

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Wednesday, May 25, 2011

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MINUTES of the Meeting of The Port Authority of New York and New Jersey held Wednesday, May 25, 2011 at 225 Park Avenue South, City, County and State of New York

PRESENT:

NEW JERSEY

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

NEW YORK

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

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

Heavyn-Leigh American, Associate Board Management and Support Specialist, Office of the Secretary

Susan M. Baer, Director, Aviation
 Steven J. Coleman, Assistant Director, Media Relations
 Claudia Dickey, Assistant Director, Public Safety
 Gretchen P. DiMarco, Special Assistant to the Deputy Executive Director
 John J. Drobny, Director, Security Projects
 Michael G. Fabiano, Chief Financial Officer
 Michael A. Fedorko, Director, Public Safety/Superintendent of Police
 William J. Fellini, Assistant Director, Capital Project Management, Rail Transit
 Michael B. Francois, Chief, Real Estate and Development
 Cedrick T. Fulton, Director, Tunnels, Bridges and Terminals
 Richard Gladstone, Director, World Trade Center Redevelopment
 Glenn P. Guzi, Senior External Affairs Representative, Government and Community Affairs
 Linda C. Handel, Deputy Secretary
 Mary Lee Hannell, Director, Human Resources
 Mark D. Hoffer, Director, New Port Initiatives, Port Commerce
 Howard G. Kadin, Esq., Law
 John P. Kelly, Director, Media Relations
 Kirby King, Director, Technology Services
 Louis J. LaCapra, Chief Administrative Officer
 Cristina M. Lado, Director, Government and Community Affairs
 Conor Lanz, Special Assistant to the Executive Director
 Richard M. Larrabee, Director, Port Commerce
 Jamie E. Loftus, Chief, Public and Government Affairs
 James M. Mackey, Jr., Manager, Financial Forecasting, Management and Budget
 Norma L. Manigan, Program Director, External Affairs, Marketing
 Stephen Marinko, Esq., Law
 Ronald Marsico, Assistant Director, Media Relations
 Daniel G. McCarron, Comptroller
 James E. McCoy, Manager, Board Management Support, Office of the Secretary

Dennis Mitchell, Port Authority Police Officer
Anne Marie C. Mulligan, Treasurer
Jeffrey P. Pearce, Deputy Director, Aviation
Michael S. Percival, Debt Manager, Treasury
Steven P. Plate, Deputy Chief, Capital Planning/Director, World Trade Center Construction
Desiree Ramos, External Relations Client Manager, Government and Community Affairs
Alan L. Reiss, Deputy Director, World Trade Center Construction
Timothy G. Stickelman, Assistant General Counsel
Gerald B. Stoughton, Director, Financial Analysis
Robert A. Sudman, Director, Audit
Lillian D. Valenti, Director, Procurement
Sheree Van Duyne, Manager, Policies and Protocol, Office of the Secretary
Philippe Visser, Deputy Director, Real Estate and Development
Andrew S. Warshaw, Chief of Staff to the Executive Director
David M. Wildstein, Director, Interagency Capital Projects, Office of the Deputy Executive Director
William Young, Client Manager, Government and Community Affairs
Peter J. Zipf, Chief Engineer

Guests:

Johanna Jones, Assistant Counsel, Authorities Unit, Office of the Governor of New Jersey
Eren Magri, Fried, Frank, Harris, Shiver & Jacobson LLP
Lauren S. Smith, Fried, Frank, Harris, Shiver & Jacobson LLP

Speakers:

Murray Bodin, Member of the Public
Michael DeFilippis, Second Vice President, Port Authority Police Benevolent Association, Inc.
James Hall, Group Member, Friends of LaGuardia Airport
John McAusland, General Counsel, Port Authority Police Benevolent Association, Inc.

The public meeting was called to order by Chairman Samson at 1:12 p.m. and ended at 1:45 p.m. The Board met in executive session prior to the public session.

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of April 28, 2011. She reported that copies of these Minutes were delivered to the Governors of New York (in electronic form) and New Jersey (in paper form) on April 29, 2011. She reported further that the time for action by the Governors of New York and New Jersey expired at midnight on May 13, 2011.

