weathering, and requires rehabilitation to maintain a state of good repair.

Presently, due to inadequate turning radii at critical intersections, some existing large aircraft cannot use the taxiway for its full length. Planned improvements include wider erosion pavement and modified geometry in order to accommodate the wider turning radii required for large aircraft operations. Additionally, under separate authorization, some tenant leaseholds would be modified to provide additional clearances required by the larger wingspan of the New Large Aircraft. Anticipated tenant leasehold modifications would not impact the construction work to be accomplished under this proposed project.

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

RESOLVED, that a project for the design and rehabilitation of Taxiway E at John F. Kennedy International Airport, at a total estimated project cost of \$25 million (the Project), including payments to contractors, allowances for extra work (if necessary) and net cost work, engineering, project management and construction management, administrative and financial expenses, 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 JFK-164.012 to the lowest qualified bidder after public advertisement, at a total construction cost estimated at \$17.4 million; 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 purchase and construction contracts, contracts for professional and advisory services and such other contracts and agreements as may be necessary to effectuate the Project, subject to advising the Commissioners of individual contracts or agreements to be acted on pursuant to this authorization prior to taking or authorizing such action; and it is further

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

**NEWARK LIBERTY INTERNATIONAL AND LAGUARDIA AIRPORTS –
PROTECTION OF TERMINAL FRONTAGES – PHASE 1 – PROJECT
AUTHORIZATION – PHASE 2 – PLANNING AUTHORIZATION**

It was recommended that the Board authorize: (1) a project to enhance security along certain Port Authority-maintained terminal frontages at LaGuardia Airport (LGA) and Newark Liberty International Airport (EWR) by constructing Terminal Frontage Bollard Systems, at an estimated cost of \$10 million for Phase 1; and (2) planning for Phase 2 to address certain other Port Authority-maintained terminal frontages at LGA and EWR, at an estimated cost of \$3 million.

The requirements for protecting the airport terminal frontage areas have been established as a result of a number of security assessments and information provided by the federal government. The purpose of the Terminal Frontage Bollard System is to disable a vehicle that could potentially be used to transport explosives inside the terminal buildings. The protective measures, which would supplement operational and other security measures already in place at the terminal frontages, would include crash-rated concrete-filled steel pipes with decorative covers spaced at appropriate intervals along the terminal frontages and along other landside terminal areas that can be accessed by a vehicle. The scope of work of Phase 1 of this project would include the design and installation of bollards at LGA's Marine Air Terminal (MAT) and at EWR's Terminal B at-grade levels. Phase 2 planning contemplates the further advancement of design for the balance of the Port Authority-maintained terminal frontage areas at both airports, which is presently anticipated to be implemented under a separate Phase 2 project authorization in 2008.

Bids for work at LGA's MAT would be solicited from the existing security work order contractor, Tishman Technologies Corporation, for construction of the aforementioned protective measures, including provisions for net cost and extra work. Bids for the EWR Terminal B work would be solicited from a select list of three contractors currently holding active contracts and performing work at or adjacent to Terminal B. The additional scope of work would be awarded as a supplemental agreement to the lowest bidder's existing contract.

The duration of Phase 1 construction is estimated at approximately 12 months, commencing in the fourth quarter of 2007 and ending in the fourth quarter of 2008.

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

RESOLVED, that a project (the Project) to enhance security along the terminal frontages at LaGuardia Airport's (LGA) Marine Air Terminal (MAT), as well as at Newark Liberty International Airport's (EWR) Terminal B at-grade level, by providing a proposed Terminal Frontage Bollard System as part of an overall security upgrade plan, at an estimated cost of \$10 million for Phase 1, including payments to contractors, allowances for extra work (if necessary), and net cost work, engineering, administrative and financial expenses and a contingency (if necessary), be and it hereby is authorized; and it is further

RESOLVED, that planning work for Phase 2 of the Project, in an estimated amount of \$3 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 utilize the services of the security work order contractor, Tishman Technologies Corporation, for work at LGA's MAT, and to award work at EWR's Terminal B via supplemental agreement to the lowest bidder following the solicitation for bids from three contractors currently performing other construction work at or adjacent to Terminal B at EWR, for construction of said protective measures, including the ordering of net cost and extra work; and take such other 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 Project, subject to advising the Commissioners of individual contracts or agreements to be acted on 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 Project shall be subject to the approval of General Counsel or his authorized representative.

PORT NEWARK – BERTH 8 AND PART OF BERTH 10 - WHARF RECONSTRUCTION – PROJECT AUTHORIZATION AND AWARD OF CONTRACT

It was recommended that the Board authorize: (1) a project for the design and reconstruction of the wharf at Berth 8 and part of Berth 10 at Port Newark, at a total estimated project cost of \$36 million, including payments to contractors, allowances for extra work (if necessary) and net cost work, engineering, project management and construction management, administrative and financial expenses; and (2) the Executive Director to award Contract PN-354.042A, “Port Newark Berth 8 and Part of Berth 10 – Wharf Reconstruction,” to Simpson & Brown, Inc. at its low bid price of \$23,725,440, exclusive of an extra work allowance of \$1,423,586 and a net cost allowance roughly estimated at \$1,800,000.

Condition surveys and evaluation reports indicate that the supporting timber elements of these wharf structures have progressively deteriorated in the last few years, due to increased marine borer activity. After performing an independent structural analysis of the wharf supporting elements, staff determined that future loads on the wharf structures will exceed the capacity of this 40-year-old wharf. In addition, anticipated inspection and maintenance and repair costs will increase with time and still allow for only limited use of the deck during cargo loading and off-loading operations. Wharf reconstruction will provide the most cost-efficient solution, based on the results of the above structural evaluations and the anticipated costs for continued inspection, maintenance and repairs. Furthermore, in anticipation of bringing deeper draft vessels to Port Newark in the future, it was recommended that the new wharf structure be designed and constructed to allow the berths along the south portion of the Port Newark Channel to be deepened from the current depth of 40 feet to 45 feet below Mean Low Water (MLW).

Contract PN-354.042A would provide for: the removal of the existing low-level relieving platform, concrete deck and timber piles; the removal and relocation of existing utility lines and the construction of a high-level concrete deck supported on steel piles; dredging to 45 feet below MLW along the face of the wharf; and transporting and disposing of an estimated 56,000 cubic yards of dredged material. Approximately 31,000 cubic yards of soft silt sediments and rip-rap, unsuitable for ocean disposal, would be placed at a permitted and operational upland placement facility. An estimated 25,000 cubic yards of red brown clay underlying the soft silt sediments would be placed at the Historic Area Remediation Site (HARS).

Contract PN-354.042A was publicly advertised. Four bids were received, ranging from the low bid of \$23,725,440 to the high bid of \$28,662,800. Award was recommended to the lowest bidder.

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

RESOLVED, that a project for the design and reconstruction of the wharf at Berth 8 and part of Berth 10 at Port Newark, at a total estimated project cost of \$36 million, including payments to contractors, allowances for extra work (if necessary)

and net cost work, engineering, project management and construction management, administrative and financial expenses, 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 PN-354.042A, “Port Newark Berth 8 and Part of Berth 10 – Wharf Reconstruction,” to Simpson & Brown, Inc. at its low bid price of \$23,725,440, exclusive of an extra work allowance of \$1,423,586 and a net cost allowance roughly estimated at \$1,800,000; and it is further

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

REPLACEMENT OF TOLL COLLECTION EQUIPMENT IN SELECTED TOLL LANES AT PORT AUTHORITY CROSSINGS – PROJECT AUTHORIZATION

It was recommended that the Board authorize a project for the replacement of toll collection equipment in selected toll lanes at Port Authority bridges and tunnels and the evaluation of equipment condition and systems performance in other toll lanes not planned for replacement under this project, to determine if additional investment is prudent until the current toll collection system can be replaced, at a total estimated cost of \$14.5 million. The project scope would include the following:

1. Adapt and refine the Stage I and II Designs, schedules and cost estimates prepared under an earlier plan to replace the existing toll collection system in-kind for this replacement project.
2. Develop a scope of work and release a design/build Request for Proposals for the replacement system.
3. Develop and approve a final design.
4. Construct and implement the system.

The existing toll collection equipment was installed in 1997 and is at the end of its useful life. A comprehensive Toll System Replacement Program is being advanced separately to deploy new toll collection technologies and operating practices.

In June 2007, the Board authorized \$9 million in planning for a new toll collection system, which is currently underway. The new system is a minimum of five years away. Given the age of the existing toll collection system, an immediate investment is necessary to safeguard revenue and improve system performance in selected toll lanes until a full replacement is implemented.

Since an all-electronic tolling option would eliminate traditional tollbooths and toll lanes and operate in an “open-road” environment, this immediate investment is limited to approximately ten toll lanes. The lane selection for replacement in this project was determined by addressing system performance, revenue exposure and traffic flow. The payback period for this investment is less than two years, ensuring that the cost of the new equipment would be fully recovered before a full system replacement is implemented.

The equipment to be installed under this authorization is expected to be fully operational by the end of the first quarter of 2010.

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

RESOLVED, that a project for the replacement of toll collection equipment in selected toll lanes at Port Authority bridges and tunnels and an evaluation of the equipment condition and systems performance in other toll lanes not planned for replacement under this project, at an estimated project cost of \$14.5 million (the Project), including payments to contractors, allowances for extra work (if necessary), and net cost work, engineering, administrative and financial expenses and a

contingency (if necessary), 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 purchase and construction contracts, contracts for professional and advisory services and such other contracts and agreements as may be necessary to effectuate the Project, subject to advising the Commissioners of individual contracts or agreements to be acted on pursuant to this authorization; and it is further

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

**DOWNTOWN RESTORATION PROGRAM – WORLD TRADE CENTER SITE
PLANNING AND REDEVELOPMENT – INCREASE IN PLANNING
AUTHORIZATION**

It was recommended that the Board authorize an increase of \$6.5 million in the planning authorization for World Trade Center (WTC) Site Planning and Redevelopment, resulting in a total authorization of \$52.5 million, to continue design and redevelopment coordination efforts at the WTC site through March 2008.

Various components of the WTC site redevelopment will now be advancing beyond the conceptual planning stages into final design and construction. In September 2003, the Lower Manhattan Development Corporation (LMDC) and the Port Authority announced the refined WTC Site Master Plan based on the “Memory Foundations” concept developed by Studio Daniel Libeskind. In January 2004, the LMDC announced selection of the Memorial design, “Reflecting Absence.” In June 2005, a revised final design concept for One WTC, the Freedom Tower was finalized. Planning work to date has included analysis of Lower Manhattan transportation needs, development of initial site plans, development of the WTC Site Master Plan and General Project Plan, negotiation of a Redevelopment Agreement with the City of New York, formulation/adoption of Commercial, Sustainable and Security Design Guidelines, and cost estimates and funding strategies.

The ongoing project development efforts include: design reviews and development coordination activities with other entities performing work on the WTC site, planning for future WTC operations, site utility planning, cost and funding analysis, site development coordination with Eastern and Southern site work, planning for the site-wide police facility, the Operations Command Center, and wireless communications (radio) system, both emergency and non-emergency, sustainable guidelines coordination, and WTC Site Master Plan coordination for the WTC Site Redevelopment components.

Other WTC planning and engineering efforts for the WTC Transportation Hub, Freedom Tower, Memorial, Performing Arts Center, retail development, as well as WTC site construction support and coordination, are proceeding under separate programs and Board authorizations.

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

RESOLVED, that an increase of \$6.5 million in the planning authorization for World Trade Center (WTC) Site Planning and Redevelopment, resulting in a total authorization of \$52.5 million, to continue design and redevelopment coordination efforts at the WTC site through March 2008, be and it hereby is authorized.

WORLD TRADE CENTER SITE – ONE WORLD TRADE CENTER, THE FREEDOM TOWER PROJECT – AUTHORIZATION TO AWARD CONSTRUCTION TRADE CONTRACT

It was recommended that the Board authorize 1 World Trade Center, LLC (1 WTC LLC) to enter into a construction trade contract with DCM Erectors, Inc. for the fabrication, delivery and erection of the structural steel and metal deck for the superstructure for One World Trade Center, the Freedom Tower project (the Project) at the WTC site through its agent, Tishman Construction Corporation (Tishman), at a total estimated construction cost of \$276.48 million, inclusive of an eight percent authorization for extra work.

At its January 25, 2007 meeting, the Board authorized 1 WTC LLC to execute an amendment to the September 2003 General Contractor Agreement to allow Tishman to provide construction management services for the Project, for an estimated fee of \$26.5 million, and 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 Project, 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, including work above the Port Authority Trans-Hudson rail system right-of-way. At that meeting, the Board also authorized 1 WTC LLC to: (1) enter into construction trade contracts for the Project, at an estimated cost of \$429.6 million; (2) fund the value remaining in the trade contracts held by Tishman under the General Contractor's Agreement, in an estimated amount of \$35.3 million; (3) enter into a number of agreements to provide professional, technical, peer, testing, inspection and specialty advisory services, in an estimated amount of \$25.1 million; and (4) expend an estimated \$2.25 million for continued payments to Skidmore Owings and Merrill LLP for continued design services during the period of March 1, 2007 through May 31, 2007.

At its March 29, 2007 meeting, the Board authorized 1 WTC LLC to enter into trade contracts estimated at \$105 million for fire protection, and elevators and escalators in connection with the Project.

At its April 25, 2007 meeting, the Board authorized 1 WTC LLC to enter into a trade contract, in an estimated amount of \$160.65 million, for the Curtain Wall system for the Project.

The proposed construction trade contract for the structural steel and metal deck is defined as an engineered assemblage of support steel that serves as the main "skeleton" of the new building. The metal deck is attached horizontally to the skeleton, enabling the pouring of concrete floors.

