THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES
Thursday, November 21, 2002

MINUTES of the Meeting of The Port Authority of New York and New Jersey held Thursday, November 21, 2002, at 225 Park Avenue South, City, County and State of New York.

PRESENT:

NEW JERSEY

Hon. Jack G. Sinagra, Chairman
Hon. Charles Kushner
Hon. Alan G. Philibosian
Hon. Raymond M. Pocino
Hon. Anthony J. Sartor

NEW YORK

Hon. Charles A. Gargano, Vice-Chairman
Hon. Bruce A. Blakeman
Hon. Michael J. Chasanoff
Hon. David S. Mack
Hon. Henry R. Silverman
Hon. Anastasia M. Song

Joseph J. Seymour, Executive Director
Jeffrey S. Green, General Counsel
Karen E. Eastman, Secretary

Gwendolyn Archie, Administrator, Office of the Secretary
Kayla M. Bergeron, Director, Public Affairs
A. Paul Blanco, Acting Chief of Planning and Development
Bruce D. Bohlen, Treasurer
John D. Brill, Director, Audit
Gregory G. Burnham, Chief Technology Officer
Janice Chiantese, Special Advisor to the Chairman
Anthony G. Cracchiolo, Director, Priority Capital Programs
William R. DeCota, Director, Aviation
Michael R. DeCotiis, Deputy Executive Director
John C. Denise, Supervisor, Audio Visual/Photography, Operations Services
Michael P. DePallo, Director, PATH
Charles D. DeRienzo, Superintendent of Police/Director, Public Safety
Pasquale DiFulco, Public Information Officer, Public Affairs
Jerrold M. Dinkels, Engineering Program Manager, Engineering
Nancy J. Ertag-Brand, Executive Advisor to the Chief Financial Officer
Linda C. Handel, Assistant Secretary
Edward L. Jackson, Director, Financial Services
Howard G. Kadin, Senior Attorney, Law
Wendy S. Katz, Special Assistant to the Deputy Executive Director
Joshua Klevans, Executive Assistant to the Deputy Executive Director
Louis J. LaCapra, Chief Administrative Officer
Richard M. Larrabee, Director, Port Commerce
Francis J. Lombardi, Chief Engineer
Stephen Marinko, Attorney, Law
Charles F. McClafferty, Chief Financial Officer
James E. McCoy, Senior Administrator, Office of the Secretary
Tobi D. Mettle, Management Associate, Public Affairs
Allen M. Morrison, Supervisor, Public Affairs
Catherine F. Pavelec, Executive Assistant to the Secretary
Michael A. Petralia, Chief of Public and Government Affairs
Kenneth P. Philmus, Director, Tunnels, Bridges and Terminals
Myron D. Ronis, Deputy Director, Port Commerce
Edmond F. Schorno, Chief of Staff
Douglas L. Smith, Director, Office of Forecasting and Capital Planning
Gregory J. Trevor, Senior Public Information Officer, Public Affairs
Sean P. Walsh, Deputy Director, Public Affairs
Richard Wright, State Legislative Representative, Government and Community Affairs

Peter Yerkes, Press Secretary, Public Affairs

<u>Guest:</u>
Jay Hector, New York Empire State Development Corporation

The public session was called to order by Chairman Sinagra at 3:00 p.m. and ended at 3:06 p.m. The Board met in executive session prior to the public session. Commissioners Mack and Silverman were present only during executive session. Vice-Chairman Gargano was present for a portion of executive session.

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of October 24, 2002. 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 Committee on Finance

The Committee on Finance reported, for information, on matters discussed in executive session at its meeting on November 18, 2002, which included discussion of matters related to, or which could impact upon, the issuance, sale, resale, or redemption of Port Authority bonds, notes or other obligations, lease matters, and matters which could affect the competitive economic position of the Port Authority, the Port District or businesses with which we deal, in addition to matters filed with the Committee pursuant to Board action or separately reported to the Board of Commissioners at this meeting of the Board, and the report was received and is included with these minutes.

Report of Committee on Construction

The Committee on Construction reported, for information, on matters discussed in executive session at its meeting on November 21, 2002, which included discussion of contract matters, in addition to matters filed with the Board pursuant to Board action or separately reported to the Board of Commissioners at this meeting of the Board, and the report was received and is included with these minutes.

Report of Committee on Operations

The Committee on Operations reported, for information, on matters discussed and action taken in executive session at its meeting on November 21, 2002, which included discussion of personnel matters, in addition to matters filed with the Committee pursuant to Board action or separately reported to the Board of Commissioners at this meeting of the Board, and the report was received and is included with these minutes.

Staff Report

A presentation was made by staff on the status of the restoration of Port Authority Trans-Hudson system rail service to both the Exchange Place Station in Jersey City, New Jersey, and a terminal at the World Trade Center site in lower Manhattan.

JOHN F. KENNEDY INTERNATIONAL AIRPORT – JFK INTERNATIONAL AIR TERMINAL LLC – SUPPLEMENT TO LEASE AYC-685

At its meeting of January 23 1997, the Board authorized Lease AYC-685 with JFK International Air Terminal LLC (JFKIAT) for the development of a new, 1.4 million square-foot, 16 gate airline passenger terminal at John F. Kennedy International Airport (JFK), on the site of the old International Arrivals Building. The project was initially financed with $934 million of Port Authority Special Project Bonds Series 6 (the Series 6 Bonds) and a $15 million equity contribution from JFKIAT. On April 5, 2001, the Board authorized the investment of Port Authority operating funds in an amount not to exceed $180 million to be used by JFKIAT for certain project costs attributable to the completion of Terminal 4 (the Completion Financing). Repayment of the Completion Financing was subordinated to the payment of the Series 6 Bonds. Operations at the new terminal commenced in May 2001, and JFKIAT expects to complete all elements of the redevelopment project by October 2003.

The continued weakness in the airline industry and in the economy in general has resulted in a slower than anticipated growth in Terminal 4's revenues. Additionally, absent an extension of the New York City Lease for JFK and LaGuardia Airports through 2025, JFKIAT is obligated to amortize its repayment of the Series 6 Bonds and the Completion Financing through 2015. This 2015 amortization schedule has made it more difficult for JFKIAT to meet its payment obligations in 2003 to the Port Authority on the Completion Financing. Staff has been advised by JFKIAT that Terminal 4's currently projected revenues for 2003 will not be sufficient to permit JFKIAT to make its semi-annual payment obligations due in June 2003 and December 2003 of approximately $11 million in the aggregate. Projected revenues appear to be sufficient only to operate and maintain the terminal, pay ground rent to the Port Authority and pay debt service on the Series 6 Bonds.

It was recommended that JFKIAT be permitted to defer its payment obligations in 2003 under the Completion Financing in an amount not to exceed $11 million (the 2003 Payment Obligations). JFKIAT would pay the 2003 Payment Obligations commencing on December 1, 2006 through December 1, 2014 under a schedule to be set forth in a supplement to Lease AYC-685. An amount equivalent to 8.75 percent per annum would accrue on the unpaid balance of the 2003 Payment Obligations. JFKIAT would be permitted to prepay the 2003 Payment Obligations and accruals thereon. Further amendment of JFKIAT's second leasehold mortgage covering the Completion Financing may be necessary to accomplish the above-described transaction. In the event that there are monies available in 2003 after the payment of permitted operation and maintenance expenses, ground rent and debt service on the Series 6 Bonds, such monies would not be applied to reduce the 2003 Payment Obligations.

Effectively, in connection with the recommended transaction, the authorized amount of the Port Authority's investment of operating funds under the Completion Financing would be increased.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Gargano, Kushner, Philibosian, Pocino, Sartor, Sinagra and Song 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 further supplement to Lease

AYC-685, as amended and supplemented, with JFK International Air Terminal LLC (JFKIAT) on terms and conditions at least as favorable to the Port Authority as those outlined to the Board, and into such other related agreements as may be necessary or appropriate to effectuate the transaction, provided, however, that if the transaction differs substantially from the transaction outline to the Board; such difference shall be reported to the Committee on Finance; and it is further

RESOLVED, that, subsequent to the execution and delivery of such lease supplement and such related agreements described above, the Executive Director, Deputy Executive Director, Chief Financial Officer, Treasurer or Assistant Treasurer be and they each hereby are authorized to invest additional Port Authority operating funds substantially in accordance with the terms and conditions outlined to the Board to effectuate the transaction and to enter into such other related agreements as may be necessary or appropriate to effectuate such increased investment in connection therewith; and it is further

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

ELIZABETH-PORT AUTHORITY MARINE TERMINAL – MAHER TERMINALS, INC. AND MAHER 1210 CORBIN, INC. – LEASE AGREEMENT EP-250 AND AMENDMENT OF LEASE EP-249

It was recommended that the Board authorize the Executive Director to: (1) enter into an agreement with Maher 1210 Corbin, Inc. (Maher) to lease Building No. 1210 (the Building) at the Elizabeth-Port Authority Marine Terminal (the Office Lease); (2) provide Maher with funding in an amount not to exceed $20 million for general improvements to the Building, to be recovered through an additional rental payable by Maher over the remaining term of the Office Lease at financially self-sustaining rates; (3) provide Maher with funding in an amount not to exceed $800,000 for the installation of a new roof on the Building; (4) amend Lease No. EP-249 with Maher Terminals, Inc. (respectively, the Terminal Lease and Maher Terminals) to provide rent credits in return for the use of space under the Terminal Lease for interim parking for the Building; (5) add portions of former Aruba Street and/or North Fleet Street areas to the Office Lease to replace the interim parking space under the Terminal Lease; (6) accept the surrender of a portion of the open area under the Office Lease and add such space to the Terminal Lease for a terminal gate complex; (7) accept the surrender of a portion of the open area under the Terminal Lease and add such space to the Office Lease to replace the open area surrendered for the terminal gate complex; and (8) effect one or more exchanges of space leased by the United States General Services Administration (the GSA) at the Building for an equal amount of Maher space at the Building, with no change in the respective rental rate.