Whereupon, the Board unanimously approved the Minutes of the meeting of April 28, 2011.

Report of Audit Committee

The Audit Committee reported, for information, on matters discussed in public and executive sessions at its meeting on May 25, 2011, which included discussion of and action taken pertaining to the retention of independent auditors for the year ending December 31, 2011, discussion of matters involving external or internal investigations or audits, and matters involving ongoing negotiations or reviews of contracts or proposals, and the report was received.

Report of the Committee on Capital Programs/Agency Planning

The Committee on Capital Programs/Agency Planning reported, for information, on matters discussed in public session at its meeting on May 25, 2011, which included discussion of planning for the development of an Aeronautical Operations Area pavement rehabilitation Program for all Port Authority airports, and the report was received.

Report of the Committee on Finance

The Committee on Finance reported, for information, on matters discussed and action taken in public session at its meeting on May 25, 2011, which included discussion of an item for the purchase of property damage and loss of revenue insurance, and an item for the negotiated sale of taxable Consolidated Bonds and Notes for capital expenditures in connection with the construction of One World Trade Center (WTC), the WTC retail development and certain other WTC site-wide infrastructure, and the report was received

Report of the Committee on Construction

The Committee on Construction reported, for information, on matters discussed in public session at its meeting on May 25, 2011, which included discussion of matters involving a project to install an Engineered Material Arresting System at Teterboro Airport, and a contract for the replacement of the existing toll collection system for the Port Authority's six bridge and tunnel crossings, and the report was received.

Report of World Trade Center Redevelopment Subcommittee

The World Trade Center Redevelopment Subcommittee reported, for information, on matters discussed in public and executive sessions at its meeting on May 25, 2011, which included discussion of several contracts and agreements in connection with the continued development of the World Trade Center site, and discussion of matters involving ongoing negotiations or reviews of contracts or proposals, and the report was received.

Report of Special, Interim Meeting of the Committee on Operations

In view of the absence of a quorum for the Board to act on two matters to be considered at its meeting on May 25, 2011, consistent with the Board's resolution of December 15, 1994, a special, interim meeting of the Committee on Operations was held. At the meeting, the Committee acted for and on behalf of the Board on two matters included on the agenda for the Board meeting. A copy of the minutes of the special, interim meeting of the Committee on Operations held on May 25, 2011 is included with these minutes.

ALL AIRPORTS – AERONAUTICAL OPERATIONS AREA PAVEMENT REHABILITATION PROGRAM – PLANNING AUTHORIZATION

It was recommended that the Board authorize planning work for the development of an Aeronautical Operations Area (AOA) pavement rehabilitation program for the Port Authority's five airports, at an estimated cost of \$16 million.

The Federal Aviation Administration (FAA) requires the Port Authority to maintain a Pavement Management Program for all of its airports. This program provides information on current conditions of the AOA and a forecast of its conditions. Annual inspections have identified one runway, 27 taxiways, and portions of the restricted service roads at John F. Kennedy International Airport (JFK), two runways and ten taxiways at Newark Liberty International Airport (EWR), one runway and ten taxiways at LaGuardia Airport (LGA), two taxiways at Teterboro Airport (TEB), and eight taxiways and three aprons at Stewart International Airport (SWF) that require rehabilitation between 2011 and 2014 to maintain a state of good repair.

This planning effort would include functional planning, conceptual design, cost estimating and coordination with the FAA. Physical site surveying and subsurface investigations for pavements and electrical systems would be performed as necessary, defining the project scope limits, lighting, FAA navigational aids and updates or replacements required for regulatory compliance and any operational requirements. It is anticipated that in 2011 staff would commence design of the highest priority projects, including Taxiway P at JFK, Runway 4R and Taxiway P at EWR and Runway 13-31 at LGA. The objective of this planning effort is to rehabilitate these pavements before significantly more costly repairs are required.

The taxiway planning work also would seek opportunities for delay reduction, by means of widened taxiways, enlarged taxiway turn radii and realigned taxiway entrances and exits.

Managing a modern airport requires adherence to the latest FAA design and operational standards. Where possible, the elimination of FAA "Modification of Standards" variances would be considered. One such instance is widening Taxiway P at JFK to accommodate Group VI aircraft.