The form of trade contract being utilized by Tishman 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 participation, confidentiality, security and integrity monitoring, and a competitive bidding process.

The construction trade contract proposed for award is to be awarded to DCM Erectors, Inc., the lowest responsive bidder in accordance with the procurement procedures established in the Third Freedom Tower Amendment to the September 2003 General Contractor Agreement, authorized by the Board at its January 25, 2007 meeting.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Chasanoff, Coscia, 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 a construction trade contract through its agent, Tishman Construction Corporation, with DCM Erectors, Inc. for the fabrication, delivery and erection of the structural steel and metal deck for the superstructure of One World Trade Center, the Freedom Tower at the World Trade Center site, at an estimated total construction cost of \$276.48 million, which includes an eight percent authorization for extra work; and it is further

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

DOWNTOWN RESTORATION PROGRAM – AUTHORIZATION TO ACCEPT ASSIGNMENT OF TRADE CONTRACTS FOR CERTAIN LINER WALL AND SHEAR WALL CONSTRUCTION FOR THE WORLD TRADE CENTER (WTC) MEMORIAL AND MEMORIAL MUSEUM AND WTC INFRASTRUCTURE PROJECTS, INCLUDING ASSOCIATED PAYMENTS INTO AN ESCROW ACCOUNT

It was recommended that the Board authorize the Executive Director to: (1) accept assignment of a construction trade contract for the installation of certain liner walls and shear walls, including the exposed slurry wall for the World Trade Center (WTC) Memorial, Memorial Museum, and WTC infrastructure projects from the WTC Memorial Foundation (Foundation), at an estimated total construction cost of \$46 million, inclusive of an authorization for extra work; and (2) accept a partial assignment of the Foundation's contract with Bovis Lend Lease LMB, Inc. (Bovis) for Construction Manager/General Contractor (CM/GC) services associated with this trade contract for liner walls and shear walls. It also was recommended that the Board authorize the Executive Director to make payments into an escrow account, in an amount not to exceed \$43.8 million, for costs associated with the construction of the liner walls and shear walls.

In August 2005, the Port Authority received additional grant funds from the Federal Transit Administration for the WTC Transportation Hub project, to provide for various liner walls needed to support the West Bathtub slurry walls and protect the Port Authority Trans-Hudson rail system areas.

Pursuant to the Memorial/Cultural Project Agreement (the Project Agreement), that the Port Authority and Foundation executed in July 2006 with the State of New York, City of New York, and Lower Manhattan Development Corporation (LMDC), an amount of \$50 million for the Memorial/Cultural Projects' exclusive infrastructure costs, and an amount of \$100 million for the Memorial/Cultural Projects' share of common infrastructure costs was budgeted and is to be funded by the Port Authority. These infrastructure funding contributions included budget allocations for certain structures and site utilities to serve the Memorial, Memorial Museum, Visitor Orientation and Education Center (VOEC), as well as the Performing Arts Center.

The Project Agreement also provided for additional construction funding (the Reserve Contingency) by the Port Authority of up to \$45 million to cover project costs that exceed the original budget amounts. In addition, pursuant to the Project Agreement, LMDC is also required to provide additional construction funding in an amount of up to \$45 million.

In December 2006, the Board authorized the Executive Director to finalize agreements with the Foundation, providing for the Port Authority to accept assignment of the Foundation's CM/GC contract with Bovis for construction of the WTC Memorial and Cultural Project. Through May 2007, construction trade contracts for West Bathtub foundations, and for structural steel have been awarded by the Foundation, and assigned to the Port Authority, along with associated partial assignments of the Bovis CM/GC contract.

The Foundation will award the contract for construction of the liner walls and shear walls to E.E. Cruz/Nicholson Construction, a Joint Venture LLC, the lowest-cost qualified bidder in accordance with the competitive procurement procedures established in the Bovis CM/GC

contract.

The Bovis CM/GC contract includes a provision for the reimbursement to Bovis of general condition costs, as well as the payment of a negotiated fee for construction management services, in a combined amount presently estimated at \$5.5 million.

Of the \$46 million total cost, approximately \$15.8 million is for WTC Memorial exclusive and common infrastructure work that is part of the \$150 million Port Authority funding commitment for infrastructure to support the WTC Memorial and Cultural Projects, and is not recoverable from external funding sources.

Approximately \$22.9 million would be provided by the Port Authority from the Reserve Contingency. The Foundation would provide \$2.2 million for the incremental cost of a widened slurry wall exposure.

Of the \$43.8 million in costs that are the responsibility of the Port Authority, approximately \$5.1 million is expected to be recoverable from the Federal Transit Administration grant for the WTC Transportation Hub project, including portions that are associated with the Memorial exclusive infrastructure and common infrastructure, for which the Port Authority has committed to contribute funding, and portions that are associated with the WTC Transportation Hub project being constructed by the Port Authority.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to: (1) accept assignment of a construction trade contract from the World Trade Center (WTC) Memorial Foundation (Foundation) in connection with the installation of certain liner walls and shear walls for the WTC Memorial, Memorial Museum, and WTC infrastructure projects, at an estimated total construction cost of \$46 million, which includes an eight percent authorization for extra work; and (2) accept a partial assignment of the Foundation's contract with Bovis Lend Lease LMB, Inc. for Construction Manager/General Contractor services associated with this trade contract for liner walls and shear walls; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to make payments into an escrow account, in an amount not to exceed \$43.8 million, to be used for the payment of costs associated with the construction of certain liner walls and shear walls for the aforementioned projects; and it is further

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

**ONE WORLD TRADE CENTER, THE FREEDOM TOWER PROJECT – INCREASE
IN SCOPE OF SERVICES IN THE JONES LANG LASALLE CONTRACT –
FINANCIAL ADVISORY SERVICES**

It was recommended that the Board authorize the Executive Director to execute an amendment to the current contract with Jones Lang LaSalle (JLL) so as to modify the scope of work to include financial advisory services pertaining to One World Trade Center, the Freedom Tower project (the Project). JLL, utilizing a financial advisory subconsultant, would provide assistance in determining the feasibility of raising capital for the Project from external investment partners, developing a list of potential equity investors, preparing offering memoranda, evaluating proposals received, advising the Port Authority on the most advantageous structure to achieve the lowest cost of capital and highest risk adjusted return, and participating in negotiations and closings.

Plans for the capital structure of the Project incorporate the currently identified sources of funds, including insurance, Liberty Bonds, certain Port Authority capital funds, and Project specific debt. Given the requirement that the capital structure for the Project be determined well in advance of the issuance of Liberty Bonds or other Project debt, it is necessary that a financial subconsultant be added to the Project team at this time.

In consultation with the Port Authority, JLL issued a request for proposals to eight leading financial and real estate firms to provide financial services for the Project. Six of the eight firms submitted responses. The Port Authority and JLL are currently reviewing the proposals and evaluating each on the basis of key criteria, including overall firm qualifications, specific staff assigned to the Project, fee structure, plan of work proposed, success in completing similar transactions, and range of contacts in the real estate investment community. A short list of the proposing firms will be invited to give oral presentations and answer questions. Negotiations over fees and scope of work then would lead to the final selection. This selection would be subject to the approval of the Executive Director. JLL would not be entitled to any additional fees related to this subcontract.

In December 2003, the Executive Director authorized a contract with JLL for the provision of real estate advisory services in connection with the WTC site redevelopment for a three-year term, at a cost estimated at \$7.5 million, with an option to extend the contract for an additional two years for \$5.1 million. In October 2005, the Board authorized an increase of \$500,000 in this contract, as part of its authorization of \$1.95 million in planning and preliminary design work for Phase One of the WTC retail development, bringing the total amount authorized for the initial term of the JLL contract to \$8 million. The Board further increased the authorization for the JLL contract in May 2006 by \$3.5 million and reallocated \$1.4 million of the amount authorized in October 2005 for the WTC retail development for work associated with the WTC site Conceptual Framework. In December 2006, the Board authorized the renewal of the JLL contract to ensure a seamless flow of WTC real estate work for operations, finance, retail and the Project, at a total cost of up to \$16 million, including compensation to subconsultants for an additional two-year period.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Chasanoff, Coscia, 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 execute an amendment to the current contract between the Port Authority and Jones Lang LaSalle (JLL) so as to add financial advisory services, at a cost not to exceed a predetermined maximum amount, pertaining to the feasibility of raising capital for One World Trade Center, the Freedom Tower project, the cost thereof to be determined through negotiations between JLL and the selected financial advisory consultant, subject to approval by the Executive Director; and it is further

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

JOHN F. KENNEDY INTERNATIONAL AIRPORT – BUILDING 73 – CARGO AIRPORT SERVICES USA, LLC – LEASE AGREEMENT AYD-720

It was recommended that the Board authorize the Executive Director to enter into a lease agreement with Cargo Airport Services USA, LLC (CAS) for the leasing of Building 73 at John F. Kennedy International Airport for use by CAS in connection with its operations under its cargo handling Permit AYD-380.

Building 73 consists of approximately 59,600 square feet of warehouse space and 22,128 square feet of office space.

CAS would pay a minimum annual guarantee (MAG) in lieu of a per-square-foot building rental. In addition, CAS would pay the Port Authority a cargo throughput rental and other building rentals from third-party use. It is estimated that during the initial lease term, CAS would pay the Port Authority a minimum of approximately \$8.2 million in ground and MAG rentals and an additional \$3.1 million in cargo throughput and office subletting rentals. These amounts are in addition to the 5 percent cargo handling fee paid by CAS on its gross receipts under Permit AYD-380, including gross receipts from cargo handling performed by CAS at Building 73. In addition, CAS would pay 25 percent of the ground rental for its use of a roadway easement of approximately 1.31 acres, which would not be a part of CAS's premises. This roadway easement is part of the Building 71 premises leased by Continental Airlines, Inc., and also would be shared by the Building 74 lessee/occupant. CAS would be given one month's free rent in order to prepare Building 73 for its use and occupancy.

The initial lease term would commence on or about September 1, 2007 and run for a period of five years, one month. CAS would have the option to extend the term of the lease for an additional five years at increased rentals. In the event that the Port Authority revokes Permit AYD-380 for cause, the Port Authority would have the right to terminate CAS's Building 73 lease for cause. Additionally, in the event that Permit AYD-380 is revoked by the Port Authority without cause or terminated by CAS without cause, the lease could be terminated by either party without cause on 30 days' notice.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Chasanoff, Coscia, 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 enter into a lease agreement (the Lease) with Cargo Airport Services USA, LLC (CAS) for the leasing of Building 73 at John F. Kennedy International Airport for use by CAS in connection with its operations under its cargo handling Permit AYD-380, substantially in accordance with the terms and conditions outlined to the Board; and it is further

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

JOHN F. KENNEDY INTERNATIONAL AIRPORT – LICENSE AGREEMENT FOR VISTA MARO, LLC TO UTILIZE AIRPORT ROADWAYS

It was recommended that the Board authorize the Executive Director to enter into a license agreement (License Agreement) with Vista Maro, LLC (Vista Maro) covering the use of airport roads by Vista Maro and its successors and assigns and their tenants and subtenants as a means of vehicular access to and from a parcel of off-airport property owned by Vista Maro located on Eastern Road at John F. Kennedy International Airport (JFK).

Under the Amended and Restated Agreement of Lease of the Municipal Air Terminals, dated November 24, 2004 (City Lease), the Port Authority committed to allowing access rights to on-airport roadways by the developers of two parcels of land adjacent to JFK and owned by the City of New York, for a pro-rata payment for the usage thereof. The License Agreement would grant Vista Maro, the developer of one of the parcels, the right to use airport roadways for a period commencing on or about August 13, 2007 and ending on the earlier to occur of the termination of, or the day preceding the expiration of, the City Lease and the date on which Vista Maro ceases use of the airport roadways, at a minimum fee of \$1.2 million over the approximately 43-year term of the License Agreement. Vista Maro would perform, at its sole cost and expense, certain improvements to airport roadways in order to facilitate the flow of traffic to and from its off-airport parcel. The rights granted under this License Agreement would be exercised by any of Vista Maro's successors and its or their tenants and subtenants.

The proposed License Agreement would allow the Port Authority to fulfill one of its obligations under the City Lease while ensuring that the agency obtains a pro-rata payment for the use of airport roadways, and that required improvements to the roadways to accommodate the additional traffic to and from the Vista Maro parcel are effectuated.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Chasanoff, Coscia, 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 enter into a license agreement with Vista Maro, LLC (Vista Maro) covering the use of airport roads by Vista Maro and its successors and assigns and their tenants and subtenants as a means of vehicular access to and from a parcel of off-airport property owned by Vista Maro located on Eastern Road at John F. Kennedy International Airport; the form of the license agreement shall be subject to the approval of General Counsel or his authorized representative.

NEWARK LIBERTY INTERNATIONAL AIRPORT – MANAGEMENT OF CONCESSIONS AND LOADING DOCK OPERATIONS FOR TERMINALS A & B – WESTFIELD CONCESSIONS MANAGEMENT, LLC - NEW CONTRACT

It was recommended that the Board authorize the Executive Director to enter into a management agreement with Westfield Concessions Management, LLC (Westfield) to provide for management of the retail and food-and-beverage concessions, loading dock and storage facility services for Terminals A and B (collectively, the Terminals) at Newark Liberty International Airport (EWR). Westfield would be responsible for managing an area of over 52,000 square feet for food-and-beverage and retail concessions and would also be obligated to manage the loading dock and storage facilities that support these concession operations.