The Office Lease will provide for the initial leasing of approximately one-half of the Building and for the leasing of the remainder as space occupied by the GSA or the Port Authority is vacated. The term of the Office Lease will commence on or about January 1, 2003 and will expire on September 30, 2030. Rent will commence at a base rate per square foot on or about April 1, 2003, with the base rate to escalate over the term of the Office Lease. Maher will lease and occupy approximately 107,000 square feet in the Building for the first three years of the term of the Office Lease. During this period, Maher will pay the base rate for approximately 61,000 square feet of this space (the Occupied Space) and a reduced rate for the remaining approximately 46,000 square feet (the Excess Space). After the first three years, Maher will lease and occupy the Occupied Space and will lease but not occupy the Excess Space. Maher will have the right to add the Excess Space or any portion thereof to the Occupied Space at any time during the term of the Office Lease.

If the Excess Space or any portion thereof is vacant at any time following the first three years of the term of the Office Lease, Maher's rental rate per square foot for such vacant space will be reduced and will not resume at full rate until such time as Maher sublets the space or adds it to the Occupied Space. Maher will have the right to sublet all or portions of the Excess Space, subject to Port Authority approval, to be granted or withheld based on appropriate standards. If Maher sublets the Excess Space or any portion thereof, it will pay the full rental rate for such sublet space and will be entitled to all of the proceeds of the subletting. However, if any portion of the Excess Space remains vacant for a specified period of time after the first three years of the term, the Port Authority will have the option to recapture such vacant space from the Office Lease, occupy the recaptured space itself, or enter into direct leases with third parties for the recaptured space and retain all of the proceeds of the letting. The Port Authority will have the further option to return the recaptured space to the Office Lease.

The GSA occupies approximately 86,000 square feet of space in the Building under a lease with the Port Authority. The Port Authority occupies approximately 4,200 square feet of office space and approximately 1,730 square feet of storage space. It is anticipated that the storage space will be added to the GSA lease. Any space vacated by the GSA or the Port Authority during the term of the Office Lease will become part of the Excess Space.

Maher will agree to perform all of the Port Authority's obligations under the GSA lease for operation and maintenance with respect to the GSA leasehold, with the Port Authority to continue to be directly obligated to the GSA to provide these services. Maher's obligations will extend to any space in the Building occupied by the Port Authority, including space recaptured by the Port Authority from the Office Lease. In return, Maher will be entitled to credits against the rent payable for the Occupied Space and the Excess Space in a specified credit amount, subject to annual escalation, for each square foot of space under the GSA lease or which is occupied by the Port Authority or recaptured by it from the Office Lease.

The Port Authority will provide Maher with funding for general improvements with respect to the Building in an amount not to exceed $20 million, with this investment to be recovered from Maher through an additional rental over the term of the Office Lease at financially self-sustaining rates. In addition, the Port Authority will provide Maher up to $800,000 for the installation of a new roof on the Building without reimbursement from Maher. The Port Authority will provide additional parking area in a developed state for the Building from former street areas. Until these street areas are available, interim additional parking will be provided by space under the Terminal Lease, with Maher Terminals to be entitled to rent credits in compensation for the temporary use of this space for the Building. It is anticipated that there will be an exchange of respective portions of the open area under the Office Lease and the Terminal Lease to provide for a new terminal gate complex under the Terminal Lease.

Maher is an affiliated company of Maher Terminals. Maher Terminals will guarantee the performance of Maher's obligations under the Office Lease.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Gargano, Philibosian, Pocino, Sartor, Sinagra and Song voting in favor; Commissioner Kushner abstaining; 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 Maher 1210 Corbin, Inc. (Maher) to lease Building No. 1210 (the Building) at the Elizabeth-Port Authority Marine Terminal (the Office Lease); (2) provide Maher with funding in an amount not to exceed $20 million for general improvements to the Building, to be recovered through an additional rental payable by Maher over the remaining term of the Office Lease at financially self-sustaining rates; (3) provide Maher with funding in an amount not to exceed $800,000 for the installation of a new roof on the Building; (4) amend Lease No. EP-249 with Maher Terminals, Inc. (the Terminal Lease) to provide rent credits in return for the use of space under the Terminal Lease for interim parking for the Building; (5) add portions of former Aruba Street and/or North Fleet Street areas to the Office Lease to replace the interim parking space under the Terminal Lease; (6) accept the surrender of a portion of the open area under the Office Lease and add such space to the Terminal Lease for a terminal gate complex;

(7) accept the surrender of a portion of the open area under the Terminal Lease and add such space to the Office Lease to replace the open area surrendered for the terminal gate complex; and (8) effect one or more exchanges of space leased by the United States General Services Administration at the Building for an equal amount of Maher space at the Building, with no change in the respective rental rate, substantially in accordance with the terms and conditions outlined to the Board; the form of the agreements shall be subject to the approval of General Counsel or his authorized representative.

ELIZABETH-PORT AUTHORITY MARINE TERMINAL – GENERAL SERVICES ADMINISTRATION – SUPPLEMENT NO. 2 TO LEASE EP-256

It was recommended that the Board authorize the Executive Director to enter into an agreement with the United States General Services Administration (the GSA), acting on behalf of the United States Customs Service, to add approximately 1,730 square feet of space to the premises under its lease at Building No. 1210 at the Elizabeth-Port Authority Marine Terminal (the Lease).

The term of the letting of the additional space will commence on February 1, 2003 and will be coterminous with the Lease, which will expire on August 20, 2008, subject to the GSA's right to extend the Lease for two five-year periods. The GSA will pay rental in arrears commencing on March 1, 2003 at a fixed rate, which will escalate on August 21, 2003, and will further escalate if the Lease is extended by the GSA for a five-year period. The Port Authority will assume all operating and maintenance responsibilities for the additional space. The portion of the rental rate allocated to operating and maintenance costs will escalate annually throughout the term of the Lease in accordance with the Consumer Price Index.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Gargano, Philibosian, Pocino, Sartor, Sinagra and Song voting in favor; Commissioner Kushner abstaining; 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 United States General Services Administration, acting on behalf of the United States Customs Service, to add approximately 1,730 square feet of space to the premises under its lease at Building No. 1210 at the Elizabeth-Port Authority Marine Terminal, substantially in accordance with the terms and conditions outlined to the Board; the form of the agreement shall be subject to the approval of General Counsel or his authorized representative.

PORT NEWARK – PORT NEWARK CONTAINER TERMINAL LLC –SUPPLEMENT NO. 6 TO LEASE L-PN-264

It was recommended that the Board authorize the Executive Director to: (1) enter into an agreement with Port Newark Container Terminal LLC (PNCT), supplementing Lease No. L-PN-264, which will permit PNCT to enter into a sublease agreement with the New Jersey Economic Development Authority (NJEDA) in order for PNCT to obtain tax-exempt bond financing for its terminal rehabilitation work; and (2) consent to such financing sublease.

The Board, at its meetings of September 28, 2000 and July 26, 2001, respectively, authorized the leasing of a 160-acre container terminal at the New Jersey Marine Terminals to PNCT through November 2030 and a seven-acre interim intermodal rail facility through August 2005. Further, on September 19, 2002, the Board authorized the letting of an additional 15-acre site at Port Newark to PNCT and the payment by the Port Authority of up to $15 million to PNCT for additional work at its leased premises. Under the lease, PNCT is required to invest no less than $63 million over the first five years of its lease term for terminal rehabilitation.

In order to pay for its construction work, PNCT has been preliminarily approved by NJEDA to obtain tax-exempt bond financing for its terminal rehabilitation, subject to the Port Authority's consent to the financing sublease.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Gargano, Kushner, Philibosian, Pocino, Sartor, Sinagra and Song 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 amendment of Lease No. L-PN-264 with Port Newark Container Terminal LLC (PNCT), and (2) consent to the financing sublease between PNCT and the New Jersey Economic Development Authority, substantially in accordance with the terms and conditions outlined to the Board; the form of the agreements shall be subject to the approval of General Counsel or his authorized representative.

PORT AUTHORITY BUS TERMINAL – MCDONALD'S CORPORATION – LEASE LBT-703

It was recommended that the Board authorize the Executive Director to enter into: (1) a lease agreement with McDonald’s Corporation (the Lessee) covering the letting for restaurant use of approximately 3,047 rentable square feet of retail space at the Port Authority Bus Terminal (PABT), for a period of twenty years and six months, commencing on or about January 1, 2003, and (2) a brokerage agreement with Winick Realty Group LLC, providing for the payment of a brokerage commission of approximately $122,000 in connection with the lease.

Payment of basic and percentage rental will commence after a period of six months. The Lessee will pay additional rental to cover increases in operating and maintenance costs, as set forth in the lease. The Lessee will be obligated to make an initial capital investment of approximately $2 million and a refurbishment investment during the term of the lease before the end of year ten in the minimum amount of at least $500,000, failing which the Port Authority may terminate the lease.

The Port Authority may terminate the lease on 30 days’ notice without cause, in which event it shall be obligated to reimburse the Lessee for its unamortized initial capital investment up to $2 million, calculated on a straight-line basis over the lease term. If necessary, the Port Authority will perform, or reimburse the Lessee for performing, base building work and landlord work up to a total cost of $600,000, plus the cost of any required asbestos abatement. If the Port Authority terminates the lease without cause after the Lessee’s required refurbishment obligation has been met, the Port Authority will also be obligated to reimburse the Lessee for its unamortized refurbishment capital investment up to $500,000, calculated on a straight-line basis over the balance of the term.

In the event the Lessee’s space is needed for construction at the PABT, the Lessee will be required either to close its entire operation during the period of construction or, alternatively, close a portion of its operation during the period of construction, the square footage of such portion to be determined by the Port Authority. In the first instance, the Lessee will be entitled to a rental abatement for the period its operations are closed and will receive a rental credit in connection with its cost of financing its initial capital investment (up to the $2 million described above) during the relevant period, and the Port Authority may select a temporary alternate location at the PABT for the Lessee’s operation of a satellite kiosk. Additionally, the lease term will be extended two months for each month of closed operations, prorated as applicable, during which extended period the basic rental will be increased by not less than three percent. In the second instance, the Lessee will be entitled to an abatement of rental for the period its operations are closed during the period of construction, but only with regard to the closed portion of the space, and will receive a rental credit in connection with its cost of financing its initial capital investment (subject to the limit described above), but only the *pro rata* portion of such cost which is associated with the closed portion of the space.

Pursuant to the foregoing report the following resolution was adopted with Commissioners Blakeman, Chasanoff, Gargano, Kushner, Philibosian, Pocino, Sartor, Sinagra and Song 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: (1) an agreement with McDonald's Corporation covering the letting of retail space at the Port Authority Bus Terminal, and (2) a brokerage agreement with Winick Realty Group LLC in connection with the lease, in each case substantially in accordance with the terms and conditions outlined to the Board; the form of the agreements shall be subject to the approval of General Counsel or his authorized representative.