Pavement rehabilitation work at JFK's Runway 4L-22R and SWF's Runways 9-27 and 16-34 has not been included under the proposed program, due to the complexity of those runways, but will proceed under separate future authorizations.

Costs associated with this planning work would be fully recoverable under the LGA and JFK Flight Fee Agreements and the Flight Fee Component of the Master Lease Agreement at EWR. Costs associated with this work at TEB and SWF would not be recoverable. In addition, staff would seek to recover planning costs through Passenger Facility Charges and Airport Improvement Program grants.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bauer, Coscia, Holmes, Moerdler, Pocino, Samson, Sartor, Silverman and Steiner voting in favor. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that planning work for the development of an Aeronautical Operations Area pavement rehabilitation program for John F. Kennedy International, LaGuardia, Newark Liberty International, Stewart International and Teterboro Airports, at an estimated cost of \$16 million, be and it hereby is authorized; and it is further

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

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

TETERBORO AIRPORT – DESIGN AND CONSTRUCTION OF AN ENGINEERED MATERIAL ARRESTING SYSTEM FOR RUNWAY 24 – PROJECT AUTHORIZATION AND AWARD OF CONTRACT TEB-144.038

It was recommended that the Board authorize: (1) a project for the design and construction of an Engineered Material Arresting System (EMAS) for Runway 24 at Teterboro Airport (TEB), at an estimated total project cost of \$27.1 million; and (2) the Executive Director to: (a) award Contract TEB-144.038 to TEB 24 Arrestor Bed Joint Venture (a joint venture of Engineered Arresting Systems Corporation (ESCO) and Jacobs Engineering), for the design and construction of the EMAS, at an estimated cost of \$17.7 million, inclusive of allowances for extra work and net cost work; (b) enter into agreements with appropriate entities to satisfy conditions related to the mitigation of wetland and floodplain impacts in connection with permits and approvals for the project, at an estimated cost of \$4.5 million; and (c) enter into an agreement with the Federal Aviation Administration (FAA) for the Port Authority to reimburse the FAA for its costs, in an estimated amount of \$100,000, associated with the FAA's review of project designs required for completion of the project.

In 1999, the FAA established a program designed to improve Runway Safety Areas at federally obligated airports. The EMAS was developed as a component of that program to enhance runway safety requirements, and has proved to be successful.

Subsequently, the FAA funded analyses of Runway Safety Areas at Port Authority airports and identified the installation of an EMAS as the most practical alternative for providing an enhanced Runway Safety Area for Runway 24 at TEB. Contract TEB-144.038 would provide for the design and construction of an EMAS for Runway 24 and for associated work, including: computer modeling, site preparation, paving of the support surface, manufacturing and block installation, construction management, obtaining certain permits, and one year of quarterly inspections and maintenance. Contract TEB-144.038 would be a negotiated contract with the joint venture of ESCO and Jacobs Engineering, due to the proprietary nature of the technology and an FAA requirement to use ESCO, the sole approved contractor.

An agreement with the FAA also would be entered into covering reimbursement to the FAA of costs associated with its review of designs for the project.

Various environmental permits and approvals would have to be obtained for the project. Staff proposed to enter into agreements with appropriate entities to satisfy conditions, including those related to the mitigation of wetland and floodplain impacts, in connection with such permits and approvals for the project, at an estimated cost of \$4.5 million.

An application has been submitted to the FAA to recover 95 percent of eligible design and construction costs associated with this project through federal Airport Improvement Program (AIP) grants.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bauer, Coscia, Holmes, Moerdler, Pocino, Samson, Sartor, Silverman and Steiner voting in favor. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that a project for the design and construction of an Engineered Material Arresting System (EMAS) for Runway 24 at Teterboro Airport, at an estimated total project cost of \$27.1 million, including payments to contractors, allowances for extra work (if necessary) and net cost work, engineering, administrative and financial expenses and a contingency (if necessary), be and it hereby is authorized; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to award Contract TEB-144.038 to TEB 24 Arrestor Bed Joint Venture (a joint venture of Engineered Arresting Systems Corporation and Jacobs Engineering), for the design and construction of the EMAS, at an estimated cost of \$17.7 million, inclusive of allowances for extra work and net cost work; and it is further