The agreement would have a term of seven years, commencing September 1, 2007 and terminating August 31, 2014. The Port Authority would have the option to extend the term of the agreement for an additional three years on the same terms. The Port Authority would retain the right to terminate the agreement without cause on 30 days' prior written notice. Westfield would be entitled to an annual management fee equal to the sum of 1.25 percent of gross receipts up to \$80 million, 1.75 percent of gross receipts from \$80 million to \$100 million and 4 percent of gross receipts in excess of \$100 million. Westfield would be obligated to invest at least \$500,000, to be used solely for allocation to concessionaires in order to subsidize the cost to renovate stores, recruit better concessionaires and assist existing and new Disadvantaged Business Enterprises to design and build stores at the Terminals. The revenues derived by the Port Authority from concessions at the Terminals would be shared with airline lessees in the Terminals, to the extent required by the underlying terminal airline leases.

Westfield was selected following a competitive Request for Proposals process.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Chasanoff, Coscia, 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 enter into a management agreement (the Agreement) with Westfield Concessions Management, LLC for the management of concessions at Terminals A and B at Newark Liberty International Airport and the management of the loading dock and storage facilities that support the concession operations in such Terminals, substantially in accordance with the terms and conditions outlined to the Board; and it is further

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

STEWART INTERNATIONAL AIRPORT – FACILITY CERTIFICATION

On November 16, 2006, the Board authorized a review of Stewart International Airport as an opportunity to expand regional airport capacity. Upon conclusion of the review, on January 25, 2007, the Board authorized the Executive Director to enter into an asset purchase agreement with SWF Airport Acquisition, Inc. and National Express Corporation to acquire the lease and other Airport assets for approximately \$78.5 million, subject to the satisfaction of certain conditions, including the passage of appropriate legislation by the State of New Jersey authorizing acquisition of Stewart International Airport by the Port Authority, required approvals by the Federal Aviation Administration (FAA) and the Transportation Security Administration (TSA), approval of the assignment of the lease by the New York State Department of Transportation (NYSDOT), and third-party consents or certifications, including those of all major tenants/licensees. On May 3, 2007, bi-State legislation became effective permitting the Port Authority to establish one air terminal in the State of New York and one air terminal in the State of New Jersey, with the site of each such air terminal to be approved by the Governor thereof. It is anticipated that the remaining conditions imposed by the Board of securing the required approvals from the FAA, the TSA, the NYSDOT, and third-party consents or certifications will be obtained prior to the sale. In addition, the Board also authorized the Executive Director to enter into a management agreement for the operation of the airport for a period of up to one year, on a sole-source basis, with a qualified airport operator, until a new operator can be selected competitively.

In accordance with resolutions establishing the outstanding series of Consolidated Bonds (which also includes Consolidated Notes), before the Port Authority can issue any obligations, or apply any other capital funds of the Port Authority, in connection with this project, which would be a new additional facility of the Port Authority known as “Stewart International Airport” (the Facility), at the time of issuance of the first Consolidated Bonds for purposes which include capital expenditures in connection with the Facility, the Port Authority must first certify its opinion as to certain matters relating to the financial effect upon the Port Authority of the effectuation of the Facility as an additional facility of the Port Authority and the issuance of a series of Consolidated Bonds for purposes which include capital expenditures in connection with the Facility.

So that the Commissioners, in the exercise of sound business judgment, may act on this certification of opinion, the Chief Financial Officer reviewed with the Commissioners the projected overall financial standing and condition of the Port Authority and the economics of the Facility on the basis of the issuance of Consolidated Bonds to provide for the total capital expenditures of or related to the Facility.

It is the Chief Financial Officer’s opinion that, subject to reaffirmation of this opinion at the time of issuance of the first Consolidated Bonds for purposes which include capital expenditures for the Facility, the application of any portion of the proceeds of such Consolidated Bonds in connection with the Facility will not, during the periods 2007 through 2036, reflecting the traditional 30-year term of long-term Consolidated Bonds, and 2007 through 2016, the immediately ensuing ten-year period associated with Consolidated Bonds, including Consolidated Notes, with a maturity of less than ten years, in the light of the Port Authority’s estimated expenditures in connection with the Facility and the total anticipated revenues and expenses of the Port Authority during those periods, materially impair the sound credit standing

of the Port Authority or the investment status of Consolidated Bonds or the ability of the Port Authority to fulfill its commitments, whether statutory or contractual or reasonably incidental thereto, including its undertakings to the holders of Consolidated Bonds.

The Chief Financial Officer's opinion incorporated anticipated results for the Port Authority for the period 2007-2016 and schedules showing presently anticipated cash flows of the Facility and anticipated revenues and expenses of the Port Authority. The opinion was based upon these forecasts and other conditions existing at the present time. The Chief Financial Officer's opinion also indicated that it was not reasonable to forecast accurately beyond this ten-year period. Therefore, his judgment with respect to the financial ability of the Port Authority to continue to maintain net revenues sufficient to pay its debt service was based upon the continued ability of the Port Authority to function and fulfill its agreements with the holders of its obligations.

In reaching the conclusions set forth in his opinion, the Chief Financial Officer considered the covenants with holders of Consolidated Bonds and his assumption that the Port Authority will continue to comply with such covenants, including its covenant to establish charges in connection with the Port Authority's facilities to the end that at least sufficient net revenues may be produced therefrom to provide for the debt service on all Consolidated Bonds, including those issued for purposes of capital expenditures in connection with the Facility. The conclusions set forth in the opinion were also based on the Chief Financial Officer's consideration of the present financial condition of the Port Authority and its continued ability to conduct its business affairs, the assumption that the Port Authority's ability to continue to honor these covenants will necessitate increases from time to time in the Port Authority's tolls, fares, fees, rentals and other charges, or reductions in services and associated expenditures, and the assumption set forth in the preceding sentence. It is, therefore, the judgment of the Chief Financial Officer that the Port Authority will, at all times during the ensuing 30-year period, continue to maintain sufficient net revenues to pay debt service on all Consolidated Bonds.

The Chief Financial Officer's opinion noted that any forecast is subject to uncertainties. Inevitably, some assumptions will not be realized and unanticipated events and circumstances may occur. Therefore, estimates of future revenues and expenses constitute present estimates and statements of expectation, which may or may not be fulfilled in the future. Additionally, there are likely to be differences between the forecasts underlying the opinion and actual results, and those differences may be material. However, this opinion and these estimates were based in part on information supplied by the Director of Aviation, the Comptroller, and the Director of Management and Budget, which information the Chief Financial Officer believed to be accurate.

The Executive Director, Chief Financial Officer or Treasurer would be authorized to reaffirm the certification at the time of issuance of such Consolidated Bonds, provided that there is no substantial adverse change in the economic basis for the certification.

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

RESOLVED, that certification is hereby made as of July 26, 2007, that, in the opinion of The Port Authority of New York and New Jersey, the issuance of

Consolidated Bonds (which includes Consolidated Notes) for purposes which include capital expenditures in connection with Stewart International Airport (the Facility) will not, during the periods 2007 through 2036 and 2007 through 2016, in the light of the Port Authority's estimated revenues and expenditures in connection with the Facility, and the total anticipated revenues and expenses of the Port Authority during those periods, materially impair the sound credit standing of the Port Authority or the investment status of Consolidated Bonds or the ability of the Port Authority to fulfill its commitments, whether statutory or contractual or reasonably incidental thereto, including its undertakings to the holders of Consolidated Bonds; and it is further

RESOLVED, that the Executive Director, Chief Financial Officer or Treasurer be and each hereby is authorized to reaffirm said certification on behalf of the Port Authority at the time of issuance of the first Consolidated Bonds (which includes Consolidated Notes) for purposes which include capital expenditures in connection with the Facility, provided that there is no substantial adverse change in the economic basis for said certification, in which event said certification shall remain in effect as the opinion of the Port Authority at such time of issuance.

AGREEMENTS WITH THE NEW JERSEY DEPARTMENT OF TRANSPORTATION AND THE OMNI-AIR CONSORTIUM FOR FUNDING THE DEVELOPMENT AND TESTING OF AN ELECTRONIC PAYMENT SERVICES NATIONAL INTEROPERABILITY SPECIFICATION

It was recommended that the Board authorize the Executive Director to enter into: (1) an agreement with the New Jersey Department of Transportation (NJDOT), permitting the Port Authority to receive I-95 Corridor Coalition (I-95 Coalition) funding via a Federal Highway Administration grant in the amount of \$273,200, awarded through NJDOT; and (2) an agreement with the OmniAir Consortium (OmniAir) under which the Port Authority would serve as project sponsor for an I-95 Coalition initiative to study the development and testing of an Electronic Payment Services National Interoperability Specification (EPSNIS) for tolling applications. OmniAir would conduct the study. As the sponsor agency, the Port Authority would facilitate I-95 Coalition funding to OmniAir for this effort and provide contract oversight for the project. The project will develop and test a means to process toll transactions with financial services entities in a manner that will allow future in-vehicle technologies to take the place of toll transponders and will be used seamlessly for toll collection on any properly equipped roadways. The Port Authority is actively engaged in the ongoing activities of both OmniAir and the I-95 Coalition, and the Director, Tunnels, Bridges and Terminals, represents the Port Authority on the boards of both organizations.

In an effort to improve traffic safety, the United States Department of Transportation (USDOT) began to promote the development of technology that could stop vehicles prior to an accident without any action on the driver's part. This safety feature and others would be accomplished through communications between units in two or more vehicles, and between units in vehicles and roadside readers. The Federal Communications Commission designated the 5.9GHz radio frequency bandwidth for this communication among units and readers, and the technology has become known as "5.9GHz." The toll industry has identified the opportunity to use the 5.9GHz technology to collect tolls as well, and in 2003 created OmniAir, a non-profit trade organization, to work with USDOT and others as the technology evolves, to ensure that toll collection could be feasible using 5.9GHz technology.

OmniAir is composed of toll agencies, state Departments of Transportation and private industry, and has become established as the entity charged with the development of business practices and protocols, as well as the development and testing of the new 5.9GHz devices for toll collection purposes. OmniAir has applied for and received a grant from the I-95 Coalition, an alliance of transportation agencies, toll authorities, and related organizations, including law enforcement, from the State of Maine to the State of Florida, with affiliate members in Canada, to test the transmission of data from a 5.9GHz-equipped vehicle, as well as from a vehicle equipped with current electronic toll collection technology, to a toll collection agency back office similar to the one that today handles E-ZPass transactions, and to a bank back office, as banks may, in the future, collect toll revenues.

OmniAir's agreement with the I-95 Coalition is to develop an EPSNIS, which will test the ability to process a toll transaction generated from an active toll facility using the 5.9GHz equipment and debiting the toll amount to an account at a participating financial institution. Successful deployment of such a model can lead to the standardization of transactions and the ability to execute them anywhere in the country where roads are properly equipped. This test

holds the promise to help advance a national interoperable toll system. Throughout the duration of the project, estimated at 18 months, OmniAir will be working with banks and other payment systems stakeholders.

The development of EPSNIS would establish a foundation toward a national interoperable toll collection system, promoting new mobility options and future transportation financing alternatives for transportation system operators. The initiative may establish future business alternatives that allow toll agencies to avoid the financial and administrative burden of distributing toll transponders. The total cost to the Port Authority for participation in the study is estimated at \$24,000, a portion of the required local matching contribution, to be furnished through the provision of staff services.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Chasanoff, Coscia, 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) enter into an agreement with the New Jersey Department of Transportation (NJDOT), permitting the Port Authority to receive I-95 Corridor Coalition (I-95 Coalition) funding via a Federal Highway Administration grant, in the amount of \$273,200, awarded through NJDOT; and (2) an agreement with the OmniAir Consortium (OmniAir) under which the Port Authority will serve as project sponsor for an I-95 Coalition initiative to study the development and testing of an Electronic Payment Services National Interoperability Specification for tolling applications, with OmniAir to conduct the study; and it is further

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

TETERBORO AIRPORT - AUTHORIZATION TO PARTICIPATE IN THE BERRY'S CREEK STUDY AREA COOPERATING GROUP - REMEDIAL INVESTIGATION AND FEASIBILITY STUDY

Authorization was sought for the Port Authority to participate with certain other Potentially Responsible Parties (PRPs) as a group to perform certain activities, including, but not limited to, a Remedial Investigation and Feasibility Study (RI/FS), at the Berry's Creek Study Area (Study Area), Bergen County, New Jersey, as part of an Administrative Settlement Agreement and Order on Consent with the United States Environmental Protection Agency (EPA) pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (CERCLA).

More specifically, it was recommended that the Board authorize: (1) the Port Authority to participate with the Berry's Creek Study Area Cooperating PRP Group (the Group) in the performance of activities, including certain "Scoping" and other activities, and a RI/FS as part of a settlement with the EPA and, if possible, with natural resource damages trustees, of potential liability the Port Authority may have for a RI/FS on account of the release and threat of release of hazardous substances into the environment at the Study Area portion of the Ventron/Velsicol Superfund Site, Bergen County, New Jersey; and (2) the Executive Director to: (a) execute associated agreements, consent orders and other documents on behalf of the Port Authority with public and private entities, which may contain, among other provisions, the requirement that Shared Information will remain privileged under applicable principles of law or otherwise exempt from discovery (such as under the Port Authority's Freedom of Information Policy) by any person not a party to the agreements; and (b) pay the Port Authority's share, estimated at \$1 million, of costs as a member of the Group, for the performance of the activities of the Group, including certain "Scoping" and other activities, and a RI/FS.

By letter dated March 9, 2006, the EPA advised the Port Authority that it deems the Port Authority to be a PRP under CERCLA that may be jointly and severally (individually) liable for costs associated with the investigation and remediation of hazardous substances, which have been and may be released into the environment at the Study Area. Teterboro Airport is included in the Study Area. The EPA has identified over 150 other entities as PRPs. The Port Authority, by letter dated May 6, 2006, had requested that it be delisted as a PRP. In response, by letter dated December 13, 2006, the EPA reiterated that it considers the Port Authority to be a PRP with respect to the Study Area.