PORT AUTHORITY BUS TERMINAL – ABP CORPORATION d/b/a AU BON PAIN – EXTENSION OF LEASE LBT-525

It was recommended that the Board authorize the Executive Director to enter into an agreement extending through March 2008 the existing lease with ABP Corporation (Au Bon Pain) covering approximately 3,000 rentable square feet of retail space on the concourse level of the Port Authority Bus Terminal (PABT) and approximately 650 rentable square feet of retail space on the subway level of the PABT, at an increased basic rental rate, together with percentage rental based on Au Bon Pain's gross sales and additional rental to cover increases in operating and maintenance costs. Au Bon Pain is expected to suspend operations in its concourse level space and substantially renovate that space. Rental for the concourse level space will also be suspended during a construction period of approximately four months. The revised agreement will grant Au Bon Pain an option to extend the lease for an additional five-year term, on certain conditions set forth in the agreement.

The Port Authority will continue to have the right to terminate the lease on 30 days' notice without cause, in which case it shall be obligated to reimburse Au Bon Pain for its unamortized capital investment in the premises up to approximately $1 million, calculated on a straight-line basis over the lease term.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Gargano, Kushner, Philibosian, Pocino, Sartor, Sinagra and Song 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 ABP Corporation extending its existing lease covering two retail locations at the Port Authority Bus Terminal at an increased basic rental rate and providing for the renovation of one such location, substantially in accordance with the terms and conditions outlined to the Board, or on such other terms and conditions as the Executive Director deems appropriate, subject to the conditions set forth in the following delegation; and it is further
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> **RESOLVED,** that the Committee on Operations be and it hereby is authorized to approve the final terms and conditions of the extended lease in the event that the rental payment terms and/or the term of the letting are not substantially in accordance with the terms outlined to the Board; and it is further
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> **RESOLVED**, that the form of the agreement shall be subject to the approval of General Counsel or his authorized representative.

PORT AUTHORITY BUS TERMINAL – ASSIGNMENT OF LEASE FROM LEISURE TIME RECREATION INC. TO BIG BOWL HOLDING A/S AND AMENDMENT OF LEASE LBT-521

It was recommended that the Board authorize the Executive Director to enter into: (1) an agreement consenting to an assignment of lease from Leisure Time Recreation Inc. (Leisure Time), an existing tenant operating a bowling alley and restaurant in approximately 16,800 rentable square feet of space at the Port Authority Bus Terminal, to a subsidiary of Big Bowl Holding A/S (Big Bowl) to be organized to operate the location; and (2) a supplemental agreement amending the assigned lease to provide for an increased basic rental over the remaining term of approximately fourteen years, together with an adjusted percentage rental based on Big Bowl's gross sales. The agreements are expected to be effective on or about January 1, 2003.

The Port Authority will continue to have the right to terminate the lease on 30 days' notice without cause, in which case it shall be obligated to reimburse Big Bowl for its unamortized initial capital investment in the premises and its investment in fixtures purchased from Leisure Time up to $3.5 million, calculated on a straight-line basis over the remaining lease term.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Gargano, Kushner, Philibosian, Pocino, Sartor, Sinagra and Song 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: (1) an agreement consenting to an assignment of lease from Leisure Time Recreation Inc. to a subsidiary of Big Bowl Holding A/S, covering a bowling alley and restaurant at the Port Authority Bus Terminal, and (2) a supplemental agreement amending the assigned lease; in each case, substantially in accordance with the terms and conditions outlined to the Board, or on such other terms and conditions as the Executive Director deems appropriate, subject to the conditions set forth in the following delegation; and it is further
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> **RESOLVED,** that the Committee on Operations be and it hereby is authorized to approve the final terms and conditions of the amended lease in the event that the rental payment terms and/or the term of the letting are not substantially in accordance with the terms outlined to the Board; and it is further
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> **RESOLVED**, that the form of the agreements shall be subject to the approval of General Counsel or his authorized representative.

HOLLAND TUNNEL – AGREEMENT WITH THE CITY NEW YORK FOR THE DEVELOPMENT OF A PARK ON PORT AUTHORITY PROPERTY

It was recommended that the Board authorize the Executive Director to enter into an agreement with New York City (the City), acting by and through its Department of Transportation (NYCDOT), providing for the use of Port Authority property for the development of a park to be known as Greenstreet Park, which will be composed of green ground coverings, such as plants or trees, placed on a traffic island. The property is approximately a one-half-acre plot of land located on the New York side of the Holland Tunnel at the intersection of Canal, Varick and Laight Streets.

The property has been used by NYCDOT since 1926 for traffic purposes, pursuant to an easement granted by the Port Authority. The current agreement will provide for the construction of Greenstreet Park by NYCDOT commencing in the spring of 2003. If construction of the park has not begun within two years, NYCDOT will be required to return the property to its former use. The Port Authority property will be combined with adjacent property owned by the City, and will comprise 40 percent of the park. The Port Authority will install a sidewalk around the perimeter of the park, using in-house staff, and any materials will be purchased from operating funds. No fee will be payable to the Port Authority for the use of the property.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Gargano, Kushner, Philibosian, Pocino, Sartor, Sinagra and Song voting in favor; none against:

> **RESOLVED,** that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into an agreement with the City of New York, acting by and through the New York City Department of Transportation providing for the use of Port Authority property located at the intersection of Canal, Varick and Laight Streets on the New York side of the Holland Tunnel for the development of a park, substantially in accordance with the terms and conditions outlined to the Board; the form of the agreement shall be subject to the approval of General Counsel or his authorized representative.

SIGNATURE AUTHORIZATION FOR CHECKS, WIRE TRANSFERS AND DEPOSITORY SERVICE AGREEMENTS

It was recommended that the Board amend, in part, its resolution concerning signature of checks, wire transfers and depository service agreements, as most recently amended and restated on October 14, 1993, to provide for: (1) the use of a facsimile signature on all non-payroll checks, (2) expanded use of a facsimile signature on certain payroll checks, (3) clarification of the manual signature requirements with respect to certain payroll checks, and (4) updated references to certain Port Authority staff titles.

Under the existing resolution, the facsimile signature of the Treasurer or his/her designee in the Treasury Department is authorized only for non-payroll checks in the amount of $100,000 or less, and the facsimile signature of the Comptroller or his/her designee in the Comptroller's Department is authorized only for payroll checks in the amount of $8,000 or less. Payments in excess of these amounts require one or more manual signatures, which necessitates the involvement of numerous personnel and results in an inefficient use of staff resources.

In keeping with the Port Authority's strategy of exercising effective control over its financial transactions, state-of-the-art financial systems using multiple control procedures have been implemented to ensure the integrity of the cash payments process. However, external and internal audit reviews of systems-based controls found that performance of these multiple control procedures requires significant manual effort and adversely impacts overall efficiency and system integrity. Audit recommendations to improve process efficiency included the use of SAP and PeopleSoft software to emulate industry best practices with respect to the elimination of manual check generation and signatures. Based on those recommendations, it is the intention of staff to use facsimile signatures customarily, where permitted by this resolution, and use manual signatures only in emergency situations where a device for affixing facsimile signatures is unavailable.

Copies of all memoranda designating signatories will be filed with the Secretary of the Port Authority.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Gargano, Pocino, Sartor, Sinagra and Song voting in favor; Commissioners Kushner and Philibosian abstaining; none against:

> **RESOLVED,** that the resolution of the Board adopted at its meeting on October 14, 1993 (appearing at pages 440 *et seq.* of the Official Minutes of that date), concerning, in part, signature of checks, wire transfers and depository service agreements, be and it hereby is amended to read as follows:
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> > **RESOLVED,** that in all cases where the Executive Director has been or shall hereafter be authorized to sign contracts, agreements, instruments, documents or other papers on behalf of the Port Authority (other than checks, drafts or commercial papers), and the Executive Director is unable to act because of absence or disability, then a Deputy Executive Director or an Assistant Executive Director, or their successors in office or duties, shall be authorized to sign, and in all cases where any such

contracts, agreements, instruments, documents or papers are signed by a Deputy Executive Director or an Assistant Executive Director, or their successors in office or duties, all persons whatsoever shall be entitled to rely thereon without proof of the Executive Director's absence or disability; and it is further

RESOLVED, that checks, drafts and wire transfers drawn on behalf of the Port Authority upon any and all banks, trust companies, and other banking institutions in which any funds may at any time stand to the credit of the Port Authority shall be signed as follows:

(1) Any check, draft or wire transfer (other than a check, draft or wire transfer issued only for the purpose of making payroll expenditures), shall be signed or authorized either by the Chief Financial Officer, the Treasurer, the Assistant Treasurer, or any appropriate individual in the Treasury Department designated by the Treasurer or (but only if drawn on the bank or banking institution with which there is on deposit the petty cash fund of a particular Port Authority trade development office or regional sales office and only if the amount shall be $350,000 or less) by the General Manager, Manager or Assistant Manager of such trade development office or regional sales office, and (only if drawn on the bank or banking institution with which there is on deposit the petty cash fund of the Port Authority's Washington Office and only if the amount shall be $25,000 or less) by the Port Authority's Washington Representative for the Washington Office, in each case without co-signature; provided that, in those cases where the signature of the Chief Financial Officer, the Treasurer, the Assistant Treasurer or any appropriate individual in the Treasury Department designated by the Treasurer is required, such signature may, subject to the limitations and procedures set forth below, be affixed by means of a facsimile signature, or, in emergency situations where a device for affixing facsimile signatures is unavailable, the appropriate signature may be affixed manually.

(2) Any check, draft or wire transfer, the amount of which shall be in excess of $10,000 and which is issued only for the purpose of making payroll expenditures, shall be signed or authorized by either the Comptroller or the Assistant Comptroller, and shall be countersigned by the Comptroller, the Assistant Comptroller (if they shall not have signed or authorized same), or any appropriate individual in the Comptroller's Department designated by the Comptroller. Further, the above-named individuals (if they shall not have signed or authorized same) and the Manager, Payroll Accounting, be and each of them hereby is authorized to release wire transfers for direct deposit

of payroll transactions to appropriate banks or banking institutions.