RESOLVED, that the Executive Director be and he is hereby authorized, for and on behalf of the Port Authority, to enter into an agreement with the Federal Aviation Administration (FAA) for the Port Authority to reimburse the FAA for its costs, in an estimated amount of \$100,000, associated with the FAA's review of project designs for the foregoing project; and it is further

RESOLVED, that the Executive Director be and he is hereby authorized, for and on behalf the Port Authority, to enter into agreements with appropriate entities to satisfy conditions, including, but not limited to, those related to mitigation of wetland and floodplain impacts in connection with permits and approvals for the foregoing project, at an estimated cost of \$4.5 million; and it is further

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

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

BAYONNE BRIDGE – NAVIGATIONAL CLEARANCE PROGRAM – INCREASE IN PLANNING AUTHORIZATION AND AUTHORIZATION TO ENTER INTO A PROFESSIONAL SERVICES AGREEMENT

It was recommended that the Board authorize: (1) an increase of \$25 million in the amount of the planning authorization to perform preliminary and final planning and engineering design services for the Bayonne Bridge Navigational Clearance Program (BBNCP), resulting in a total authorization of \$35 million; (2) the Executive Director to: (a) enter into an expert professional services agreement with HDR Engineering Inc./PB Americas Inc. (HDR/PB) to provide preliminary and final engineering services for the BBNCP, in a total amount not to exceed \$9,300,000, inclusive of a contingency, of which \$5,800,000 in funding for Stage II and III planning services is being requested as part of the proposed increase in planning authorization; and (b) enter into agreements associated with right-of-way planning, which, among other matters, may contain indemnification provisions, with said agreements to include, but not be limited to, real estate appraisals and title searches, and enter into agreements with property owners for site investigations and surveys, and to incur costs in connection therewith.

The completion of the expansion of the Panama Canal in 2014 is expected to result in a shift to larger ships servicing the bi-state region and other East Coast markets. The existing 151-foot clearance of the Bayonne Bridge already hinders modern containerships from accessing terminals west of the Bayonne Bridge. Such a limitation is likely to cause a reduction of competitiveness of the Port of New York and New Jersey (Port) and diversion of cargo to other East Coast ports. This could have a negative economic impact on the region, as a result of decreased activity. The diversion of cargo could have negative environmental impacts, resulting from increased pollution and congestion associated with additional truck trips into and out of the region that would be necessary to pick up and deliver local cargo diverted to other ports. The use of larger vessels will offer potential benefits in reducing transportation costs to regional customers, but may require potential investments in modifying infrastructure to accommodate these vessels.

The Board, at its meeting of March 27, 2008, authorized the Port Authority to enter into agreements with the U.S. Army Corps of Engineers (Corps) and the U.S. Coast Guard (Coast Guard), pursuant to which the Port Authority is providing approximately \$300,000 toward the cost of work being undertaken by the Corps, with input from the Coast Guard, to conduct an independent assessment of the impact of the current 151-foot navigational clearance on future Port trade, navigational safety and security, and national transportation economics. Findings from this assessment indicate that, due to economies of scale, shipping companies will utilize much larger ships in the near future, which will be restricted by the current 151-foot navigational clearance at the Bayonne Bridge. Additionally, the Corps' economic analysis finds a positive cost-benefit ratio to increasing the navigational clearance of the Bayonne Bridge, in terms of national economic development benefits. Recently completed conceptual engineering studies established preliminary cost estimate ranges for the various bridge modification and replacement options, as well as possible construction schedules. Options studied included raising the bridge or replacing it with either a new bridge or a vehicular tunnel, and examining future mass transit and roadway alternatives with each option.

The Board, at its meeting of August 13, 2009, authorized the expenditure of \$10 million for planning and conceptual engineering services and to perform a preliminary alternatives

analysis of options to address the navigational clearance limitations posed by the Bayonne Bridge. Subsequently, the Board, at its meeting of September 14, 2010, authorized the provision of \$1 billion in Port Authority capital funding capacity for the BBNCP.