The Group, consisting of some of the PRPs who have been identified in connection with the Study Area, has asked the Port Authority to join it in a common settlement with the EPA whereby the Group would enter into agreements, such as an Organization and Joint Defense Agreement and Custodial Fund Agreement, and an Administrative Settlement Agreement(s) and Order or Orders on Consent with the EPA, for the performance of certain preliminary "Scoping" work and other activities and a RI/FS. The Group has retained the Beveridge & Diamond law firm to serve as common counsel and Environmental Liability Management, Inc. as its Project Coordinator. The objective is for the Group to be able to perform the RI/FS work itself, which the EPA estimates will cost over \$17 million and take several years to complete. At this point, it is not possible to predict the cost and duration of the remedy that EPA might select for the Study Area, but its scope will be determined by the findings of the RI/FS. Future Board authorization would be sought at the appropriate time for the Port Authority to participate in the conduct of the Remedial Action and settle natural resource damage claims. If the PRPs decline the EPA's

invitation to perform the RI/FS, the EPA could issue a unilateral Order. Failure to comply with such an Order could subject PRPs to fines, penalties and payment of the EPA's costs to perform the RI/FS and Remedial Action. Common counsel has advised that if the Port Authority becomes a member of the Group, the Port Authority could be required initially to pay \$85,000 under a preliminary allocation as its contribution for 2007 activities estimated to cost the Group approximately \$2 million.

The exact amount of subsequent contributions that would be required of the Port Authority to fund the Group's organization activities and performance of the RI/FS is presently unknown, but one estimate, based on the initial possible payment, is approximately \$1 million. One of the Group's activities would be to hire an Allocator to help the Group to develop an Interim Allocation that could replace the initial provisional fundraising method. The reallocation would yield credits or debits depending on whether, based on the Interim Allocation, a Group Member has overpaid or underpaid for the Group's work in 2007. Also, costs may be higher, for instance, if Stipulated Penalties identified in the EPA's proposed Administrative Settlement Agreement and Order on Consent were to be imposed for non-performance of obligations under such Agreement and Order. The initial method of allocation was to utilize an EPA grouping of PRPs into A, B and C categories and require certain funding from each group. The Port Authority was listed by the EPA as being in the A category. According to common counsel, the following is the EPA's explanation of the basis by which individual parties were placed into one of the three categories:

A – The party is located in the direct vicinity of Berry's Creek and has actual or potential discharges or releases to the creek.

B – The party was a part of a list of contributors compiled by Morton International, Inc. (Rohm and Haas) that sent mercury-containing material to the Ventron/Velsicol facility.

C – The party was one of the signatories to the Scientific Chemical Processing (SCP) Site Consent Decree. Releases from the SCP Site may impact Berry's Creek through Peach Island Creek.

Alternatives to joining the Group were considered. If the Port Authority were not to join the Group, which will share costs, the Port Authority would remain exposed to joint as well as several liability for costs of the EPA as well as settling parties, and for possible fines and penalties. Staff recommended that this alternative would not be in the best interest of the Port Authority. It is anticipated that the Port Authority's potential liability costs will be substantially smaller if the Port Authority joins other members of the Group in conducting the Scoping Activities and the RI/FS than if the EPA performs such work. If the Port Authority were to elect not to join the Group and the Group conducts the RI/FS, the Port Authority may face a disproportionate share of response costs for the Study Area as a result of several strategies the Group might elect to pursue. Finally, if the Port Authority may have liability at the Study Area but elected not to join the Group, the public could perceive the Port Authority as failing to assume its legal responsibilities at the site.

The proposed Group Organization and Joint Defense Agreement contains, among other provisions, a confidentiality agreement that would require the Port Authority to maintain information shared by and among the Group as confidential and privileged, under applicable principles of law. It is also expected that such information, if disclosed, would impair present or future negotiations with the EPA, would include trade secrets, and/or would be inter-agency or

intra-agency records. Accordingly, it is expected that such records would be protected from public disclosure under the Port Authority's policy on Freedom of Information.

In the event the Port Authority's financial liability with respect to the Study Area exceeds \$1 million, further Board authorization would be sought, recognizing that the Port Authority may be legally responsible for such additional payments.

In any event, staff will seek future Board authorization at the appropriate time to participate and to incur costs with the Group in the conduct of a Remedial Action as part of a settlement with EPA. In all likelihood, natural resource damage claims would also be part of a settlement. The EPA's supervision of a RI/FS and eventually a Remediation Action, required by federal law, would address the release and threat of release of hazardous substances into the environment at the Study Area portion of the Ventron/Velsicol Superfund Site. The continuing release of hazardous substances within the Study Area may continue to impact the Berry's Creek and Hackensack River Watersheds, potentially causing risk to human health and the environment.

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

RESOLVED, that participation by the Port Authority in the Berry's Creek Study Area Cooperating Potentially Responsible Party Group (Group) in the performance of certain activities, including, but not limited to, "Scoping" and a Remedial Investigation and Feasibility Study (RI/FS), as part of a settlement with the United States Environmental Protection Agency (EPA) and, if possible, with natural resource damages trustees, of potential liability the Port Authority may have with regard to the RI/FS phase of the EPA's enforcement proceeding under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (CERCLA), on account of the release and threat of release of hazardous substances into the environment at the Berry's Creek Study Area portion of the Ventron/Velsicol Superfund Site, Bergen County, New Jersey, 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) execute associated agreements, consent orders and other documents with public and private entities as are appropriate in connection with the Port Authority's participation in the Group, which, among other provisions, may include proxy, confidentiality, financial assurance and indemnification provisions, the requirement that Shared Information will remain privileged under applicable principles of law or otherwise exempt from discovery (such as under the Port Authority's Freedom of Information Policy) by any person not a party to an Organization and Joint Defense Agreement with the Group and stipulated penalty clauses for non-compliance with provisions of an Administrative Settlement Agreement and Order On Consent with the EPA; and (2) pay the Port Authority's share, estimated at \$1 million, of the costs of the Group, for the performance of the activities of the Group; and it is further

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

**AGREEMENT WITH THE NATIONAL OCEANIC AND ATMOSPHERIC
ADMINISTRATION FOR THE OPERATION AND MAINTENANCE OF THE
PHYSICAL OCEANOGRAPHIC REAL-TIME SYSTEM**

It was recommended that the Board authorize the Executive Director to enter into an agreement, on behalf of the States of New York and New Jersey (the States), with the National Oceanic and Atmospheric Administration (NOAA), an agency of the United States Department of Commerce, to extend the current contract for the operation and maintenance of the Physical Oceanographic Real-Time System (PORTS) for a one-year period, at an estimated cost of \$195,000, with an option, exercisable by the Port Authority at the discretion of the States, to extend for an additional one-year period, at an estimated cost of \$225,000.

PORTS is a hydrological data collection and dissemination system consisting of sensors, communication lines and computer software developed by NOAA. The program allows vessels to access real-time data on currents, winds, waves, water levels (tides), depths, temperatures and salinity. The program provides continuous and consistent information to the harbor pilots, who are responsible for maneuvering large vessels through the channels, especially during logistically complex dredging operations. Maintaining confidence in port safety is a critical objective of the Port Authority, and it ultimately influences our port operations' reputation, credibility and competitiveness.

Start-up costs were absorbed by NOAA as the system was being developed. However, under the terms of the PORTS program, a local sponsor of the system must pay for its ongoing operation and maintenance. The Port Authority, as authorized by the Board at its meeting of October 25, 2001, funded the program directly from October 2001 through September 2002, at a cost of \$262,000. As authorized by the Board under three separate actions, the States have funded PORTS since May 2003 through the Bistate Dredging Program, at a cost of \$190,000 per year from May 2003 through April 2005 and \$195,000 per year from May 2005 through April 2007, and the Port Authority has administered the contract with NOAA on their behalf. This year, the States have again requested that the Port Authority administer the NOAA contract, with \$195,000 in Bistate Dredging Program monies to be utilized to continue this program for the period of May 1, 2007 through April 30, 2008, and that \$225,000 in Bistate Dredging Program monies be utilized to extend the program from May 1, 2008 through April 30, 2009 should the Port Authority exercise the option to extend the NOAA contract for an additional year, at the request of the States.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Chasanoff, Coscia, 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 enter into an agreement with the National Oceanic and Atmospheric Administration (NOAA) to extend the current contract with NOAA to operate and maintain the Physical Oceanographic and Real-Time System (PORTS) for an additional one-year period, at an estimated cost of \$195,000, and to extend that contract for a second one-year period at the request of the States of New York and New Jersey, at an estimated cost of \$225,000, such amounts to be reimbursed to the Port Authority by the States of New York and New Jersey from the

Bistate Dredging Program commitment; 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.

AUTHORIZATION FOR THE CONTINUED DEVELOPMENT AND IMPLEMENTATION OF THE REGIONAL INFORMATION AND JOINT AWARENESS NETWORK PROJECT THROUGH AN AGREEMENT WITH THE UNITED STATES ARMY ARMAMENT RESEARCH, DEVELOPMENT AND ENGINEERING CENTER

It was recommended that the Board authorize the Executive Director to: (1) execute a Cooperative Research and Development Agreement (CRADA) with the United States Army Armament Research, Development Engineering Center (ARDEC) regarding the furnishing of program management, engineering and systems integration, technical expertise and capabilities to support the continued development and implementation of the Regional Information and Joint Awareness Network (RIJAN); and (2) expend up to \$4 million annually for a five-year period in United States Department of Homeland Security (DHS) grant funds for the continued development of RIJAN through the CRADA.

On December 30, 2003, the Port Authority was awarded a \$5 million grant from the DHS to develop and deploy the initial elements of a layered, multi-agency, regional networked communications system. RIJAN was created as a representative prototype of an information sharing architecture among regional operations centers for the purpose of demonstrating this capability and its potential use nationwide. Development of the RIJAN prototype was completed by the United States Army's Communication-Electronics Research, Development and Engineering Center (CERDEC) at Fort Monmouth, New Jersey, which subcontracted to MTC Technologies, Inc. (MTC) as the system integrator. RIJAN has since expanded in scope as an all-hazards information-sharing network with connections to operations centers in the Trenton, Albany and New York City areas.

On August 18, 2006, the Port Authority was awarded a Fiscal Year 2006 Urban Area Security Initiative (UASI) Grant in the amount of \$8 million, which authorized \$2 million to be spent on the operation and maintenance and systems upgrades of RIJAN through December 2007. In March 2007, the Executive Director authorized the award of a contract to MTC, in the amount of \$949,000, for continued operations and maintenance and systems upgrades of RIJAN for an eight-month period, until the subject CRADA could be executed.

The initial development of the RIJAN was completed in October 2006 by the CERDEC, and all funds have been exhausted under that grant. The United States Army has re-organized its command structure as a result of the Base Re-Alignment Commission's findings. Work previously done by Fort Monmouth and CERDEC now has been shifted to Picatinny Arsenal and ARDEC. The CRADA must be renewed to reflect this change.

All work done by ARDEC on RIJAN would be funded by DHS grant monies that the Office of Emergency Management has already been awarded and/or would apply for each year through New York and New Jersey Homeland Security agencies.

ARDEC would apply its research and development program management, engineering and technical expertise to collaborate with the Port Authority in the development and implementation of the RIJAN program and its mission to provide shared situational awareness and a common operational picture to speed decision-making and coordinated actions during security events and/or other major emergencies. RIJAN interconnects key local, state, and federal operations centers with robust, reliable, redundant and interoperable high-bandwidth communications to permit the rapid, real-time monitoring and exchange of vital information to speed collective decision-making and response.

ARDEC is engaged in a similar Homeland Defense/Homeland Security initiative in Western Pennsylvania, entitled Project National Shield (PNS). The purpose of the PNS program is to establish a nationally integrated architecture framework within which diverse agencies, each with its own systems and resources, can flexibly inter-operate at organizational, operational, and technical levels. The RIJAN program is similar in intent and capability, but will be concentrated in the New York metropolitan area. ARDEC will provide its extensive military systems integration technical expertise and capabilities in the ongoing maintenance and deployment of the RIJAN system.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Chasanoff, Coscia, 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 execute a Cooperative Research and Development Agreement (CRADA) with the United States Army Armament Research, Development Engineering Center (ARDEC) for the furnishing by ARDEC of program management, engineering and systems integration, technical expertise and capabilities to support the continued development and implementation of the Regional Information and Joint Awareness Network (RIJAN); and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to expend up to \$4 million annually for a five-year period in United States Department of Homeland Security grant funds for the continued development of RIJAN through the CRADA; and it is further

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

CONSTRUCTION MANAGEMENT/GENERAL CONTRACTING SERVICES FOR THE SECURITY CAPITAL PROGRAM – CONTRACT MF-100.507 - INCREASE IN AUTHORIZATION

It was recommended that the Board authorize the Executive Director to increase the current estimated contract amount of \$77.9 million under Contract MF-100.507 with Tishman Technologies Corporation (Tishman) for general contracting services for the Security Capital Program to an estimated amount of \$123.9 million. The proposed increase of \$46 million in the total amount of the contract includes estimated construction costs of \$41.3 million and contract administration costs of \$4.7 million.

At its meeting of November 16, 2006, the Board authorized the Executive Director to award a Construction Management/General Contracting (CM/GC) Services contract to Tishman for a number of construction projects for the Security Capital Program. The estimated total cost for this contract was \$77.9 million for the period from December 2006 through December 2008.

Staff anticipates also that the current total authorized funding under this contract will be fully committed by December 2007. An increase in authorization of \$46 million to the existing CM/GC Contract MF-100.507 was therefore recommended.

Some elements of the work related to aviation facilities may be recovered in part through federal grants from the Federal Aviation Administration under the Airport Improvement Program.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to increase the current estimated contract amount of \$77.9 million for Contract MF-100.507, “Construction Management/General Contracting Services for the Security Capital Program,” with Tishman Technologies Corporation to an estimated total amount of \$123.9 million (an increase of \$46 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.