(3) Any check, draft or wire transfer, the amount of which shall be $10,000 or less and which is issued only for the purpose of making payroll expenditures, shall be signed or authorized by either the Comptroller or the Assistant Comptroller, without co-signature; provided that the signature of the Comptroller or the Assistant Comptroller may, subject to the limitations and procedures set forth below, be affixed by means of a facsimile signature, or, in emergency situations where a device for affixing facsimile signatures is unavailable, the appropriate signature may be affixed manually. Further, the above-named individuals (if they shall not have signed or authorized same) and the Manager, Payroll Accounting, be and each of them hereby is authorized to release wire transfers for direct deposit of payroll transactions to appropriate banks or banking institutions; and it is further

RESOLVED, that the Executive Director, the Deputy Executive Director, the Assistant Executive Director, the Chief Financial Officer, and the Treasurer be and each of them hereby is authorized, for and on behalf of the Port Authority, to enter into arrangements for the transfer of any moneys of the Port Authority by any bank, trust company or other banking institution in which any such moneys shall at any time stand to the credit of the Port Authority by wire transfer or otherwise without the use of a check, draft or equivalent written demand upon any such bank, trust company, or other banking institution; and it is further

RESOLVED, that any depository designated by the Committee on Finance with which the Port Authority shall have established an account which account provides for honoring checks bearing a facsimile signature be and it hereby is requested, authorized, and directed to honor all checks drawn in the name of the Port Authority on said depository (including those drawn to the individual order of any person or persons whose names appear thereon as signer or signers thereof), subject to reasonable standards of good faith and care, when bearing facsimile signatures authorized by this resolution; to honor and to charge the Port Authority for all such checks, regardless of by whom or by what means the actual or purported facsimile signature or signatures thereon may have been affixed thereto, subject to reasonable standards of good faith and care, if such facsimile signature or signatures resemble the facsimile specimens filed from time to time with the depository by the Secretary or other authorized officer of the Port Authority; and it is further

RESOLVED, that any and all banks, trust companies, and other banking institutions or depositories in which funds may at any time stand to the credit of the Port Authority be and they hereby are authorized to honor all checks and drafts signed, and to effectuate all wire and other transfers authorized by agreements entered into pursuant to this resolution, on behalf of the Port Authority in accordance with the terms of this resolution; and it is further

RESOLVED, that the Treasurer, the Assistant Treasurer or any appropriate individual in the Treasury Department designated by the Treasurer, be and each of them hereby is separately authorized to endorse for collection or deposit to the credit of the Port Authority any and all checks, drafts, certificates of deposit, and other negotiable and non-negotiable commercial paper to be credited to the account of the Port Authority in any bank, trust company, or other banking institution or depository; and it is further

RESOLVED, that the Chief Financial Officer, the Comptroller, the Assistant Comptroller, the Manager, Administration and Business Planning, in the Comptroller's Department, the Treasurer and the Assistant Treasurer be and each of them hereby is separately authorized to enter into night deposit agreements and other such special service agreements with any depository designated by the Committee on Finance; and it is further

RESOLVED, that the foregoing authority shall be granted to the successors in office or duties of all the positions named herein; and it is further

RESOLVED, that the form of any agreements entered into pursuant to the foregoing authority, and any forms or documents necessary to effectuate the foregoing delegations of authority, shall be subject to the approval of General Counsel or his authorized representative.

AGREEMENT WITH NEW JERSEY DEPARTMENT OF TRANSPORTATION TO PROVIDE FOR CAPITAL IMPROVEMENTS IN THE VICINITY OF PORT AUTHORITY FACILITIES

It was recommended that the Board authorize the Executive Director to enter into an agreement with the New Jersey Department of Transportation (NJDOT) to provide up to $15 million to assist with certain capital projects in the vicinity of certain Port Authority facilities. Specifically, NJDOT has requested Port Authority assistance for improvements, including widening of the existing roadway in each direction and intersection improvements, to the portion of Route 21 in the vicinity of Raymond Boulevard near the Port Authority Trans-Hudson system (PATH) Newark Station. In addition to enhancing safety and providing for pedestrian improvements in an area used by PATH customers, the project will also provide ancillary benefits, including improving traffic flow for trucks using the Port Newark and Elizabeth- Port Authority Marine Terminal facilities. Additionally, NJDOT has requested assistance in the construction of ramps at the McClellan Street Interchange for Routes 1 and 9, near Newark Liberty International Airport (EWR), and for the reconstruction of the McClellan Street Bridge. The improvements to McClellan Street are part of a larger project that will significantly improve the southern access to EWR.

On September 25, 1997, the Board certified the Queens West Waterfront Development (Queens West) and Hoboken South Waterfront Development (Hoboken) projects and authorized expenditures up to $125 million for each project. On November 30, 2000, the Board authorized $65 million in additional funds for Queens West. In addition, the Board authorized $24 million for Hoboken within the Port Authority’s commitment to Hoboken. In light of the difference in the amounts authorized for those projects, it was understood by the Board that the State of New Jersey could request in the future additional assistance of up to $65 million for appropriate capital projects.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Gargano, Kushner, Philibosian, Pocino, Sinagra and Song voting in favor; Commissioner Sartor abstaining; none against:

RESOLVED, that the Executive Director be and he is hereby authorized, for and on behalf of the Port Authority, to enter into an agreement with the New Jersey Department of Transportation to provide up to $15 million to assist certain capital projects in the vicinity of certain Port Authority facilities; and it is further

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

REGIONAL TRANSPORTATION PROGRAM – FACILITY CERTIFICATION

On May 30, 2002, the Board authorized the Regional Transportation Program to provide capital expenditures in an aggregate amount not to exceed $500 million, with $250 million to be provided to each of the States of New York and New Jersey (the Facility), for regional transportation initiatives to be designated by the Governor of the respective State, and authorized the Executive Director to effectuate the projects designated by the Governors of the States of New York and New Jersey, with such projects to be reported to the Board prior to expenditures being incurred, consistent with existing legislation and agreements with the holders of the Port Authority's obligations.

Certification as an additional facility of the Port Authority is required by covenants with the holders of Consolidated Bonds (which includes Consolidated Notes) at the time of issuance of the first Consolidated Bonds for purposes which include capital expenditures in connection with the additional facility. The Regional Transportation Program is to be an additional facility of the Port Authority and, therefore, certification is necessary if any portion of the proceeds of Consolidated Bonds, the issuance of which in connection with this Facility is expected in the near future, is to be used for purposes of capital expenditures in connection with the Facility.

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.

The Chief Financial Officer has reviewed 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.

The Chief Financial Officer has also reviewed with the Commissioners his formal opinion to them consistent with Section 7 of the resolutions establishing outstanding series of Consolidated Bonds that, as of November 21, 2002, and subject to the further opinion of the Chief Financial Officer at the time of issuance of the first Consolidated Bonds for purposes which include capital expenditures for the Facility, the issuance of such Consolidated Bonds will not, during the periods 2003 through 2012, the immediately ensuing ten-year period, and 2003 through 2038, reflecting the traditional 35-year term of long-term Consolidated Bonds, in light of the Port Authority's estimated revenues and expenses 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 2003-2012 and a schedule of presently anticipated cash flows of the Facility, together with the major assumptions upon which these anticipated results were based. This opinion was based upon these forecasts and other conditions existing at the present time. Specifically, this opinion also reflects anticipated action with respect to other additional facilities of the Port Authority being considered by the Board at this meeting. 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, there are likely to be differences between the forecasts underlying the opinion and actual results, and those differences may be material. The opinions and estimates were based in part on information supplied by the Comptroller, the Director of Financial Services, and the Director of Forecasting and Capital Planning, which information the Chief Financial Officer believed to be accurate.

In reaching the conclusion set forth in his opinion, the Chief Financial Officer considered the covenants with holders of Consolidated Bonds, including those providing for the Port Authority 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 in connection with the Facility. This conclusion was also based, in part, 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, and the assumption set forth in the preceding sentence that the Port Authority will, at all times during the ensuing 35-year period, continue to have net revenues sufficient to pay such required debt service during such period.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Gargano, Kushner, Philibosian, Pocino, Sinagra and Song voting in favor; Commissioner Sartor abstaining; none against:

RESOLVED, that certification is hereby made as of November 21, 2002, that, in the opinion of the Port Authority, the issuance of Consolidated Bonds (which includes Consolidated Notes) for purposes which include capital expenditures in connection with the Regional Transportation Program (the Facility) will not, during the periods 2003 through 2038 and 2003 through 2012, in light of the Port Authority's estimated revenues and expenses 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.

NEW YORK TRANSPORTATION, ECONOMIC DEVELOPMENT AND INFRASTRUCTURE RENEWAL PROGRAM – FACILITY CERTIFICATION

On June 2, 2000, the Board authorized the New York Economic Development Program to provide capital expenditures in an aggregate amount not to exceed $250 million (the Facility, to be known as the New York Transportation, Economic Development and Infrastructure Renewal Program), for transportation and economic development and infrastructure renewal projects in the State of New York to be designated by the Governor thereof. The Executive Director was authorized to effectuate such projects, consistent with existing legislation, agreements with the holders of the Port Authority's obligations and the Port Authority's then-current capital plan. The projects were to be administered in a manner similar to prior programs, and the Executive Director would report all projects designated by the Governor to the Board prior to expenditures being incurred.

Certification as an additional facility of the Port Authority is required by covenants with the holders of Consolidated Bonds (which includes Consolidated Notes) at the time of issuance of the first Consolidated Bonds for purposes which include capital expenditures in connection with the additional facility. The New York Transportation, Economic Development and Infrastructure Renewal Program is to be an additional facility of the Port Authority and, therefore, certification is necessary if any portion of the proceeds of Consolidated Bonds, the issuance of which in connection with this Facility is expected in the near future, is to be used for purposes of capital expenditures in connection with the Facility.

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.

The Chief Financial Officer has reviewed 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.

The Chief Financial Officer has also reviewed with the Commissioners his formal opinion to them consistent with Section 7 of the resolutions establishing outstanding series of Consolidated Bonds that, as of November 21, 2002, and subject to the further opinion of the Chief Financial Officer at the time of issuance of the first Consolidated Bonds for purposes which include capital expenditures for the Facility, the issuance of such Consolidated Bonds will not, during the periods 2003 through 2012, the immediately ensuing ten-year period, and 2003 through 2038, reflecting the traditional 35-year term of long-term Consolidated Bonds, in light of the Port Authority's estimated revenues and expenses 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 2003-2012 and a schedule of presently anticipated cash flows of the Facility, together with the major assumptions upon which these anticipated results were based.