In December 2010, upon review of the preliminary alternatives analysis of options, the Port Authority announced that it had selected the raising of the roadway as the best solution to the Bayonne Bridge navigational clearance limitation.

HDR/PB, the highest-rated proposer in response to a publicly advertised Request-for-Proposals process, would be retained to assist with this planning effort, at a cost of up to \$5,800,000, under an agreement to support the design and implementation of the BBNCP. Additional work to support further planning and construction support services, estimated at approximately \$3.5 million, would be subject to further authorization, as part of future Board action(s) to implement the BBNCP.

The scope of work under the proposed increase in planning authorization includes performance of preliminary and final planning and engineering design services to prepare Design/Build contract documents for the modification of the Bayonne Bridge, as well as construction support services for the Port Authority throughout final design and construction.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bauer, Coscia, Holmes, Moerdler, Pocino, Samson, Silverman and Steiner voting in favor; Commissioner Sartor recused and did not participate in the consideration of or vote on this item. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that an increase of \$25 million in the amount of the planning authorization to perform preliminary and final planning and engineering design services for the Bayonne Bridge Navigational Clearance Program (BBNCP), resulting in a total authorization of \$35 million, be and it hereby is authorized; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into an agreement with HDR Inc./PB Americas Inc., to provide preliminary and final engineering services, in a total amount not to exceed \$9,300,000, inclusive of a contingency, of which \$5,800,000 in funding for Stage II and III planning services is part of the foregoing increase in planning authorization; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into agreements associated with right-of-way planning, which, among other matters, may contain indemnification provisions, with said agreements to include, but not be limited to, real estate appraisals and title searches, and enter into agreements with property owners for site investigations and surveys, and to incur costs in connection therewith; and it is further

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

**DOWNTOWN RESTORATION PROGRAM – WORLD TRADE CENTER STREETS,
UTILITIES AND RELATED INFRASTRUCTURE PROGRAM – PHASE II –
FINAL STREETS AND SIDEWALK SURFACES, STREETScape ELEMENTS
AND OPEN SPACES – AWARD OF CONTRACT**

It was recommended that the Board authorize the Executive Director to award Contract WTC-324.359.01, through construction manager Tishman Construction Corporation (Tishman), to Paul J. Scariano, Inc., the lowest bidder pursuant to a publicly advertised/low-bid process, for the installation of final streets and sidewalk surfaces, streetscape elements and open spaces along Greenwich and Liberty Streets, as part of Phase II of the World Trade Center (WTC) Streets, Utilities and Related Infrastructure Program (WTC Streets Program), at an estimated cost of \$5,589,910, inclusive of allowances for extra work and net cost work.

Under prior authorizations through 2006, the Board authorized up to \$10 million in planning work for the preliminary design of the WTC Streets Program. The WTC Streets Program is a multi-phase program to restore streets and sidewalks, implement traffic measures and develop public space at the WTC site. At its meeting of January 22, 2009, the Board authorized Phase I of the WTC Streets Program (design and installation of utilities, below-grade structures and interim street and sidewalk surfaces), at an estimated amount of \$55 million. On February 25, 2010, the Board authorized the award of a contract under Phase I to CAC Industries, Inc. for the installation of utilities, interim sidewalks and roadway surfaces along Fulton, Greenwich and Liberty Streets, at an estimated cost of \$10.2 million.

At its meeting of October 22, 2009, the Board authorized Phase II of the WTC Streets Program, which includes final design and construction of street and sidewalk surface finishes, trees, paving, bollards and streetscape furniture, at an estimated amount of \$140 million, including the provision of expert professional architectural and engineering services by Downtown Streetscape Partners, in an estimated amount of \$5 million. Via a related action at that meeting, the Board also authorized the retention of Tishman to provide construction management services to support the WTC Streets Program and other projects at the WTC site.