**MEMORANDUM OF UNDERSTANDING WITH THE CITY OF NEW YORK AND
AUTHORIZATION OF RECIPROCAL EASEMENTS IN CONNECTION WITH
THE NUMBER 7 SUBWAY LINE EXTENSION AND THE TRANS-HUDSON
EXPRESS (THE) TUNNEL PROJECT**

It was recommended that the Board authorize the Executive Director to enter into a Memorandum of Understanding (MOU) and easement agreements, both as grantor and grantee, with the City of New York (the City) involving properties in West Midtown Manhattan. The easement agreements would serve the purposes of the installation, maintenance, inspection and operation of subterranean rail lines. The MOU between the Port Authority and the City would stipulate that the easements (and licenses, if any) are to be provided without compensation by or to either party.

The City, in partnership with the New York City Transit Authority, plans to extend the Number 7 subway line (the No. 7 Line Extension) from its current western terminus at Times Square west to 11th Avenue and south to 25th Street. The easement granted by the Port Authority to the City would permit the installation, maintenance and operation of the No. 7 Line Extension on Port Authority properties that lie in the path of the extension. The No. 7 Line Extension, which will improve subway access, is a critical component of the City's broad plan to stimulate the revitalization of the "Hudson Yards" area of West Midtown Manhattan, which is bounded roughly by West 42nd and West 30th Streets and 8th Avenue and the Hudson River.

The Port Authority and the New Jersey Transit Corporation have been working to advance plans for the Trans-Hudson Express (THE) Tunnel, which will provide an additional railroad approach from New Jersey into New York, entering Manhattan at the Hudson River just below 28th Street and extending up to and across 34th Street to a new rail station adjacent to Pennsylvania Station. THE Tunnel will require easements from the City and other public agencies owning property in its path. THE Tunnel will provide additional rail capacity to accommodate continued regional growth by providing essential passenger railroad service between New Jersey and New York.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Chasanoff, Coscia, 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 enter into a Memorandum of Understanding with the City of New York (the City) providing that each of the City and the Port Authority will provide to the other, free of compensation, the easements and licenses required in connection with, respectively, the New York City Transit Number 7 Line Extension and the Trans-Hudson Express (THE) Tunnel Project; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into an easement agreement with the City granting to the City easements in Port Authority property required in connection with the No. 7 Line Extension, and to enter into any other agreements and instruments, with the appropriate parties, necessary or appropriate in connection therewith; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into an easement agreement or agreements with the City granting to the Port Authority licenses and easements in City property required in connection with THE Tunnel Project, and to enter into, with the appropriate parties, any other agreements and instruments necessary or appropriate in connection therewith; and it is further

RESOLVED, that the Committee on Operations be and it hereby is authorized, for and on behalf of the Port Authority, to approve the final terms of any of the foregoing agreements in the event that they are not substantially in accordance with the terms outlined to the Board; and it is further

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

BY-LAWS OF THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY – AMENDMENT AND RESTATEMENT

At the June 21, 2007 meeting of the Board, the Board preliminarily approved proposed amended and restated By-Laws, pending public review and comment, with final consideration and approval of the proposed By-Laws to be included on the agenda for today's meeting of the Board. In connection with such public review, the following materials were posted on the Port Authority's Web site and were available to the public on request: (1) the proposed new By-Laws; (2) the June 18, 2007 letter to the Board from the Governors of New York and New Jersey (the Governors' Letter), calling for the Port Authority to continue its efforts to promote transparent, efficient and ethical corporate governance practices and to adopt certain measures that adhere to the highest government accountability standards of the States of New York and New Jersey; (3) the existing By-Laws adopted November 12, 1981; (4) a fact sheet discussing governance reforms; and (5) the preliminary approval adopted by the Board on June 21, 2007. Public comments were requested and facilitated through the Web site. The preliminarily approved amendment of the By-Laws focused primarily on six key areas: (1) continuing efforts to advance public participation at open Board and Committee meetings; (2) strengthening programmatic oversight by the Board and redefining its role; (3) renewing the focus of the Board's Audit Committee on audits and accountability; (4) establishing a new Governance and Ethics Committee; (5) strengthening the integrity of the procurement process; and (6) clarifying internal management roles and responsibilities.

It was therefore recommended that the Board adopt revisions to the By-Laws of The Port Authority of New York and New Jersey. Since the posting of the proposed amended and restated By-Laws on the Port Authority's Website, no substantive comments were received from the public. However, the proposed By-Laws before the Board today reflect additional technical clarifications which were discussed with the Commissioners.

The Port Authority's By-Laws have not been revised or amended for over 25 years. While the existing By-Laws have withstood the test of time, in the Governors' Letter, Governor Jon S. Corzine of New Jersey and Governor Eliot Spitzer of New York requested that action be taken to amend the By-Laws or through other, similar means, to incorporate a number of current best practices in public authority governance and reflect the changing environment in which public authorities pursue their statutory missions.

The revised amended and restated By-Laws would continue efforts to advance public participation at open Board and Committee meetings, by incorporating and making permanent the initiatives undertaken at the behest of the Chairman last year. Together, the changes are intended to enhance public access to Board deliberations and provide opportunities for public comment on matters before the Board, including advance public notice of Board and Committee meetings, and the prompt posting of minutes of meetings on the Port Authority's Web site.

The By-Laws, as revised, would require: bi-State public hearings on matters requiring public consideration or comment and information (such as any proposed increases in tolls and

fares); webcasting or other broadcasting of Board and Committee meetings; and reporting publicly on procurement, contracting and leasing activities.

In addition, the revisions would strengthen programmatic oversight by the Board of Commissioners, by emphasizing the Board's role in establishing Port Authority policy and overseeing the implementation of that policy by the staff, specifying the responsibilities of the Executive Director, and redefining the role of Committees. As proposed, this will more directly permit the Commissioners to hold staff accountable for implementing the policy established by the Board.

The revisions would renew the focus of the Audit Committee on audits and accountability, so that the Committee has an enhanced and more clearly articulated role in the supervision of the independent auditors. It is intended that the Committee will continue to have responsibility for retention of an independent external audit firm selected on a competitive basis to perform annual audits and monitoring financial and internal controls and compliance systems. Consistent with best practices, at least one member of the Audit Committee would be required to have a high level of financial expertise.

In addition, the By-Laws revisions would establish a new Governance and Ethics Committee of the Board, charged with ensuring the highest ethical standards for Board members and staff, overseeing the development of governance and ethics principles to carry forward the long-standing policy that the Commissioners and employees of the Port Authority reflect the highest standards of integrity in the public service. To that end, the Committee would review ethical standards in the two States and other jurisdictions; it would also ensure that, where one State may have a higher ethical standard than the other, the Board would adopt the higher standard for application to and conformance by all Commissioners and staff. The new Committee would also provide a centralized focus at the Board level to set the "tone at the top" and emphasize the importance of governance and ethics issues for public authorities (of the kind mandated for public companies by the Sarbanes-Oxley Act of 2002) and to monitor the independence and objectivity of Commissioners.

Furthermore, the revisions are expected to help strengthen the integrity of the procurement process through

- requiring procedural guidelines ensuring that procurement is based on open competition and fairness, with the highest level of integrity;
- establishing limitations on procurement lobbying; and limiting contacts with lobbyists representing contractors, vendors and service providers regarding the procurement process and active procurements;
- providing for advertisement of procurement opportunities through a broad range of media outlets, to increase vendors' awareness of and participation in Port Authority contracting; and
- providing full disclosure of procurement results on the Port Authority's Web site.

The revisions would clarify internal management and accountability by adjusting delegation limits to reflect inflationary growth and by recognizing changes in duties and

responsibilities of various officers of the Port Authority since the last amendment of the By-Laws (such as institutionalizing the Office of Inspector General or providing policy and procedures on defense and indemnification) and in the practices by which the Board and the Port Authority conduct business.

These By-Laws revisions (together with parallel revisions of the By-Laws of the Port Authority's wholly owned subsidiary corporations) reflect a continuing agency-wide commitment to maintain the highest levels of honesty and integrity at the Port Authority, in recognition of the agency's responsibility to conduct its business solely in the public interest. It is anticipated that the amended and restated By-Laws would become effective upon the expiration of the Governors' statutory period of 10 business days for review of actions taken by the Commissioners at Port Authority meetings.

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

RESOLVED, that the amended and restated By-Laws of the Port Authority presently before the Board Commissioners be and they hereby are adopted as the By-Laws of The Port Authority of New York and New Jersey, a copy of which is annexed to these Minutes.

BY-LAWS OF
THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

I. SEAL

The official seal of The Port Authority of New York and New Jersey (hereinafter referred to as the “Port Authority”) shall be a design bearing a combination of the seals of the State of New York and of the State of New Jersey, and bearing the words “THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY — ESTABLISHED BY COMPACT BETWEEN NEW YORK AND NEW JERSEY — APRIL THIRTIETH — 1921.”

II. OFFICERS

The officers of the Port Authority shall be a Chairman, a Vice-Chairman, an Executive Director, a First Deputy Executive Director, a Deputy Executive Director for Operations, a Deputy Executive Director for Capital Programs, a General Counsel, a Chief Financial Officer, a Treasurer, a Comptroller, and a Secretary.

III. DUTIES

A. Board of Commissioners — The Board of Commissioners shall establish the policies of the Port Authority and shall be responsible for reviewing and monitoring whether Port Authority procedures and regulations and executive staff’s financial, management, and operational decisions and controls are in compliance with such overall policies. The Board of Commissioners shall receive from the Executive Director reports on a regular basis, and shall cause the Executive Director to provide such reports, in order for the Commissioners to perform their oversight duties described herein. The Board of Commissioners shall also be responsible for adopting the Strategic Plan, Capital Plan, and Budget of the Port Authority.

B. Chairman — The Chairman shall preside at all meetings of the Board of Commissioners; communicate to the Executive Director and, where appropriate, executive staff, the policies of the Port Authority established by the Board of Commissioners; and be responsible for advancing the mission and promoting the objectives of the Port Authority to members of the general public.

C. Vice-Chairman — The Vice-Chairman shall perform the duties of the Chairman in the event the office of Chairman is vacant, or in the event that the Chairman is unable to perform such duties by reason of illness, disability, or absence.

D. Executive Director — The Executive Director shall manage the operations of the Port Authority in compliance with the agency’s policies as established by the Board of Commissioners. The Executive Director shall prepare proposals for presentation to the Board of Commissioners which carry out approved policies or which propose policies for adoption and implement such proposals after presentation to and approval by the Board of Commissioners. In furtherance of these duties, the Executive Director shall hold executive staff responsible and accountable for making financial, management, and operational decisions in compliance with the policies established by the Board of Commissioners, and shall consult with the Board of Commissioners, as necessary, to enable the Commissioners to perform their oversight duties described above. The Executive Director shall sign all deeds of conveyance when authorized by resolution of the Board of Commissioners.

E. Secretary — The Secretary shall prepare the minutes of the meetings of the Board of Commissioners; keep the official records and the seal of the Port Authority; certify, when required to, copies of records; be responsible for administering the Freedom of Information Policy providing for access by the public to records of the Port Authority; and perform such other duties as may be assigned by the Chairman.

F. General Counsel — General Counsel shall be legal counsel to the Port Authority and shall also furnish such legal opinions, advice, counsel, and representation as shall, from time to time, be required by the Board of Commissioners. In the performance of these duties, General Counsel is authorized to use Port Authority staff and, with the approval of the Executive Director, to retain outside counsel in accordance with policies established by the Board of Commissioners and guidelines adopted by General Counsel from time to time.

G. Chief Financial Officer — The Chief Financial Officer shall, under the supervision of the Executive Director, act as chief financial officer of the Port Authority and supervise the activities of the Treasurer and the Comptroller.

H. Comptroller — The Comptroller shall, under the supervision of the Chief Financial Officer, be in charge of the books of account of the Port Authority and be responsible for all payments to and expenditures by the Port Authority.

I. Treasurer — The Treasurer shall, under the supervision of the Chief Financial Officer, have custody of all funds and be responsible for investments of the Port Authority.

J. Inspector General — The Inspector General, under the general direction of the Chairman and the Executive Director, shall be charged with the responsibility of receiving and investigating, where appropriate, all complaints regarding wrongdoing, fraud, waste, and abuse by Commissioners, officers, and employees of the Port Authority, or third-party individuals or organizations doing business with the Port Authority; and consulting with the Board of Commissioners, the Audit Committee, the Executive Director, and General Counsel, as appropriate. The Inspector General shall provide

reports to the Audit Committee with respect to the foregoing.

K. Director of the Audit Department — The Director of the Audit Department shall, under the general direction of the Inspector General, be responsible for the internal auditing functions in the Port Authority and for external auditing of financial and operating records of firms doing business with the Port Authority.

IV. TERM OF OFFICE

All officers of the Port Authority shall hold office until the next annual meeting of the Port Authority, or until their successors are elected or appointed, whichever may be the later.

V. MEETINGS; OPEN MEETINGS POLICY; FREEDOM OF INFORMATION POLICY

A. An annual meeting of the Board of Commissioners shall be held each year for the purpose of election of officers. Special meetings of the Board of Commissioners may be called by the Chairman of the Port Authority and shall be called by the Chairman of the Port Authority on request of any two Commissioners, one from each State. The time and place for all annual, regular, and special meetings shall be determined by the Chairman of the Port Authority.

B. The Secretary shall give notice to the Commissioners of annual, regular, and special meetings, specifying the time and place of the meeting, by mail, facsimile, telephone, or in person, at least two days before the meeting. The notice of a special meeting shall specify the subject(s) to be considered thereat. Any Commissioner may waive the requirement for such notice.