This opinion was based upon these forecasts and other conditions existing at the present time. Specifically, this opinion also reflects anticipated action with respect to other additional facilities of the Port Authority being considered by the Board at this meeting. 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, there are likely to be differences between the forecasts underlying the opinion and actual results, and those differences may be material. The opinions and estimates were based in part on information supplied by the Comptroller, the Director of Financial Services, and the Director of Forecasting and Capital Planning, which information the Chief Financial Officer believed to be accurate.

In reaching the conclusion set forth in his opinion, the Chief Financial Officer considered the covenants with holders of Consolidated Bonds, including those providing for the Port Authority 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 in connection with the Facility. This conclusion was also based, in part, 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, and the assumption set forth in the preceding sentence that the Port Authority will, at all times during the ensuing 35-year period, continue to have net revenues sufficient to pay such required debt service during such period.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Gargano, Kushner, Philibosian, Pocino, Sartor, Sinagra and Song voting in favor; none against:

> **RESOLVED,** that certification is hereby made as of November 21, 2002, that, in the opinion of the Port Authority, the issuance of Consolidated Bonds (which includes Consolidated Notes) for purposes which include capital expenditures in connection with the New York Transportation, Economic Development and Infrastructure Renewal Program (the Facility) will not, during the periods 2003 through 2038 and 2003 through 2012, in light of the Port Authority's estimated revenues and expenses 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.

HUDSON-RARITAN ESTUARY RESOURCES PROGRAM – FACILITY CERTIFICATION

On July 26, 2001, the Board authorized the acquisition and improvement by the Port Authority of real property suitable for conservation, ecological enhancement, public access or environmental mitigation, in the Port District area of the Hudson-Raritan Estuary, at a total estimated cost of $60 million, with $30 million for sites in each of the States of New York and New Jersey (the Facility, to be known as the Hudson-Raritan Estuary Resources Program). Sites would be identified by Port Authority staff as suitable for conservation, ecological enhancement, public access or environmental mitigation in support of Port Redevelopment, Economic Development and other Port Authority Capital Programs. Funds under this program would be used for property acquisition activities (including the costs for the property, payments to contractors, and engineering, administrative and financial expenses associated with each site) within the Port District to facilitate acquisition of strategically important properties and, in the case of natural resource acquisitions, to secure their long-term preservation through conservation easements, and/or long-term leases with not-for-profit organizations and governmental national resource agencies or municipalities. The Executive Director and/or General Counsel were authorized to acquire one or more sites in New York and New Jersey for this purpose, subject in each case to approval by the Committee on Operations.

Certification as an additional facility of the Port Authority is required by covenants with the holders of Consolidated Bonds (which includes Consolidated Notes) at the time of issuance of the first Consolidated Bonds for purposes which include capital expenditures in connection with the additional facility. The Hudson-Raritan Estuary Resources Program is to be an additional facility of the Port Authority and, therefore, certification is necessary if any portion of the proceeds of Consolidated Bonds, the issuance of which in connection with this Facility is expected in the near future, is to be used for purposes of capital expenditures in connection with the Facility.

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.

The Chief Financial Officer has reviewed 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.

The Chief Financial Officer has also reviewed with the Commissioners his formal opinion to them consistent with Section 7 of the resolutions establishing outstanding series of Consolidated Bonds that, as of November 21, 2002, and subject to the further opinion of the Chief Financial Officer at the time of issuance of the first Consolidated Bonds for purposes which include capital expenditures for the Facility, the issuance of such Consolidated Bonds will not, during the periods 2003 through 2012, the immediately ensuing ten-year period, and 2003 through 2038, reflecting the traditional 35-year term of long-term Consolidated Bonds, in light of the Port Authority's estimated revenues and expenses 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 2003-2012 and a schedule of presently anticipated cash flows of the Facility, together with the major assumptions upon which these anticipated results were based. This opinion was based upon these forecasts and other conditions existing at the present time. Specifically, this opinion also reflects anticipated action with respect to other additional facilities of the Port Authority being considered by the Board at this meeting. 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, there are likely to be differences between the forecasts underlying the opinion and actual results, and those differences may be material. The opinions and estimates were based in part on information supplied by the Comptroller, the Director of Financial Services, and the Director of Forecasting and Capital Planning, which information the Chief Financial Officer believed to be accurate.

In reaching the conclusion set forth in his opinion, the Chief Financial Officer considered the covenants with holders of Consolidated Bonds, including those providing for the Port Authority 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 in connection with the Facility. This conclusion was also based, in part, 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, and the assumption set forth in the preceding sentence that the Port Authority will, at all times during the ensuing 35-year period, continue to have net revenues sufficient to pay such required debt service during such period.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Gargano, Kushner, Philibosian, Pocino, Sartor, Sinagra and Song voting in favor; none against:

> **RESOLVED,** that certification is hereby made as of November 21, 2002, that, in the opinion of the Port Authority, the issuance of Consolidated Bonds (which includes Consolidated Notes) for purposes which include capital expenditures in connection with the Hudson-Raritan Estuary Resources Program (the Facility) will not, during the periods 2003 through 2038 and 2003 through 2012, in light of the Port Authority's estimated revenues and expenses 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
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> **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.

REGIONAL RAIL FREIGHT PROGRAM – FACILITY CERTIFICATION

On July 26, 2001, the Board authorized a Rail Freight Initiative, to provide capital expenditures in an aggregate amount not to exceed $50 million, with $25 million to be provided for projects in each of the States of New York and New Jersey (the Facility, to be known as the Regional Rail Freight Program), for improvements in the region's rail infrastructure as part of the Port Authority's strategy to meet the needs of the region's growing freight market while promoting regional mobility through the development of increased rail freight capacity. The Executive Director was authorized to enter into agreements with other government entities to effectuate all or a part of projects for such purposes developed in consultation with other government entities.

Certification as an additional facility of the Port Authority is required by covenants with the holders of Consolidated Bonds (which includes Consolidated Notes) at the time of issuance of the first Consolidated Bonds for purposes which include capital expenditures in connection with the additional facility. The Regional Rail Freight Program is to be an additional facility of the Port Authority and, therefore, certification is necessary if any portion of the proceeds of Consolidated Bonds, the issuance of which in connection with this Facility is expected in the near future, is to be used for purposes of capital expenditures in connection with the Facility.

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.

The Chief Financial Officer has reviewed 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.

The Chief Financial Officer has also reviewed with the Commissioners his formal opinion to them consistent with Section 7 of the resolutions establishing outstanding series of Consolidated Bonds that, as of November 21, 2002, and subject to the further opinion of the Chief Financial Officer at the time of issuance of the first Consolidated Bonds for purposes which include capital expenditures for the Facility, the issuance of such Consolidated Bonds will not, during the periods 2003 through 2012, the immediately ensuing ten-year period, and 2003 through 2038, reflecting the traditional 35-year term of long-term Consolidated Bonds, in light of the Port Authority's estimated revenues and expenses 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 2003-2012 and a schedule of presently anticipated cash flows of the Facility, together with the major assumptions upon which these anticipated results were based. This opinion was based upon these forecasts and other conditions existing at the present time. Specifically, this opinion also reflects anticipated action with respect to other additional facilities of the Port Authority being considered by the Board at this meeting. 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, there are likely to be differences between the forecasts underlying the opinion and actual results, and those differences may be material. The opinions and estimates were based in part on information supplied by the Comptroller, the Director of Financial Services, and the Director of Forecasting and Capital Planning, which information the Chief Financial Officer believed to be accurate.

In reaching the conclusion set forth in his opinion, the Chief Financial Officer considered the covenants with holders of Consolidated Bonds, including those providing for the Port Authority 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 in connection with the Facility. This conclusion was also based, in part, 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, and the assumption set forth in the preceding sentence that the Port Authority will, at all times during the ensuing 35-year period, continue to have net revenues sufficient to pay such required debt service during such period.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Gargano, Kushner, Philibosian, Pocino, Sartor, Sinagra and Song voting in favor; none against:

> **RESOLVED,** that certification is hereby made as of November 21, 2002, that, in the opinion of the Port Authority, the issuance of Consolidated Bonds (which includes Consolidated Notes) for purposes which include capital expenditures in connection with the Regional Rail Freight Program (the Facility) will not, during the periods 2003 through 2038 and 2003 through 2012, in light of the Port Authority's estimated revenues and expenses 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.

SETTLEMENT OF CLAIM – FREDERICK H. JOHNSON, AS ADMINISTRATOR AD PROSEQUENDUM OF FREDERICK H. JOHNSON A/K/A FREDERICK HENRY JOHNSON AND FREDERICK H. JOHNSON, INDIVIDUALLY V. THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY AND PORT AUTHORITY TRANS HUDSON CORPORATION

It was recommended that the Board authorize General Counsel, for and on behalf of the Port Authority and Port Authority Trans-Hudson Corporation (PATH), to enter into an agreement with the estate of Frederick H. Johnson to provide for the settlement of a claim for wrongful death by paying the estate a sum of $180,000. In exchange, the Port Authority and PATH will receive a General Release from liability and a stipulation discontinuing the action, with prejudice.

On September 10, 1999 at approximately 10:30 p.m., Frederick H. Johnson was found dead adjacent to the southbound tracks just south of the 14th Street PATH Station. A police investigation determined that Mr. Johnson was last seen running alongside of a southbound train at the 14th Street Station and running into the tunnel with the train. He sustained massive physical injuries. An autopsy report stated that Mr. Johnson died from blunt trauma to his head.

Mr. Johnson's estate claimed that his clothing or bag became trapped in the train door near the conductor's position and that he was dragged to his death.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Gargano, Kushner, Philibosian, Pocino, Sartor, Sinagra and Song voting in favor; none against:

> **RESOLVED**, that General Counsel be and he hereby is authorized, for and on behalf of the Port Authority and Port Authority Trans-Hudson Corporation (PATH), to enter into an agreement with the estate of Frederick H. Johnson to provide for the settlement of a lawsuit for wrongful death by paying the estate a sum of $180,000. In exchange, the Port Authority and PATH will receive a General Release from liability and a stipulation discontinuing the action, with prejudice.