The scope of work for Contract WTC-324.359.01 includes the installation of granite sidewalks and curbing consistent with the Memorial Plaza, bollards (including structural foundations and associated covers), streetlights, traffic signals, fire hydrants, concrete roadbed foundations, asphalt surfaces, trees and streetscape furniture for Greenwich and Liberty Streets adjacent to the Memorial Plaza. The sidewalk trees to be installed were procured under an early-action agreement with the WTC Memorial Foundation; granite paver and curb materials within the Memorial Plaza sidewalk were pre-purchased under the existing Memorial construction trade contract for plaza pavers.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bauer, Coscia, Holmes, Moerdler, Pocino, Samson, Silverman and Steiner voting in favor; Commissioner Sartor recused and did not participate in the consideration of or vote on this item. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to award Contract WTC-324.359.01, through construction manager Tishman Construction Corporation, to Paul J. Scariano, Inc. for

the installation of final streets and sidewalk surfaces, streetscape elements and open spaces along Greenwich and Liberty Streets, as part of Phase II of the World Trade Center Streets, Utilities and Related Infrastructure Program, at a total estimated cost of \$5,589,910, inclusive of allowances for extra work and net cost work; and it is further

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

**WORLD TRADE CENTER TRANSPORTATION HUB PROJECT – SYSTEMS
ACCEPTANCE TESTING AND SUSTAINABILITY COMPLIANCE SERVICES
– AWARD OF CONTRACT**

It was recommended that the Board authorize the Executive Director to award a contract to Jacobs Engineering New York, Inc. to provide for systems acceptance testing and sustainability compliance services under various trade contracts for the World Trade Center Transportation Hub (WTC Hub) Project for a four-year term, at an estimated total cost of \$9,241,739, inclusive of extra work.

The WTC Hub Project is necessary to re-establish and enhance transportation facilities and infrastructure that existed at the World Trade Center complex prior to September 11, 2001, and to ensure the long-term accessibility and economic vitality of Lower Manhattan. At its meetings between June 2010 and December 2010, the Board authorized the award of trade contracts for heating, ventilation and air conditioning (HVAC), mechanical, electrical and plumbing, vertical transportation, fire alarm, telecommunications, fire protection, and building automation and temperature control systems associated with the design and construction of the WTC Hub. The contractor responsible for each system is required to conduct acceptance testing to ensure that the system performs according to contract specifications.

The scope of work under the proposed contract provides for: coordination and witnessing of the acceptance testing of the above-mentioned systems to ensure functionality and interface with other systems; auditing of the systems testing to ensure that the systems are in compliance with World Trade Center Sustainability Design Guidelines (WTC SDG); preparing and executing a plan and protocols for the systems acceptance testing; and submitting a comprehensive final report. WTC-SDG work is required to ensure that the HVAC, electrical and plumbing, vertical transportation and architectural systems for the building envelope infrastructure operate in accordance with environmental performance commitments made to the Federal Transit Administration (FTA). The recommended award is to the highest technically rated proposer, based on a Request for Proposals, in accordance with FTA procurement requirements.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bauer, Coscia, Holmes, Moerdler, Pocino, Samson, Sartor, Silverman and Steiner voting in favor. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to award a contract to Jacobs Engineering New York, Inc. for systems acceptance testing and sustainability compliance services under various trade contracts for the World Trade Center Transportation Hub Project for a four-year term, at an estimated total cost of \$9,241,739, inclusive of extra work; and it is further

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

WORLD TRADE CENTER RETAIL AND PARKING PRE-TENANT FIT-OUT PROJECTS – AUTHORIZATION TO AWARD A CONSTRUCTION TRADE CONTRACT FOR HEATING AND AIR CONDITIONING

It was recommended that the Board authorize the Executive Director to award a construction trade contract to F.W. Sims, Inc. for fabricating, furnishing and installing heating and air conditioning (HAC) equipment and related infrastructure, at an estimated amount of \$2,106,000, inclusive of an eight-percent allowance for extra work. This trade contract would satisfy the HAC requirements of the World Trade Center (WTC) retail and parking areas located in the East Bathtub, within the above- and below-grade areas of Tower 4 and the below-grade areas of Tower 3. This work is the responsibility of the Port Authority and its wholly owned entity, WTC Retail LLC.