C. The provisions of these By-Laws may be suspended by unanimous consent of a quorum of the Board of Commissioners.

D. Quorum – Six Commissioners, three from each State, shall constitute a quorum for all meetings of the Board of Commissioners.

E. Votes – After due debate, the vote shall be recorded upon all resolutions or amendments thereto presented at any meeting of the Board of Commissioners. If three votes from each State shall not be cast therefor (or in case six Commissioners from either State are present, if four votes from such State shall not be cast therefor), the resolution or amendment shall be deemed lost. But a motion to adjourn, to lay on the table, to postpone consideration, or to refer a matter may be carried by a vote of a simple majority of Commissioners present.

F. Order of Business – The order of business at annual, regular, and special

meetings of the Board of Commissioners shall be determined by the Chairman of the Port Authority; provided, however, that upon request of any two Commissioners, one from each State, received no less than two days prior to the meeting, a matter shall be placed on the calendar for any meeting as special business.

G. Open Meetings Policy

The Port Authority has an obligation to conduct its business and activities in the public interest and to solicit public participation and make its affairs known to members of the general public. In accordance with this obligation, the Port Authority shall follow an Open Meetings Policy, which shall require that: meetings of the Board of Commissioners and its Committees shall be open to the public consistent with the open meetings laws of the two States; sufficient advance notice shall be provided to members of the general public and representatives of the press of all meetings to be held in open public or closed executive session and, if in closed executive session, the reason(s) therefor; where meetings are held in open public session, anticipated agendas for such meetings shall be provided to members of the general public and representatives of the press sufficiently in advance of such meetings; representatives of all groups and constituencies who may wish to attend meetings held in open public session shall be accommodated; where meetings are held in open public session, members of the public shall have the opportunity to comment to the Board of Commissioners prior to action on those items; materials reflecting actions taken in open public and closed executive session, including minutes of meetings of the Board of Commissioners, shall be released to members of the general public. Meetings of the Board of Commissioners and its Committees (other than meetings held in closed, executive session) are to be publicly broadcast, to the extent technologically feasible.

The term “meeting” as used herein shall refer to any gathering, whether corporeal or by means of communications equipment, which is attended by, or open to, members of the Board of Commissioners, held with the intent, on the part of the Commissioners present, to discuss or act as a unit upon the specific public business of the Port Authority; provided, that the term “meeting” does not mean a gathering (1) attended by less than a quorum, or (2) attended by or open to all the members of three or more similar public bodies at a convention or similar gathering. The term “public business” shall refer to matters that relate in any way, directly or indirectly, to the performance of the functions of the Port Authority or the conduct of its business.

H. Open Meetings Policy – Limited Exceptions

1. In certain limited circumstances, public consideration by the Board of Commissioners (or a Committee thereof) of matters relating to the business and affairs of the Port Authority would clearly endanger the public interest or constitute an unwarranted invasion of the personal privacy of individuals (including Port Authority employees). Accordingly, in such limited circumstances, the Board of Commissioners or Committee may determine to take action on or discuss only such subjects in closed, executive session. Consistent with the open meetings laws of the two States, the following matters

may be considered in closed, executive session: (i) public safety or law enforcement; (ii) proposed, pending, or current litigation, judicial or administrative proceedings, and external or internal investigations or audits; (iii) ongoing bargaining or negotiations, reviews of contracts or proposals related to the purchase, sale, or lease of real property or securities where disclosure could affect the public interest; (iv) the necessary consideration of facts that, if made public, would constitute an unwarranted invasion of an individual's personal privacy; (v) the necessary consideration of facts that are deemed confidential, privileged, or private pursuant to federal or state law, regulations, rules, or decisions of court; or (vi) information that, if made public, could impair the Port Authority's right to receive funds from the United States or other grantor.

2. From time to time, the Chairman of the Port Authority may, in the best interests of the Port Authority, permit discussion in public, open session of and action on any matter otherwise exempted under the Open Meetings Policy.

3. In exigent circumstances when required for action, the Chairman of the Port Authority may request that one or more absent Commissioners participate and attend any meeting of the Port Authority through the use of communications equipment.

I. Freedom of Information Policy

The Port Authority conducts its business and activities in the public interest and therefore the public should have access to records of the Port Authority. The Port Authority shall follow a Freedom of Information Policy consistent with the freedom of information laws of the two States.

The Port Authority shall, to the extent technologically feasible, provide access to the minutes of meetings of the Board of Commissioners and the Committees and to reports provided for in accordance with these By-Laws, by posting such documents on its Internet site.

VI. PUBLIC HEARINGS

Public hearings shall be held on matters requiring public consideration or public comment and information (such as toll or fare increases) and may be held upon the request of (i) the Chairman of the Port Authority or (ii) any two Commissioners, one from each State. As provided in Article X (1) of these By-Laws, the Executive Director shall have the power to arrange for the conduct of such hearings.

VII. NOMINATING COMMITTEE

The Nominating Committee shall consist of all of the Commissioners of the Port Authority except the Chairman of the Port Authority and the Vice-Chairman of the Port Authority.

The Nominating Committee shall meet at least once during the 30 days immediately preceding the annual meeting of the Port Authority to consider a slate of officers for nomination and shall present such slate to the Board of Commissioners. If the office of Chairman of the Port Authority or Vice-Chairman of the Port Authority shall become vacant for any reason other than expiration of term, the Nominating Committee shall meet as soon as practical thereafter. The Nominating Committee may also meet to consider vacancies in any other office or offices.

Meetings of the Nominating Committee shall be held pursuant to notice given by the Secretary at the request of any member of the Committee.

At each meeting of the Nominating Committee, the members thereof shall elect a Chairman of the Committee whose duties shall be to preside at such meeting, and to submit or cause to be submitted to the Board of Commissioners any reports or recommendations adopted at such meeting.

VIII. COMMITTEES OF THE BOARD

A Chairman, a Vice-Chairman, and members of all Board Committees shall be appointed by the Chairman of the Port Authority, who shall be an *ex officio* member of each Committee of which the Chairman of the Port Authority is not a regular member, except the Audit Committee. If one or more regular members are absent from any Committee meeting, the Chairman of the Port Authority shall be counted towards a quorum and entitled to vote on Committee business. The Chairman of the Port Authority shall also be entitled to vote to decide a tie vote.

The Vice-Chairman of the Port Authority shall likewise be an *ex officio* member of each Committee of which the Vice-Chairman of the Port Authority is not a regular member, except the Audit Committee. The Vice-Chairman of the Port Authority shall be counted towards a quorum and entitled to vote on Committee business under the same circumstances as the Chairman of the Port Authority, but only in the absence of the Chairman of the Port Authority.

A quorum for the conduct of business at any meeting of any Committee shall consist of a number equal to the majority of the regular members, provided that at least one Commissioner from each State shall be present. If there is no quorum at any regular, special, or adjourned meeting of any Committee, then the Commissioner presiding at such Committee meeting may, in order to achieve a quorum, designate any Commissioner present who is not already a member of such Committee as a substitute member *pro tem* to act at such meeting in the place and stead of an absent Committee member. Any substitute Committee member *pro tem* shall be treated as a regular member for purposes of (i) determining whether a quorum is present; (ii) voting; and (iii) determining whether an *ex officio* member may vote. Action shall be taken by a majority vote of the Committee members present; provided that no action of a Committee shall be

binding unless at least one Commissioner from each State shall vote in favor thereof.

In order to assure the right of approval or veto by the Governor of each State, any action by a Committee taken pursuant to the powers granted in this Article VIII shall be considered part of the minutes of the Board of Commissioners.

Whenever a Committee purports to act pursuant to power vested under these By-Laws then all third persons are entitled to rely on the Committee's representation that it has power to act.

There shall be the following standing Board Committees, which shall meet as needed in connection with the conduct of Port Authority business. Each Committee shall consist of five regular members (including a Chairman and Vice-Chairman), in addition to *ex officio* members, except the Audit Committee, which shall have no *ex officio* members and shall consist of four regular members (including a Chairman and Vice-Chairman), two from each State, and at least one of whom shall have a high level of financial expertise as –determined in accordance with Article VIII.F of these By-Laws). When two or more Committees have powers relating to the same subject matter, none shall be deemed to have exclusive authority, but such Committees shall confer and cooperate in regard thereto. The Committees shall consult with executive staff, as necessary, in carrying out their respective oversight responsibilities.

A. Committee on Capital Programs/Agency Planning

The Committee on Capital Programs/Agency Planning shall:

- (1) have oversight of the Port Authority's Capital Plan and Strategic Plan;
- (2) review the long-term planning for the development of new facilities, the initiation of new business and activities, and studies conducted in furtherance of such purposes;
- (3) keep informed regarding the duties of the Port Authority, whether imposed by statutes or otherwise, and from time to time recommend to the Board of Commissioners such programs and policies as in its opinion may be desirable and as will enable the Port Authority to perform its duties most effectively and in due relation to their order of importance;
- (4) keep informed of the needs of the Port District with regard to marine, air, railroad, and motor vehicle terminals and other transportation and terminal facilities and facilities of commerce and economic development, and matters relating thereto, and, from time to time, make recommendations in reference thereto; and
- (5) have general supervision over transportation, terminal and commerce and economic development studies and do all things necessary and convenient to

advance such studies.

B. Committee on Finance

The Committee on Finance shall:

(1) have oversight of the financial affairs of the Port Authority, and, from time to time, make such recommendations to the Board of Commissioners in reference to the establishment of policies with respect thereto as in its opinion may be desirable;

(2) approve the selection of depositories for Port Authority funds and authorize and approve investments and reinvestments thereof; and

(3) approve insurance policies and surety bonds, and adopt or approve policies or practices followed in connection with insurance and surety bonds.

C. Committee on Construction

The Committee on Construction shall have oversight of:

(1) all construction by the Port Authority, including without limitation rehabilitation, repairs, demolition, and excavation, and shall, from time to time, make such recommendations to the Board of Commissioners in reference to the establishment of policies with respect thereto as in its opinion may be desirable;

(2) agreements and contracts for the acquisition, purchase, lease, and/or use by the Port Authority of real property and for the exercise of any rights and the performance of any obligations vested in or assumed by the Port Authority under such agreements or contracts; and

(3) agreements and contracts for the purchase or acquisition of materials for use by the Port Authority in connection with construction and for the exercise of any rights and the performance of any obligations vested in or assumed by the Port Authority under such agreements and contracts.

D. Committee on Operations

The Committee on Operations shall have oversight of:

(1) the operation and maintenance of all facilities and properties owned and/or operated by the Port Authority, and shall, from time to time, make such recommendations to the Board of Commissioners in reference to the establishment of policies with respect thereto as in its opinion may be desirable;

(2) agreements and contracts for the acquisition or purchase by the Port

Authority of equipment, tools, materials, supplies, or other personal property for use in connection with the operation of any Port Authority facility or property, and for the exercise of any rights and the performance of any obligations vested in or assumed by the Port Authority under such agreements or contracts;

(3) the sale, consistent with legislation, of real or personal property owned and/or operated by the Port Authority; and

(4) personnel matters, and shall approve all agreements with organizations representing Port Authority employee groups relating to wages, working conditions, and benefits.

E. Security Committee

The Security Committee shall:

(1) keep informed of the security needs of the facilities and properties owned and/or operated by the Port Authority; and

(2) keep informed of the needs of the Port District generally with regard to security matters, and, from time to time, make recommendations in reference thereto.

F. Audit Committee

The Audit Committee shall:

(1) have oversight of the quality and integrity of the Port Authority's framework of internal controls, compliance systems, and accounting, auditing, and financial reporting processes; select pursuant to a competitive process, determine the compensation for, and have oversight of the activities of all independent accountants retained for auditing purposes, who shall report directly to the Committee; arrange for the audit of the books and accounts of the Port Authority by the independent accountants no less than annually (which audit shall require a written certification by the Executive Director and Chief Financial Officer that the financial information provided to the auditor is accurate and fairly represents the financial condition and operational results of the Port Authority); and keep informed regarding the management of the Port Authority;

(2) establish formal guidelines in the form of a charter that it shall follow in connection with the satisfaction of its responsibilities, and review and reassess such charter from time to time;

(3) recommend, establish, maintain, and reassess procedures for processing complaints regarding accounting, internal controls, or auditing matters, as well as the confidential, anonymous submission of concerns about questionable

accounting or auditing practices;

(4) review the annual financial statements of the Port Authority (including appropriate certifications by the Executive Director and the Chief Financial Officer) and recommend to the Board of Commissioners the inclusion of such financial statements in the Port Authority's annual report and other publications, as appropriate; and

(5) receive from the Inspector General reports regarding concerns and complaints received by the Office of Inspector General involving wrongdoing, fraud, waste, and abuse by Commissioners, officers, and employees of the Port Authority, or third party individuals or organizations doing business with the Port Authority, including the progress of any investigation thereof, as well as referrals made or other matters pursued in connection therewith, and it shall be the duty of the Inspector General to report such information to the Audit Committee. The Audit Committee shall recommend, establish, maintain, and reassess procedures for reviewing reports submitted by the Inspector General with respect to the foregoing; provided, however, that such procedures shall not limit the Inspector General's independence and freedom from interference in the conduct of the Inspector General's responsibilities.

The (i) appointment of any person to the position of Director of the Audit Department or Inspector General shall not be made or terminated; (ii) salary or benefits of the Director of the Audit Department and the Inspector General shall not be increased or reduced; and (iii) responsibilities of the Director of the Audit Department and the Inspector General shall not be changed in any way, without the approval of the Chairman of the Audit Committee (or of the Board of Commissioners); provided, that any increase or reduction in salary or benefits that may be made with respect to Port Authority department heads generally and would be effective as to the Director of the Audit Department and the Inspector General in the absence of the foregoing requirement of approval shall not require such approval in order to be effective as to the Director of the Audit Department and the Inspector General.