CONFIDENTIAL ITEM

This item shall not be available for public inspection until otherwise agreed to by the parties involved.

PROFESSIONAL, TECHNICAL AND ADVISORY SERVICES CONTRACT AUTHORIZATIONS AND AMENDMENTS - REPORT

In accordance with Article XII, paragraph (g)(2) of the By-Laws, the Executive Director reports the following Professional, Technical and Advisory Services Contract was authorized during the period September 1, 2002 to September 30, 2002.

AUTHORIZATION	SERVICE	RETAINER FEE AND EXPENSES
For the Director, Port Commerce to retain the services of: D.H. Dennen & Associates Concord, MA	Professional advisory services to facilitate a one-day meeting for a discussion on the refinement of Port Commerce's 2003-2007 draft business plan.	$1,000

FINAL CONTRACT PAYMENTS

The Comptroller's Department reports that the contracts set forth in the succeeding tabulation have been completed satisfactorily by the contractors. Final payments have been made in the period of September 1, 2002 to September 30, 2002.

CONTRACT NUMBER	CONTRACT TITLE FACILITY AND CONTRACTOR	TOTAL AUTHORIZED		TOTAL PAYMENTS	
BT254047	REPLACEMENT OF CHILLER #3	530,600.00	(A)	530,600.00	(A)
	PORT AUTHORITY BUS TERMINAL	42,000.00	(D)	42,000.00	(D)
	COASTAL MECHANICAL CORP	90,650.00	(F)	42,513.00	(F)
		663,250.00		615,113.00	
EWR154202	REPLACEMENT OF HIGH TEMPERATURE	3,925,000.00	(A)	3,924,652.00	(A,G)
	HOT WATER GENERATORS	450,000.00	(C)	--0--	(C)
	NEWARK AIRPORT	235,500.00	(D)	232,669.00	(D)
	VRH CONSTRUCTION CORP	4,610,500.00		4,157,321.00	
BT388	REPLACEMENT OF SOUTH WING LOWER BUS	197,500.00	(A)	194,500.00	(A,I)
	LEVEL PIPE GALLERY CATWALKS	35,000.00	(C)	--0--	(C)
	PORT AUTHORITY BUS TERMINAL	16,000.00	(D)	--0--	(D)
	RAEBECK CONSTRUCTION CORP	90,000.00	(H)	90,000.00	(H)
		338,500.00		284,500.00	
BT397	SPRINKLER PIPING SYSTEMS REHABILITATION	1,250,000.00	(A)	50,000.00	(A,J)
	PORT AUTHORITY BUS TERMINAL	130,000.00	(C)	--0--	(C)
	ACE CONTRACTING, INC	187,000.00	(D)	--0--	(D)
		1,567,000.00		50,000.00	
BT254002	MODIFICATION OF 3RD FLOOR PUMP ROOM	396,555.00	(A)	396,555.00	(A)
	PORT AUTHORITY BUS TERMINAL	20,000.00	(C)	19,630.00	(C)
	TWIN TOWER ENTERPRISES, INC	31,725.00	(D)	31,725.00	(D)
		319,861.00	(K)	319,861.00	(K)
		25,000.00	(L)	25,000.00	(L)
		70,000.00	(M)	63,207.00	(M)
		863,141.00		855,978.00	

CONTRACT NUMBER	CONTRACT TITLE FACILITY AND CONTRACTOR	TOTAL AUTHORIZED		TOTAL PAYMENTS	
AK147	RENOVATION OF TOLL BOOTHS & REMOVAL	399,000.00	(A)	394,000.00	(A,O)
	OF UNUSED TOLL BOOTHS	9,000.00	(C)	--0--	(C)
	STATEN ISLAND BRIDGES	32,000.00	(D)	32,000.00	(D)
	CIPRIETTI-TOLISANO ASSOCIATES, INC	18,000.00	(N)	12,360.00	(N)
		458,000.00		438,360.00	
GWB244114	LOWER LEVEL FRAMING REHABILITATION	2,824,457.00	(A)	2,824,457.00	(A)
	GEORGE WASHINGTON BRIDGE	1,751,300.00	(B)	1,751,300.00	(B)
	E. DASKAL CORP	270,000.00	(C)	384,567.00	(C)
		274,500.00	(D)	253,201.00	(D)
		175,130.00	(P)	142,890.00	(P)
		5,295,387.00		5,356,415.00	
EWR154167	FACILITY PRIORITY IMPROVEMENTS III	1,000,000.00	(C)	591,126.43	(C)
	NEWARK AIRPORT	1,000,000.00		591,126.43	
	VISTA ENGINEERING CORP				
BT358A	KINNEY RAMP OVERHEAD GATE	195,000.00	(A)	195,000.00	(A)
	PORT AUTHORITY BUS TERMINAL	14,000.00	(D)	14,000.00	(D)
	KATCO ELECTRIC, INC	29,000.00	(Q)	29,000.00	(Q)
		30,000.00	(R)	9,982.00	(R)
		268,000.00		247,982.00	

(A) Lump Sum
(B) Classified Work
(C) Net Cost - amount in the "Total Authorized" column represents the authorized estimated net cost amount. However, the amount in the "Total Payments" column is the actual net cost amount paid.
(D) Extra Work.
(E) Premium for furnishing performance and payment bond as provided for in the contract.
(F) Increase in extra work in the amount of $90,650 authorized on 8/29/2000.
(G) The difference between "Total Authorized" and Total Payments" represents a credit change order in the amount of $348 for the deletion of part of the work.
(H) Supplemental Agreement No. 1 which provided for an increase in the amount of $90,000 for lump sum work on 3/6/2001.

(I) The difference between "Total Authorized" and
Total Payments" represents a credit change order in the
amount of $3,000 for the deletion of part of the work.

(J) The difference between "Total Authorized" and
Total Payments" represents the fact that the contract
work could not be completed as bid, therefore the
contract was terminated, with the Port Authority paying the
contractor the amount of $50,000 for all work performed
up to the point of termination.

(K) Supplemental Agreement No. 1 which included an increase
in the amount of $319,861 for lump sum work on 2/22/99.

(L) Supplemental Agreement No. 1 which included an increase
in the amount of $25,000 for extra work on 2/22/99.

(M) Increase in extra work in the amount of $70,000 authorized on 2/26/2002.

(N) Increase in extra work in the amount of $18,000 authorized on 4/2/1999.

(O) The difference between "Total Authorized" and
Total Payments" represents a credit change order in the
amount of $5,000 for the deletion of part of the work.

(P) Increase in classified work may exceed authorization amount.

(Q) Increase in extra work in the amount of $29,000 authorized on 8/19/97.

(R) Increase in extra work in the amount of $30,000 authorized on 1/4/2000.

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

RECOMMENDATION: NONE

The Committee on Finance reported, for information only, that in accordance with authority granted by the Committee, the Executive Director had authorized the following security transactions, time accounts, interest rate exchange contracts and variable rate master note agreements during the period September 1, 2002 through September 30, 2002.

REPORT A:

Purchase of Port Authority Bonds

(Unless otherwise noted, all Port Authority Bonds are callable at par).

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

No new transactions this period.

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

Purchase of Securities

Purchase Date	Par Value	Description	Coupon Rate	Maturity Date	Purchase Price	Discount Rate	BEY @Cost	Principal	Dealer
09/03/02	$ 6,200,000	FNDN	--	09/04/02	99.99	1.780%	1.796%	$ 6,199,693.44	Lehman Brothers
09/03/02	50,000,000	UBSFIN CP	--	09/04/02	99.99	1.870	1.888	49,997,402.78	Merrill Lynch
09/03/02	50,000,000	UBSFIN CP	--	09/04/02	99.99	1.870	1.888	49,997,402.78	Merrill Lynch
09/03/02	3,100,000	JFK-APO	6.375%	12/01/15	99.90	--	6.386	3,096,900.00	JFKIAT-APO
09/04/02	50,000,000	FNDN	--	09/19/02	99.93	1.700	1.715	49,964,583.33	Mizuho Securties
09/04/02	50,000,000	UBSFIN CP	--	09/05/02	100.00	1.790	1.806	49,997,513.89	Lehman Brothers
09/04/02	49,570,000	UBSFIN CP	--	09/05/02	100.00	1.790	1.806	49,567,535.29	Lehman Brothers
09/05/02	50,000,000	USTB	--	10/03/02	99.87	1.640	1.655	49,936,222.22	Legg Mason
09/05/02	50,000,000	FNDN	--	09/16/02	99.95	1.700	1.715	49,974,027.78	ABN AMRO
09/05/02	50,000,000	UBSFIN CP	--	09/06/02	99.99	1.750	1.765	49,997,569.44	Merrill Lynch
09/05/02	50,000,000	UBSFIN CP	--	09/06/02	99.99	1.750	1.765	49,997,569.44	Merrill Lynch
09/06/02	25,000,000	FHDN	--	10/04/02	99.87	1.685	1.710	24,967,236.11	Greenwich Capital

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

Purchase of Securities (Cont.)

Purchase Date	Par Value	Description	Coupon Rate	Maturity Date	Purchase Price	Discount Rate	BEY @Cost	Principal	Dealer
09/06/02	$ 25,593,000	FMCDN	--	10/01/02	99.88	1.685%	1.700%	$ 25,563,052.61	Greenwich Capital
09/06/02	50,000,000	FHDN	--	10/04/02	99.87	1.670	1.700	49,935,055.56	Mizuho Securties
09/06/02	50,000,000	UBSFIN CP	--	09/09/02	99.99	1.690	1.704	49,992,958.88	Lehman Brothers
09/06/02	6,875,000	UBSFIN CP	--	09/09/02	99.99	1.690	1.704	6,874,031.77	Lehman Brothers
09/09/02	50,000,000	USTB	--	12/05/02	99.61	1.615	1.631	49,804,854.17	Merrill Lynch
09/09/02	25,000,000	USTB	--	01/02/03	99.49	1.590	1.607	24,873,020.83	Morgan Stanley
09/09/02	28,500,000	USTB	--	03/06/03	99.21	1.605	1.624	28,273,828.75	Legg Mason
09/09/02	12,800,000	GECC CP	--	09/10/02	99.99	1.770	1.786	12,799,370.67	G.E. Capital
09/09/02	50,000,000	GECC CP	--	09/10/02	99.99	1.770	1.786	49,997,541.67	G.E. Capital
09/10/02	10,000,000	UBSFIN CP	--	09/11/02	99.99	1.750	1.765	9,999,513.89	Lehman Brothers
09/10/02	38,500,000	UBSFIN CP	--	09/12/02	99.99	1.760	1.776	38,496,235.56	Lehman Brothers
09/11/02	11,500,000	UBSFIN CP	--	09/12/02	99.99	1.760	1.776	11,499,437.78	Lehman Brothers

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

Purchase of Securities (Cont.)