The scope of work under the proposed contract includes the furnishing and installation of an HAC system in Tower 4 at the fourth floor and fourth-floor mezzanine areas, including a complete mechanical piping system, chilled water and hot water distribution, steam piping, all associated pipe insulation, start-up and testing and temporary HAC services. The proposed contract includes a warranty for a period of one year, commencing on the date of formal acceptance, or through December 31, 2016, whichever time period is later.

The HAC requirements for the remaining parking and retail areas within the East and West Bathtubs, including the below-grade areas of Tower 2, the above-grade areas of Tower 3, the WTC Transportation Hub and the West Bathtub, would be procured separately via a competitive process.

Staff performed an extensive schedule and logistics review, which identified an immediate need to procure and install the currently proposed HAC equipment, in order to maintain coordination in the construction of building systems and subsystems within Tower 4. As a result, Tishman/Turner Joint Venture III, a joint venture of Tishman Construction Corporation and Turner Construction Company (Tishman/Turner), solicited bids from three contractors currently performing HAC work at the WTC site. The recommended awardee, F.W. Sims, Inc., submitted the lowest bid in response to the solicitation.

The proposed trade contract would be awarded through Tishman/Turner, with which the Port Authority recently entered into an agreement to perform construction management “as agent for” services to implement a portion of the pre-tenant fit-out work for the WTC Retail and Parking Projects, as authorized by the Board at its meeting of February 24, 2011.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bauer, Coscia, Holmes, Moerdler, Pocino, Samson, Silverman and Steiner voting in favor; Commissioner Sartor recused and did not participate in the consideration of or vote on this item. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority and its wholly owned entity, WTC Retail LLC, to award a construction trade contract, through construction manager Tishman/Turner Joint Venture III, a joint venture of Tishman Construction Corporation and Turner Construction Company, to F.W. Sims, Inc., to fabricate,

furnish and install heating and air conditioning (HAC) equipment and related infrastructure to satisfy the HAC requirements of the World Trade Center retail and parking areas located in the East Bath tub within the below-grade areas of Tower 3 and the above- and below-grade areas of Tower 4, at an estimated total amount of \$2,106,000, inclusive of an eight-percent allowance for extra work; and it is further

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

WORLD TRADE CENTER RETAIL AND PARKING PRE-TENANT FIT-OUT PROJECTS – AUTHORIZATION TO AWARD A CONSTRUCTION TRADE CONTRACT FOR VENTILATION

It was recommended that the Board authorize the Executive Director to award a construction trade contract to ASM Mechanical Corporation for fabricating, furnishing and installing ventilation equipment and related infrastructure, at an estimated amount of \$3,483,000, inclusive of an eight-percent allowance for extra work. This work would satisfy the ventilation requirements of the World Trade Center (WTC) retail and parking areas located in the East Bathtub, within the above- and below-grade areas of Tower 4 and the below-grade areas of Tower 3. This work is the responsibility of the Port Authority and its wholly owned entity, WTC Retail LLC.

The scope of work under the proposed contract includes furnishing and installing a complete ventilation system in Tower 4 at the fourth floor and fourth-floor mezzanine areas, including duct rough-in, insulation, sound traps, motor starters, vibration eliminators, dampers, start-up and testing and temporary ventilation services. The proposed contract includes a warranty for a period of one year, commencing on the date of formal acceptance, or through December 31, 2016, whichever time period is later.

The ventilation requirements for the remaining parking and retail areas within the East and West Bathtubs, including the below-grade areas of Tower 2, the above-grade areas of Tower 3, the WTC Transportation Hub and the West Bathtub, would be procured separately via a competitive process.

Staff performed an extensive schedule and logistics review, which identified an immediate need to procure and install the currently proposed ventilation equipment, in order to maintain coordination in the construction of building systems and subsystems within Tower 4. As a result, Tishman/Turner Joint Venture III, a joint venture of Tishman Construction Corporation and Turner Construction Company (Tishman/Turner), solicited bids from four contractors currently performing ventilation work at the WTC site. The recommended awardee, ASM Mechanical Corporation, submitted the lowest bid in response to the solicitation.