The members of the Audit Committee which, for independence purposes, shall not include the Chairman or Vice-Chairman, shall include at least one member, who in the determination of the Governance and Ethics Committee possesses a high level of financial expertise, which may be demonstrated, among other factors, by a general understanding of (i) generally accepted accounting principles and financial statements; (ii) the preparation or auditing of financial statements of entities comparable to the Port Authority; (iii) the application of such principles in connection with the accounting for estimates, accruals, and reserves; (iv) internal accounting controls; and (v) audit committee functions.

The Audit Committee shall assist the Board of Commissioners in fulfilling its oversight responsibility relating to the Port Authority's compliance with legal or regulatory requirements relating to accounting, auditing, financial reporting, and/or

internal controls, all subject to and consistent with the principle that compliance matters which are not primarily related to accounting, auditing, financial reporting, and/or internal controls shall be submitted to the Governance and Ethics Committee.

The Audit Committee shall report from time to time to the Board of Commissioners on the results of its oversight, auditing, and other activities, including any recommendations which in its opinion may be desirable regarding policies and procedures to govern the accounting, auditing, financial reporting, and internal controls of the Port Authority.

G. Governance and Ethics Committee

The Governance and Ethics Committee shall:

(1) have oversight of questions relating to the development of, and compliance with, governance and ethics principles of the Port Authority, and shall, from time to time, make such recommendations in reference thereto as in its opinion may be desirable;

(2) define and make recommendations to the Board of Commissioners with respect to the establishment of policies and practices that will (i) assist in identifying qualifications for prospective appointments to the Board of Commissioners; (ii) evaluate the ongoing performance of the Board of Commissioners and its members; (iii) lead the Board of Commissioners in an annual review and evaluation of the Board of Commissioners' performance, and the effectiveness of Committees; (iv) ensure that the Board of Commissioners and staff are familiar with and committed to the ethics principles and programs that have been adopted by the Port Authority; (v) assist the Board of Commissioners in fulfilling its oversight responsibility relating to the Port Authority's compliance with legal and regulatory requirements; (vi) ensure that the Inspector General shall continue to be independent and free from interference in the conduct of the Inspector General's responsibilities; and (vii) require executive staff to annually review Port Authority operations with the specific goal of identifying waste and inefficiencies, and to take appropriate remedial steps that shall be publicly reported.

(3) recommend to the Chairman of the Port Authority changes in the size, composition, and organization of the Committees; policies and practices relating to Board operations; Commissioner policies and practices; and associated matters of corporate governance;

(4) lead the Board of Commissioners in an annual review and evaluation of the Executive Director's performance;

(5) recommend, develop, and maintain a Code of Ethics for the Board of Commissioners and for the staff, which Code shall include (a) requirements for

disclosures of outside business dealings of Commissioners and their employers, executive staff, or the immediate family members of Commissioners and executive staff; (b) restrictions on participation by Commissioners, officers, or employees in any contracting decision relating to a family member or firms in which a family member may have an interest; and (c) rules precluding contributions to the political campaigns of Port Authority Commissioners or officers;

(6) on an annual basis, reassess the adequacy of the Code of Ethics and oversee compliance with such Code;

(7) review the independence and objectivity of the members of the Board of Commissioners and its Committees on a periodic basis (but in no event less than once per year), as well as any relationships such members may have with the Port Authority and/or its wholly owned corporate entities or subsidiaries or otherwise that may reasonably create the appearance of non-independence and/or non-objectivity; and

(8) review corporate trends and best practices generally with respect to governance procedures and ethics policies and requirements. In carrying out this responsibility, the Committee shall, on an annual basis, review ethical standards in the two States (and any other jurisdictions whose standards may be useful in determining best practices at the Port Authority) and make recommendations to the Board of Commissioners concerning appropriate practices, including adoption of the higher ethical standard when the two states apply different standards to the same conduct or situation.

The Governance and Ethics Committee's duties as described herein shall be subject to and consistent with the following:

- (a) compliance matters which are primarily related to accounting, auditing, financial reporting, and/or internal controls shall be subject to the jurisdiction and oversight of the Audit Committee; and
- (b) compliance matters which are not primarily related to accounting, auditing, financial reporting and/or internal controls shall be submitted to the Governance and Ethics Committee, which shall determine the proper handling thereof (including the involvement of other Board Committees, outside advisers and others) with such oversight by the Board of Commissioners as it determines is appropriate.

IX. RULES AND REGULATIONS

In compliance with policies established by the Board of Commissioners, the Executive Director shall establish rules and regulations as required for the conduct of the

Port Authority's business, consistent with policies established by the Board of Commissioners.

The Executive Director shall cause such rules and regulations to be filed with the Board of Commissioners at least 30 days prior to the effective date of such rules and regulations. Absent objections by the Board of Commissioners such rules and regulations shall become effective upon the expiration of such 30-day period. If such objections are made, the Board of Commissioners shall, after due consideration, decide upon adoption, amendment or rejection of the proposed rules and regulations.

It is the policy of the Port Authority that the process for adoption of such rules and regulations shall be an open process with the opportunity for the general public to comment on such rules and regulations prior to adoption, and for such purposes such proposed rules and regulations shall be made publicly available at the time they are filed with the Board of Commissioners.

X. EXECUTIVE DIRECTOR POWERS AND RESPONSIBILITIES

The Executive Director shall have the following powers, unless otherwise provided by any resolution of the Board of Commissioners or a Committee thereof, subject to the limitations, if any, of the Budget adopted by the Board of Commissioners. These powers shall be in addition to any other powers conferred by any other provisions of these By-Laws, or by any resolution heretofore or hereafter adopted by the Board of Commissioners or a Committee thereof.

(a) Unless otherwise directed by the Committee on Operations or otherwise provided by any resolution of the Board of Commissioners and subject to the limitations, if any, of the Budget adopted by the Board of Commissioners, the Executive Director is authorized:

(i) To determine and prescribe the duties of new and existing positions and the qualifications for appointments made thereto;

(ii) Subject to the approval of the Chairman of the Committee on Operations, to make permanent appointments to the Port Authority staff;

(iii) To make promotions and demotions within the staff;

(iv) To terminate appointments to the staff subject to the approval of the Chairman of the Committee on Operations whenever approval of the Committee on Operations is not otherwise specifically required;

(v) To create temporary positions and to make temporary appointments thereto for periods not exceeding three (3) months' duration; and

(vi) To grant or authorize the granting of vacation, sick leave, other leave of absence and to establish or modify other employee benefits (other than retirement matters) and to take other action affecting personnel.

(b) The Executive Director is authorized:

(i) to authorize or arrange for the printing and engraving of bonds, notes or other securities or obligations, the issuance whereof has been authorized by the Board of Commissioners;

(ii) to authorize and arrange for the payment of the interest upon and principal of such bonds, notes, or other securities or obligations, in accordance with the resolutions authorizing their issuance, out of any revenues directly pledged therefor, out of any sinking funds or special reserve funds especially established in connection therewith and, in case there are no other moneys available for the payment of such interest and principal, out of the General Reserve Fund if such fund has been pledged as security for such payments;

(iii) to authorize or arrange for the making of payments into such reserve funds during the year for which such payments are to be made out of revenues directly pledged for such purposes, and to authorize or arrange for the making of payments into such sinking funds during the year for which such payments are to be made out of revenues directly pledged for such purposes, out of any special reserve funds especially established in connection with the particular issue of such bonds, notes, securities or other obligations for which such payments are to be made, out of any other special reserve funds available for such purposes, out of any other Port Authority funds available for such purposes, and, in case all the preceding available sources are insufficient to make such payment, then out of the General Reserve Fund; and

(iv) whenever the resolutions of the Board of Commissioners establishing the issue of bonds and the various resolutions of the Board of Commissioners establishing the separate series of such bonds require the redemption of bonds for retirement for sinking fund purposes, to (a) arrange for or authorize the call of such bonds for redemption, within the limitations of said bond resolutions to select or arrange for the selection of the particular bonds to be redeemed, (b) publish or arrange for the publication of notice of redemption, (c) pay or arrange for the payment of such bonds upon the date set for their redemption, and (d) generally do all things necessary or incidental to the redemption and retirement of such bonds.

(c) The Executive Director is authorized to authorize, approve, or award agreements, contracts, or purchase orders for

(i) professional, technical, or advisory services, including but not limited

to the services of consultants, engineers, architects, designers, artists, technicians, inspectors, appraisers, and experts of any kind;

- (ii) maintenance, repair, rehabilitation, or other operating expenses;
- (iii) capital improvements and additions (including major repairs or rehabilitation);
- (iv) construction;
- (v) materials, equipment or supplies (including the leasing of equipment);
- (vi) utility or other services;
- (vii) insurance or brokerage services; and
- (viii) settlement of claims (not covered under paragraphs (e) or (o) of this Article X)

upon such terms as the Executive Director may deem proper and to enter into or execute the same on behalf of the Port Authority where the amount of any such agreement, contract, or purchase order (inclusive of any renewal or extension) is not in excess of \$2,500,000; provided, however, that the Executive Director may not take such action where the amount of any such agreement, contract, or purchase order (inclusive of any renewal or extension) under subparagraphs (c)(i) through (c)(vii), above, is in excess of

- (a) \$1,500,000 but not in excess of \$2,500,000, unless the agreement, contract, or purchase order is awarded to the lowest qualified bidder after public advertisement, or through cooperative governmental purchasing arrangements; or
- (b) \$500,000 but not in excess of \$1,500,000, unless the agreement, contract, or purchase order is awarded to the lowest qualified bidder, or the proposer best qualified by reason of cost, responsibility, and capacity to perform the work and whose bid price or proposal is deemed reasonable, after the receipt of competitive bids or proposals; and,

provided, further, in connection with authorizations under subparagraph (c)(viii), above, the Executive Director may settle such claims if the total settlement is not in excess of \$500,000. In addition, the Executive Director may take such actions under this paragraph (c) with respect to an extension, amendment, or modification of any existing agreement, contract, or purchase order either

- (a) on terms and conditions at least as favorable to the Port Authority and under which the Port Authority will incur no additional

expenditures or obligations; or

(b) where the amount of the extension, amendment, or modification is not in excess of 25 percent of the base amount of the original agreement, contract, or purchase order, provided however that such excess amount is not greater than \$2,500,000.

(d) In the exercise of authority under this paragraph (d), the Executive Director may take the following actions only upon providing prior notice to the Board of Commissioners. The Executive Director, pursuant to authority granted to the Executive Director in conjunction with the adoption of the Budget or other resolutions of the Board of Commissioners, may, as the Executive Director deems in the best interest of the Port Authority, in connection with agreements, contracts or purchase orders:

(i) (a) award to the bidder or proposer who, in the opinion of the Executive Director, is best qualified by reason of cost, responsibility, experience, and capacity to perform the work and whose bid price or proposal the Executive Director deems reasonable, (b) reject all bids or proposals, (c) solicit new bids or proposals on revised or the same requirements, (d) negotiate with one or more bidders, proposers, or other contractors; or (e) exercise any rights and the performance of any obligations vested in or assumed by the Port Authority under such agreement, contract, or purchase order;

(ii) execute agreements, contracts, or purchase orders and supplemental agreements, contracts or purchase orders with such bidders, proposers, or contractors;

(iii) order extra work and net cost work; and

(iv) authorize payments to contractors or vendors.

(e) The Executive Director may, in connection with any agreement, contract, or purchase order,

(i) require a bond securing the performance thereof and/or the payment of subcontractors, materialmen, workers, and other third persons;

(ii) settle claims arising under or in connection with such agreements (including leases, permits, and licenses, for the use or occupancy of property), contracts, or purchase orders; provided, that the Executive Director may settle such claims if the total settlement is not in excess of \$500,000; and

(iii) authorize the payment to contractors and vendors of all or any portion of their compensation even though not yet payable under the terms of the agreement, contract, or purchase order, in each case whenever the Executive Director deems it advisable under the circumstances.

(f) The Executive Director may acquire temporary interests in real property necessary in connection with construction or operation of Port Authority facilities, provided that the term of any such interest shall not be in excess of five years.

(g) In compliance with the policies established by the Board of Commissioners, the Executive Director shall, from time to time, adopt appropriate procedural guidelines, consistent with those applied to state authorities in the two States, to ensure that procurement, based on competitive contract-award processes, of agreements and contracts for the purchase of goods and contract services, professional, technical and advisory services, real estate and construction is based on open competition and fairness, with the highest level of integrity, and to discourage attempts by others to influence the Port Authority to achieve preferential, unequal or favored consideration of proposals for procurement based on considerations other than on the merits of such proposals. Such procedural guidelines shall include: restrictions on contacts between Commissioners and staff regarding the procurement process and particular active procurement matters; restrictions on contacts between lobbyists representing contractors, vendors or service providers, and Commissioners and staff, regarding the procurement process and particular active procurement matters; rules controlling flow of procurement inquiries and bids to responsible staff and pursuant to pre-set procedures; advertisement of procurement opportunities by the Port Authority through a broad range of media outlets, to increase vendors' awareness of and participation in the procurement process; and equal opportunity for minority-owned, women-owned and small business enterprises.

(h) In compliance with the policies established by the Board of Commissioners, the Executive Director shall have authority to adopt, rescind, amend, and modify rules and regulations

(i) for and in connection with facilities and properties owned, leased, or operated by the Port Authority and for the conduct of the users thereof and all other persons in or about such facilities or properties, including the officers, employees, or representatives of the Port Authority and of the users of its facilities and properties and people doing business with it or them; and

(ii) for the operation, management, and conduct of the business of the Port Authority and the staff.