Purchase Date	Par Value	Description	Coupon Rate	Maturity Date	Purchase Price	Discount Rate	BEY @Cost	Principal	Dealer
09/12/02	$ 25,000,000	FCDN	--	10/03/02	99.90	1.690%	1.705%	$ 24,975,354.17	Mizuho Securties
09/12/02	50,000,000	UBSFIN CP	--	09/13/02	99.99	1.750	1.765	49,997,569.44	Lehman Brothers
09/12/02	42,000,000	UBSFIN CP	--	09/13/02	99.99	1.750	1.765	41,997,958.33	Merrill Lynch
09/13/02	50,000,000	UBSFIN CP	--	09/16/02	99.99	1.700	1.715	49,992,916.67	Lehman Brothers
09/13/02	50,000,000	UBSFIN CP	--	09/16/02	99.99	1.700	1.715	49,992,916.67	Merrill Lynch
09/16/02	50,000,000	USTB	--	10/10/02	99.89	1.650	1.665	49,945,000.00	Mizuho Securties
09/16/02	50,000,000	USTB	--	12/12/02	99.60	1.650	1.667	49,800,625.00	Morgan Stanley
09/16/02	28,300,000	USTB	--	10/10/02	99.89	1.650	1.665	28,268,870.00	Mizuho Securties
09/16/02	50,000,000	FHDN	--	10/11/02	99.88	1.690	1.705	49,941,319.44	Merrill Lynch
09/16/02	50,000,000	FMCDN	--	09/17/02	99.99	1.800	1.816	49,997,500.00	Merrill Lynch
09/16/02	50,000,000	FMCDN	--	09/17/02	99.99	1.800	1.816	49,997,500.00	Merrill Lynch
09/16/02	8,000,000	FMCDN	--	09/17/02	99.99	1.800	1.816	7,999,600.00	Merrill Lynch

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

Purchase of Securities (Cont.)

Purchase Date		Par Value	Description	Coupon Rate	Maturity Date	Purchase Price	Discount Rate	BEY @Cost		Principal	Dealer
09/17/02	$	50,000,000	UBSFIN CP	--	09/18/02	99.99	1.750%	1.765%	$	49,997,569.44	Lehman Brothers
09/17/02		50,000,000	UBSFIN CP	--	09/18/02	99.99	1.750	1.765		49,997,569.44	Lehman Brothers
09/18/02		50,000,000	USTB	--	10/10/02	99.90	1.635	1.649		49,950,041.67	Legg Mason
09/18/02		30,000,000	FCDN	--	11/01/02	99.79	1.680	1.696		29,938,400.00	ABN AMRO
09/18/02		50,000,000	FHDN	--	10/16/02	99.87	1.695	1.711		49,934,083.33	Greenwich Capital
09/18/02		18,588,000	FCDN	--	11/25/02	99.68	1.690	1.707		18,528,662.97	Mizuho Securties
09/18/02		36,600,000	FCDN	--	12/04/02	99.64	1.690	1.707		36,467,701.17	Mizuho Securties
09/18/02		22,949,000	FCDN	--	10/04/02	99.92	1.690	1.705		22,931,762.75	Mizuho Securties
09/18/02		50,000,000	UBSFIN CP	--	09/19/02	99.99	1.720	1.735		49,997,611.11	Merrill Lynch
09/18/02		27,000,000	UBSFIN CP	--	09/19/02	99.99	1.720	1.735		26,998,710.00	Merrill Lynch
09/19/02		50,000,000	USTB	--	10/17/02	99.87	1.635	1.649		49,936,416.67	Legg Mason
09/19/02		50,000,000	USTB	--	10/17/02	99.87	1.635	1.649		49,936,416.67	Legg Mason

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

Purchase of Securities (Cont.)

Purchase Date		Par Value	Description	Coupon Rate	Maturity Date	Purchase Price	Discount Rate	BEY @Cost		Principal	Dealer
09/19/02	$	50,000,000	FNDN	--	10/01/02	99.94	1.680%	1.695%	$	49,972,000.00	Morgan Stanley
09/19/02		26,685,000	FHDN	--	10/04/02	99.93	1.680	1.695		26,666,320.50	Mizuho Securties
09/19/02		20,400,000	FCDN	--	10/23/02	99.84	1.680	1.696		20,367,632.00	Mizuho Securties
09/19/02		50,000,000	GECC CP	--	09/24/02	99.98	1.720	1.735		49,988,055.56	G.E. Capital
09/19/02		50,000,000	UBSFIN CP	--	09/20/02	99.99	1.700	1.715		49,997,638.89	Merrill Lynch
09/19/02		40,000,000	UBSFIN CP	--	09/20/02	99.99	1.700	1.715		39,998,111.11	Merrill Lynch
09/20/02		30,000,000	GECC CP	--	09/23/02	99.99	1.600	1.613		29,996,000.00	G.E. Capital
09/20/02		50,000,000	UBSFIN CP	--	09/23/02	99.99	1.660	1.674		49,993,083.33	Lehman Brothers
09/20/02		50,000,000	UBSFIN CP	--	09/23/02	99.99	1.660	1.674		49,993,083.33	Lehman Brothers
09/23/02		36,000,000	UBSFIN CP	--	09/24/02	99.99	1.720	1.735		35,998,280.00	Lehman Brothers
09/23/02		50,000,000	UBSFIN CP	--	09/24/02	99.99	1.720	1.735		49,997,611.11	Lehman Brothers
09/24/02		32,875,000	FNDN	--	10/15/02	99.90	1.700	1.715		32,842,398.86	Merrill Lynch

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

Purchase of Securities (Cont.)

Purchase Date		Par Value	Description	Coupon Rate	Maturity Date	Purchase Price	Discount Rate	BEY @Cost		Principal	Dealer
09/24/02	$	32,055,000	FNDN	--	10/15/02	99.90	1.700%	1.715%	$	32,023,212.13	UBS Warburg
09/24/02		50,000,000	FNDN	--	10/25/02	99.86	1.680	1.695		49,927,666.67	Mizuho Securties
09/24/02		50,000,000	GE CORP CP	--	09/25/02	99.99	1.720	1.735		49,997,611.11	G.E. Capital
09/24/02		18,200,000	UBSFIN CP	--	09/25/02	99.99	1.710	1.725		18,199,135.50	Lehman Brothers
09/25/02		39,000,000	USTB	--	10/17/02	99.90	1.605	1.619		38,961,747.50	Legg Mason
09/25/02		50,000,000	FHDN	--	10/18/02	99.89	1.670	1.685		49,946,652.78	Mizuho Securties
09/25/02		14,500,000	UBSFIN CP	--	10/01/02	99.97	1.760	1.776		14,495,746.67	Lehman Brothers
09/25/02		50,000,000	UBSFIN CP	--	10/01/02	99.97	1.760	1.776		49,985,333.33	Lehman Brothers
09/26/02		50,000,000	USTB	--	10/24/02	99.87	1.635	1.649		49,936,416.67	Lehman Brothers
09/26/02		25,000,000	USTB	--	10/24/02	99.87	1.635	1.649		24,968,208.33	Lehman Brothers
09/26/02		50,000,000	USTB	--	10/24/02	99.88	1.605	1.619		49,937,583.33	Legg Mason
09/26/02		50,000,000	USTB	--	10/24/02	99.88	1.605	1.619		49,937,583.33	Legg Mason

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

Purchase of Securities (Cont.)

Purchase Date	Par Value	Description	Coupon Rate	Maturity Date	Purchase Price	Discount Rate	BEY @Cost	Principal	Dealer
09/26/02	$ 39,100,000	USTB	--	10/24/02	99.87	1.620%	1.634%	$ 39,050,734.00	Mizuho Securties
09/26/02	50,000,000	USTB	--	10/24/02	99.87	1.620	1.634	49,937,000.00	Mizuho Securties
09/26/02	43,500,000	GE CORP	--	09/27/02	99.99	1.810	1.827	43,497,812.92	G.E. Capital
09/26/02	50,000,000	GE CORP	--	09/27/02	99.99	1.810	1.827	49,997,486.11	G.E. Capital
09/27/02	50,000,000	GECC CP	--	09/30/02	99.98	1.810	1.827	49,992,458.33	G.E. Capital
09/27/02	50,000,000	GECC CP	--	09/30/02	99.98	1.810	1.827	49,992,458.33	G.E. Capital
09/27/02	32,380,000	UBSFIN CP	--	09/30/02	99.98	1.810	1.827	32,375,116.02	Merrill Lynch
09/30/02	50,000,000	FNDN	--	10/01/02	99.99	1.850	1.867	49,997,430.50	Lehman Brothers
09/30/02	50,000,000	FNDN	--	10/01/02	99.99	1.860	1.877	49,997,416.67	Merrill Lynch
09/30/02	50,000,000	GECC CP	--	10/01/02	99.99	1.970	1.990	49,997,263.89	G.E. Capital
09/30/02	50,000,000	GECC CP	--	10/01/02	99.99	1.970	1.990	49,997,263.89	G.E. Capital

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

Purchase of Securities (Cont.)

Purchase Date	Par Value	Description	Coupon Rate	Maturity Date	Purchase Price	Discount Rate	BEY @Cost	Principal	Dealer
09/30/02	$ 35,500,000	UBSFIN CP	--	10/01/02	99.99	1.970%	1.990%	$ 35,498,057.36	Merrill Lynch
	$ 3,346,270,000							$ 3,343,782,243.64	

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

Sale of Securities

Sale Date	Par Value	Description	Coupon Rate	Maturity Date	Sale Price	Discount Rate	Principal	Dealer

No transactions this period.