(i) The Executive Director shall have authority to enter into any agreement including, but not limited to, leases, permits and licenses, for the use or occupancy of any property owned or operated by the Port Authority and for the use or occupancy of property by the Port Authority or for the exercise of privileges thereat; provided, that such agreement

(i) is for a total term, including any renewals and extensions, of not more than ten years, and the average annual rental (net present value) is not more than \$1,000,000;

(ii) is unconditionally revocable without cause by the Port Authority upon 30 days' notice or less and there is no fixed obligation on the Port Authority in excess of \$1,000,000; or

(iii) substitutes another for the contracting party to an existing agreement.

Any such agreement may contain such indemnity and other provisions as the Executive Director may deem appropriate.

(j) The Executive Director may authorize or arrange for contracts for the sale of personal property owned by the Port Authority upon such terms and conditions as the Executive Director may deem proper and execute the same on behalf of the Port Authority where the value of such personal property is not in excess of \$1,000,000; provided, however, that personal property valued at more than \$250,000 shall not be sold by authority of the Executive Director other than to the highest bidder after public advertisement.

(k) The Executive Director may authorize intervention and participation on behalf of the Port Authority in proceedings before any administrative tribunal of the United States or of the States of New York and New Jersey or their subdivisions affecting the trade, commerce, and economic development of the Port District or the terminal or transportation facilities or facilities of commerce and economic development therein; provided, however, that no statement as to the position of the Port Authority on the issues in the proceedings shall be submitted until the position has been authorized by the Board of Commissioners or the Committee on Capital Programs/Agency Planning.

(l) Pursuant to direction by the Board of Commissioners, the Executive Director shall have authority to arrange for public hearings, as provided for in Article VI of these By-Laws, in connection with the budgeting, planning, and programming of the Port Authority, including proposals for instituting or changing tolls and fares imposed for use of the Port Authority's vehicular tunnels and bridges and passenger rail facilities, and in connection therewith

(i) to determine the times and locations in each of the two States for the conduct of such hearings;

(ii) to provide for appropriate notice to be given in advance of such hearings;

(iii) to designate hearing officers in connection therewith; and

(iv) to take such other action as will effectuate the Port Authority's policy, as established by the Board of Commissioners, for the conduct of public hearings.

(m) With respect to the operation, planning, and development of Port Authority

facilities and to other projects, programs, and studies which have been authorized by the Port Authority, the Executive Director may apply for and accept on behalf of the Port Authority grants from federal, state, or other governmental entities. Expenditures in connection with such grants or projects and activities funded in whole or in part by such grants are, however, subject to consideration and authorization in accordance with the provisions of these By-Laws.

(n) The Executive Director may, in the best interests of the Port Authority, enter into or authorize execution of agreements with federal, state, or other governmental entities for the performance of services by Port Authority employees or the participation by such employees in programs or other activities sponsored in whole or in part by such entities.

(o) The Executive Director shall have authority to settle all claims of and all claims against the Port Authority (not covered under paragraphs (c) and (e) of this Article X) when the total payment or the amount of damages incurred by the Port Authority is not in excess of \$1,000,000. Claims of and against the Port Authority shall include claims against individuals for which the Port Authority would be responsible under Article XI of these By-Laws; provided, however, that in the case of claims against individuals for which the Port Authority would be responsible under the said Article XI, which are covered by insurance purchased by or on behalf of such individuals, the Port Authority shall pay such claims only to the extent that they are in excess of the amount for which the insurance carriers are responsible.

(p) With respect to Port Authority property or to the operation, planning and development of Port Authority facilities the Executive Director may enter into such indemnity agreements as the Executive Director may deem appropriate.

(q) The Executive Director shall publish on a regular basis comprehensive reports on

(i) transactions of the Port Authority relating to the business and activities of the Port Authority, which reports shall identify vendors retained to perform services through the procurement process and the terms of their engagements; and

(ii) expenditures and operations of the Port Authority, identifying its programs and associated expenditures, which shall also be delivered to the Governors of New York and New Jersey;

provided, however, that the failure of the Executive Director to report the same shall not affect the validity of any action taken by the Executive Director with respect thereto.

(r) The Executive Director is authorized to delegate in whole or in part any power, authority, or discretion conferred upon the Executive Director by these By-Laws, or by any resolution heretofore or hereafter adopted by the Board of Commissioners to any other officer or member of the executive staff; provided, however, that the Executive

Director shall file all delegations with the Secretary; and, provided further, that this power shall not apply to any case where the Executive Director is authorized to sign checks, drafts, or commercial paper, or deeds of conveyance of real property, or to have access to safe deposit boxes

(s) In exigent circumstances, the Executive Director, after consultation with the Chairman of the Port Authority (which requirement for consultation is waived if the Chairman of the Port Authority cannot be contacted through reasonable means and in a reasonable period of time), may take any action, whether or not otherwise authorized in these By-Laws, with respect to the property or facilities, projects, programs, and business of the Port Authority, or the rules and regulations or fees, fares, tolls, and other charges relating thereto. The Executive Director shall report such action to the Board of Commissioners. The Executive Director shall notify the Chairman of the Port Authority of any contract entered into pursuant to this provision.

(t) The Executive Director shall make arrangements for the publication of the annual report, which report shall include but not be limited to the following: (i) the Port Authority's annual financial statements, together with a report on internal financial controls; (ii) a certification by appropriate executive staff that the Port Authority has followed all standards, procedures, or internal controls; (iii) a list of the compensation, educational background and professional experience of, the 20 highest-paid executive staff members.

Whenever the Executive Director purports to act pursuant to power vested under these By-Laws, then all third persons are entitled to rely on the Executive Director's representation that the Executive Director has the power to act.

The powers conferred upon the Executive Director under these By-Laws shall be discretionary and, unless otherwise expressly provided, shall not be construed to impose upon the Executive Director a requirement to execute any agreement, contract, or purchase order, or to take any other action authorized under these By-Laws. Except as otherwise provided in this Article X, the Executive Director may take action as authorized without providing prior notice to the Board of Commissioners.

XI. DEFENSE AND INDEMNIFICATION OF INDIVIDUALS

1. As used in this Article XI, the term "indemnified party" shall mean an individual who is a Commissioner, officer, or employee of the Port Authority. The terms "Commissioner," "officer," and "employee" shall include a former Commissioner, officer, and employee, and the estate or a judicially appointed personal representative of such present or former Commissioner, officer, or employee.

2. Upon compliance by an indemnified party with the provisions of paragraph 8 of this Article XI, the Port Authority shall provide for the defense of the indemnified party in any civil action or proceeding in any state or federal court arising out of any alleged

act or omission which occurred or is alleged in the complaint to have occurred while the individual was acting within the scope of Port Authority employment or duties; or which is brought pursuant to section nineteen hundred eighty-one or nineteen hundred eighty-three of title forty-two of the United States Code and the act or omission underlying the action occurred or is alleged in the complaint to have occurred while the individual was acting within the scope of Port Authority employment or duties. The Port Authority shall not provide for a defense where such civil action or proceeding is brought by or on behalf of the Port Authority or to recover Port Authority funds.

3. Where an individual seeking indemnification delivers process and a request for a defense to General Counsel as required by paragraph 8 of this Article XI, General Counsel shall take the necessary steps on behalf of the individual in order to avoid entry of a default judgment pending resolution of any question pertaining to the determination to provide for a defense. General Counsel shall represent such individual; provided, however, that General Counsel shall, with the approval of the Executive Director (in accordance with policies adopted by the Board of Commissioners), assign outside counsel where General Counsel determines, based upon an investigation and review of the facts and circumstances of the case, that representation by General Counsel would be inappropriate; or whenever a court of competent jurisdiction determines that a conflict of interest exists and that the individual is entitled to be represented by outside counsel.

4. The Port Authority shall indemnify and save harmless an indemnified party in the amount of any judgment obtained against such indemnified party in any state or federal court, or in the amount of any settlement of a claim, or shall pay such judgment or settlement; provided, however, that the act or omission from which such judgment or settlement arose occurred while the indemnified party was acting within the scope of Port Authority employment or duties; and provided, further, that the Port Authority shall not indemnify and save harmless or pay under this Article XI where the injury or damage resulted from actual fraud, actual malice, willful misconduct or intentional wrongdoing on the part of the party seeking indemnification, or where the Port Authority has brought the action.

5. Any proposed settlement or final judgment which may be subject to indemnification or payment by the Port Authority in accordance with these By-Laws, if not inconsistent with the provisions of this Article XI, shall, as applicable, be authorized for payment in accordance with the provisions of these By-Laws; provided, however, that General Counsel has determined that such proposed settlement or final judgment is in the best interest of the Port Authority. Nothing in this Article XI shall be construed to authorize the Port Authority to indemnify and save harmless or pay an indemnified party with respect to a settlement not so reviewed and approved by General Counsel.

6. Nothing in this Article XI shall require the Port Authority to indemnify or save harmless an indemnified party with respect to fines or penalties; provided, however, that the Port Authority shall indemnify and save harmless an indemnified party in the amount of any costs, attorneys' fees, damages, fines, or penalties which may be imposed by reason of an adjudication that an indemnified party, acting within the scope of Port

Authority employment or duties, has, without willfulness or intent, violated a prior order, judgment, consent decree, or stipulation of settlement entered in any court of the State of New York or New Jersey or of the United States.

7. The Port Authority may, consistent with applicable law, provide for a defense when punitive damages are sought or criminal charges are asserted, in connection with any alleged act or omission which occurred or is alleged in the complaint to have occurred while the individual was acting within the scope of Port Authority employment or duties, based upon an investigation and review of the facts and circumstances and a determination by General Counsel that provision of such defense would be in the best interest of the Port Authority; provided, however, that the Port Authority shall provide reimbursement of defense costs incurred by or on behalf of an indemnified party in defense of a criminal proceeding arising out of such an act or omission, upon acquittal or dismissal of the criminal charges. Furthermore, the Port Authority may, consistent with applicable law, indemnify or save harmless an indemnified party with respect to fines or penalties, based upon an investigation and review of the facts and circumstances of the case and a determination by General Counsel that to indemnify and save harmless such indemnified party would be in the best interest of the Port Authority.

8. The benefits of this Article XI shall be conditioned upon (i) delivery to General Counsel of the original or a copy of any summons, complaint, process, notice, demand or pleading within five days after receipt or service of such document, such delivery being deemed a request by the party seeking indemnification that the Port Authority provide for defense pursuant to this Article XI; (ii) the full cooperation of the indemnified party in the defense of such action or proceeding and in defense of any action or proceeding against the Port Authority based upon the same act or omission, and in the prosecution of any appeal; and (iii) the agreement of the indemnified party that the Port Authority shall be entitled to withdraw such defense and demand reimbursement from such party for costs incurred in connection with such defense in the event that, upon further discovery, indemnification is not required or otherwise warranted under this Article XI.

9. The benefits of this Article XI shall inure only to an indemnified party as defined herein and shall not enlarge or diminish the rights of any other party. This Article XI shall not in any way affect the obligation of any claimant to give any notice otherwise required by any provision of law. The provisions of this Article XI shall not be construed to impair, alter, limit, or modify the rights and obligations of any insurer under any policy of insurance.

10. Except as otherwise specifically provided herein, the provisions of this Article XI shall not be construed in any way to impair, alter, limit, modify, abrogate, or restrict any immunity available to or conferred upon any unit, entity, Commissioner, officer, or employee of the Port Authority, or any right to defense and/or indemnification provided for any governmental officer or employee by, in accordance with, or by reason of, any other provision of state or federal statutory or common law.

11. In compliance with policies established by the Board of Commissioners, the

Executive Director is authorized to publish such rules and regulations as are necessary to effectuate the purposes of this Article XI.

XII. BUDGET

Whenever reference in these By-Laws is made to a Budget, it shall mean the Budget of the Port Authority, together with a Capital Plan and Strategic Plan, approved or authorized by the Board of Commissioners at a meeting held pursuant to the Open Meetings Policy. Whenever in these By-Laws an officer is vested with powers or discretion by reason of a budget item, such officer shall also have the same powers and discretion in any case where the Board of Commissioners approves or authorizes an expenditure of a specified amount (or of an approximate sum or of an amount not to exceed a specified sum) for a specified purpose, by resolution or otherwise.

XIII. RESERVATION OF POWERS

The powers not delegated by these By-laws are reserved to the Board of Commissioners. The powers vested by these By-Laws in the Committees shall not be construed or deemed to limit the authority of the Board of Commissioners to act in any instance or the statutory veto power of the Governor of each State. If such authority is exercised by the Board of Commissioners, it shall not be construed or deemed to affect the power of the Committees to act in similar cases thereafter. The powers vested in the Executive Director shall not be construed or deemed to affect the power of the Board of Commissioners to act in any case, nor shall any power vested in the Executive Director be construed or deemed to affect the power of any Committee to act where such power is also vested in a Committee, but where either the Board of Commissioners or any Committee exercises a power in any such case, such action shall not be construed or deemed to affect the power of the Executive Director to act in similar cases in the future.

XIV. AMENDMENTS

These By-Laws may be amended by resolution duly adopted at any meeting, of the Board of Commissioners, regular or special, provided that notice of intention to present such resolution shall be given at least two days in advance of the meeting at which the motion to adopt such resolution is made. Such notice may be given by any Commissioner or by any Committee (or by the Secretary at the request of any Commissioner or any Committee). Such notice shall be given to all Commissioners by mail, facsimile, telephone, or in person, at least two days before the meeting; in the alternate, such notice may be given orally at any meeting, in which event such notice shall be noted in the minutes of the meeting at which it is given. Advance notices of motions to amend motions to amend the By-Laws need not, however, be given.

CONFIDENTIAL ITEMS

The Board authorized 12 claim settlements relating to the 1993 World Trade Center terrorist attack that shall remain confidential pursuant to the terms of the settlement agreements.

CONFIDENTIAL ITEM

The Board authorized an item related to security matters that shall remain confidential.

Whereupon, the meeting was adjourned.

Secretary