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

Repurchase Transactions

Dealer	**Purchase Date**	**Sale Date**	**Par Value**	**Interest Rate**	**Total Interest Earned**
BANC ONE	09/03/02	09/04/02	$ 19,831,000	1.820%	$ 1,002.57
BANC ONE	09/03/02	09/04/02	23,180,000	1.820	1,171.88
BANC ONE	09/03/02	09/04/02	23,275,000	1.820	1,176.68
BANC ONE	09/03/02	09/04/02	28,967,000	1.820	1,464.44
BANC ONE	09/03/02	09/04/02	39,399,000	1.820	1,991.84
BNP Paribas	09/04/02	09/05/02	85,000	1.750	4.13
BNP Paribas	09/04/02	09/05/02	23,181,000	1.750	1,126.85
BNP Paribas	09/04/02	09/05/02	23,276,000	1.750	1,131.47
BNP Paribas	09/04/02	09/05/02	30,518,000	1.750	1,483.51
BNP Paribas	09/04/02	09/05/02	48,715,000	1.750	2,368.09
Nomura Securties	09/05/02	09/09/02	2,124,000	1.700	401.20
BNP Paribas	09/05/02	09/06/02	18,700,000	1.710	888.25

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

Repurchase Transactions (Cont.)

Dealer	**Purchase Date**	**Sale Date**	**Par Value**	**Interest Rate**	**Total Interest Earned**
Daiwa Securties	09/05/02	09/09/02	$ 23,277,000	1.710%	$ 4,422.63
Daiwa Securties	09/05/02	09/09/02	30,520,000	1.710	5,798.80
Daiwa Securties	09/05/02	09/06/02	42,844,000	1.730	2,058.89
Daiwa Securties	09/05/02	09/09/02	48,803,000	1.710	9,272.57
Nomura Securties	09/05/02	09/09/02	48,938,000	1.700	9,243.84
Nomura Securties	09/05/02	09/09/02	48,938,000	1.700	9,243.84
Mizuho Securties	09/06/02	09/09/02	19,714,000	1.670	2,743.53
Lehman Brothers	09/09/02	09/10/02	19,717,000	1.730	947.51
Lehman Brothers	09/09/02	09/10/02	23,281,000	1.730	1,118.78
Lehman Brothers	09/09/02	09/10/02	29,168,000	1.730	1,401.68
Lehman Brothers	09/09/02	09/10/02	48,812,000	1.730	2,345.69
Mizuho Securties	09/10/02	09/13/02	8,000	1.680	1.12

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

Repurchase Transactions (Cont.)

Dealer	Purchase Date	Sale Date	Par Value	Interest Rate	Total Interest Earned
Mizuho Securties	09/10/02	09/13/02	$ 4,619,000	1.680%	$ 646.66
Mizuho Securties	09/10/02	09/12/02	11,558,000	1.680	1,078.75
Mizuho Securties	09/10/02	09/13/02	23,283,000	1.680	3,259.62
Mizuho Securties	09/10/02	09/13/02	24,311,000	1.680	3,403.54
Mizuho Securties	09/10/02	09/13/02	48,806,000	1.680	6,832.84
Daiwa Securties	09/12/02	09/16/02	627,000	1.700	118.43
Daiwa Securties	09/12/02	09/16/02	6,265,000	1.700	1,183.39
Daiwa Securties	09/12/02	09/16/02	21,973,000	1.700	4,150.46
Daiwa Securties	09/12/02	09/16/02	49,965,000	1.700	9,437.83
UBS Warburg	09/12/02	09/16/02	50,000,000	1.690	9,388.89
Daiwa Securties	09/12/02	09/16/02	50,428,000	1.700	9,525.29
Mizuho Securties	09/13/02	09/16/02	12,000,000	1.650	1,650.00

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

Repurchase Transactions (Cont.)

Dealer	**Purchase Date**	**Sale Date**	**Par Value**	**Interest Rate**	**Total Interest Earned**
Nomura Securties	09/13/02	09/16/02	$ 23,286,000	1.670%	$ 3,240.64
Nomura Securties	09/13/02	09/16/02	27,891,000	1.670	3,881.50
Nomura Securties	09/13/02	09/16/02	48,821,000	1.670	6,794.26
UBS Warburg	09/16/02	09/18/02	1,373,000	1.800	137.30
UBS Warburg	09/16/02	09/18/02	23,289,000	1.800	2,328.90
UBS Warburg	09/16/02	09/18/02	27,123,000	1.800	2,712.30
UBS Warburg	09/16/02	09/18/02	48,627,000	1.800	4,862.70
UBS Warburg	09/16/02	09/18/02	48,828,000	1.800	4,882.80
Nomura Securties	09/17/02	09/18/02	13,000,000	1.720	621.11
Daiwa Securties	09/18/02	09/20/02	23,291,000	1.700	2,199.71
Daiwa Securties	09/18/02	09/20/02	23,608,000	1.700	2,229.64
Daiwa Securties	09/18/02	09/20/02	48,833,000	1.700	4,612.01

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

Repurchase Transactions (Cont.)

Dealer	**Purchase Date**	**Sale Date**	**Par Value**	**Interest Rate**	**Total Interest Earned**
BNP Paribas	09/19/02	09/20/02	$ 38,970,000	1.670%	$ 1,807.78
Daiwa Securties	09/20/02	09/23/02	12,014,000	1.640	1,641.91
UBS Warburg	09/20/02	09/24/02	19,772,000	1.640	3,602.90
UBS Warburg	09/20/02	09/24/02	23,294,000	1.640	4,244.68
Daiwa Securties	09/20/02	09/23/02	26,962,000	1.640	3,684.81
UBS Warburg	09/20/02	09/24/02	48,838,000	1.640	8,899.37
Mizuho Securties	09/23/02	09/24/02	9,712,000	1.680	453.23
Mizuho Securties	09/23/02	09/24/02	30,288,000	1.680	1,413.44
Mizuho Securties	09/23/02	09/24/02	38,981,000	1.680	1,819.11
Lehman Brothers	09/24/02	09/25/02	13,168,000	1.680	614.51
Lehman Brothers	09/24/02	09/25/02	23,298,000	1.680	1,087.24
Lehman Brothers	09/24/02	09/25/02	38,983,000	1.680	1,819.21

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

Repurchase Transactions (Cont.)

Dealer	Purchase Date	Sale Date	Par Value	Interest Rate	Total Interest Earned
Lehman Brothers	09/24/02	09/25/02	$ 48,846,000	1.680%	$ 2,279.48
Nomura Securties	09/25/02	09/26/02	13,151,000	1.710	624.67
Nomura Securties	09/25/02	09/26/02	23,336,000	1.710	1,108.46
Nomura Securties	09/25/02	09/26/02	48,849,000	1.710	2,320.33
Daiwa Securties	09/26/02	09/30/02	23,338,000	1.750	4,537.94
Mizuho Securties	09/26/02	Open	24,968,750 *	Variable **	4,993.75 ***
Mizuho Securties	09/26/02	Open	24,968,750 *	Variable **	4,993.75 ***
Mizuho Securties	09/26/02	Open	24,968,750 *	Variable **	4,993.75 ***
Mizuho Securties	09/26/02	Open	24,968,750 *	Variable **	4,993.75 ***
Daiwa Securties	09/26/02	09/30/02	34,915,000	1.750	6,789.03
Daiwa Securties	09/26/02	09/30/02	38,183,000	1.750	7,424.47
Daiwa Securties	09/30/02	10/01/02	23,342,000	1.880	1,218.97

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

Repurchase Transactions (Cont.)

Dealer	Purchase Date	Sale Date	Par Value	Interest Rate	Total Interest Earned
Lehman Brothers	09/30/02	Open	$ 27,437,500 *	Variable **	$1,409.98 ***
Daiwa Securties	09/30/02	10/01/02	34,921,000	1.880%	1,823.65
Daiwa Securties	09/30/02	10/01/02	35,879,000	1.880	1,873.68

* This transaction was executed simultaneously with a like reverse repurchase agreement transaction.
** This rate is subject to change daily.
***Total interest earned is to the last day of the month.

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

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

Dealer	**Sale Date**	**Purchase Date**	**Par Value**	**Interest Rate**	**Total Interest Paid**
Mizuho Securties	09/26/02	Open	$49,937,500	Variable *	$7,976.13 **
Mizuho Securties	09/26/02	Open	49,937,500	Variable *	7,976.13 **
Lehman Brothers	09/30/02	Open	27,437,500	Variable *	1,219.44 **

* This rate subject to change daily.
** Total interest paid is to the last day of the month.

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

REPORT B: In addition to the transactions described in Report A of this report, the Executive Director also reports the following transactions during the period September 1, 2002 through September 30, 2002, pertaining to investments in United States Treasury securities and interest rate options contracts with respect to United States Treasury securities pursuant to the guidelines established by the Board of Commissioners on August 25, 1988.

Options Transactions - Purchased

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

No new transactions this period.

Options Transactions - Sold

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

No new transactions this period.

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

REPORT C: In addition to the transactions described in Report A and B, the Executive Director also reports the following transactions during the period September 1, 2002 and September 30, 2002 pertaining to the execution or cancellation of Interest Rate Exchange Contracts pursuant to the guidelines established by the Board of Commissioners on December 10, 1992.

Interest Rate Exchange Contracts

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

No new transactions this period.

As of September 30, 2002, the Port Authority has interest rate exchange contracts in place on notional amounts totaling $679 million, including $379 million pertaining to refundings and $100 million of reversals.

REPORT D: In addition to the transactions described in Report A, B and C, the Executive Director also reports the following transactions during the period September 1, 2002 and September 30, 2002 under the Variable Rate Master Note Program as amended and supplemented through October 13, 1994.

Variable Rate Master Note Placements

Date of Issuance	Amount	Purchaser	Term	Variable Rate Index

No new transactions this period.

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

Report E: In addition to the transactions described in Report A, B, C, and D, the Executive Director also reports the following activity under the Futures Program authorized by the Board of Commissioners on December 10, 1987, during the period July 1, 2002 through September 30, 2002 involving the use of the Municipal Bond Futures Contracts (Muni) and the United States Treasury Bond Futures Contracts (T-Bonds) traded on the Chicago Board of Trade to manage the interest rate exposure on the future issuance of Consolidated Bonds and Notes.

Hedge for Consolidated Bonds:

Date	Action	Number of Contracts	Short Position	Gains/(Losses) on Series Hedge	Amount of Prospective Port Authority Debt Hedged	Estimated (Increase)/Decrease in Borrowing Costs on Portion of Debt Hedged

No outstanding Hedge during the 3rd Quarter 2002

Whereupon, the meeting was adjourned.

Secretary