The proposed trade contract would be awarded through Tishman/Turner, with which the Port Authority recently entered into an agreement to perform construction management “as agent for” services to implement a portion of the pre-tenant fit-out work for the WTC Retail and Parking Projects, as authorized by the Board at its meeting of February 24, 2011.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bauer, Coscia, Holmes, Moerdler, Pocino, Samson, Silverman and Steiner voting in favor; Commissioner Sartor recused and did not participate in the consideration of or vote on this item. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority and its wholly owned entity, WTC Retail LLC, to award a construction trade contract, through construction manager Tishman/Turner Joint Venture III, a joint venture of Tishman Construction Corporation and Turner Construction Company, to ASM Mechanical Corporation, to

fabricate, furnish and install ventilation equipment and related infrastructure to satisfy the ventilation requirements of the World Trade Center retail and parking areas located in the East Bath tub within the below-grade areas of Tower 3 and the above- and below-grade areas of Tower 4, at an estimated total amount of \$3,483,000, inclusive of an eight-percent allowance for extra work; and it is further

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

WORLD TRADE CENTER RETAIL AND PARKING PRE-TENANT FIT-OUT PROJECTS – AUTHORIZATION TO AWARD A CONSTRUCTION TRADE CONTRACT FOR ELECTRICAL WORK

It was recommended that the Board authorize the Executive Director to award a construction trade contract to Five Star Electric Corporation for fabricating, furnishing and installing electrical equipment and related infrastructure, at an estimated amount of \$6,231,600, including an eight-percent allowance for extra work. This work would satisfy electrical system requirements for the World Trade Center (WTC) retail and parking areas located in the East Bathtub, within the above- and below-grade areas of Tower 4 and in the below-grade areas of Tower 3. This work is the responsibility of the Port Authority and its wholly owned entity, WTC Retail LLC.

The scope of work under this proposed contract includes: (1) furnishing and installing (in Tower 4 at the fourth floor, the fourth-floor mezzanine and the third basement level areas) an electrical system that includes distribution equipment, panels, meters, conduit, boxes, wire, cable, motor connections, lighting and lighting connections; (2) start-up and testing and temporary electric services; and (3) installing a spot network that was procured previously under a separate contract. The electrical system contract would include a warranty for a period of one year, commencing at the date of owner acceptance, or through December 31, 2016, whichever time period is later.

The electrical requirements for the balance of parking and retail areas within the East and West Bathtubs, including the below-grade areas of Tower 2, the above-grade areas of Tower 3, the WTC Transportation Hub and the West Bathtub, would be procured separately via a competitive process.

Following an extensive schedule and logistics review, staff determined that there was an immediate need to procure the electrical system, in order to facilitate the coordinated construction of building systems and subsystems in Tower 4. As a result, Tishman/Turner Joint Venture III, a joint venture of Tishman Construction Corporation and Turner Construction Company (Tishman/Turner), solicited bids from three contractors currently performing electrical work at the WTC site. The recommended awardee, Five Star Electric Corporation, submitted the lowest bid in response to the solicitation.

The proposed trade contract would be awarded through Tishman/Turner, with which the Port Authority recently entered into an agreement to perform construction management “as agent for” services to implement a portion of the pre-tenant fit-out work for the WTC Retail and Parking Projects, as authorized by the Board at its meeting of February 24, 2011.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bauer, Coscia, Holmes, Moerdler, Pocino, Samson, Silverman and Steiner voting in favor; Commissioner Sartor recused and did not participate in the consideration of or vote on this item. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority and its wholly owned entity, WTC Retail LLC, to award a construction trade contract, through construction manager

Tishman/Turner Joint Venture III, a joint venture of Tishman Construction Corporation and Turner Construction Company, to Five Star Electric Corporation, to fabricate, furnish and install electrical equipment and related infrastructure to satisfy the electrical system requirements of the World Trade Center retail and parking areas located in the East Bathtub within the below-grade areas of Tower 3 and the above- and below-grade areas of Tower 4, at an estimated total amount of \$6,231,600, inclusive of an eight-percent allowance for extra work; and it is further

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

DOWNTOWN RESTORATION PROGRAM – PERFORMANCE OF EXPERT STRUCTURAL STEEL INSPECTIONS AND TESTING SERVICES ON A CALL-IN BASIS – INCREASE IN AUTHORIZATION

It was recommended that the Board authorize the Executive Director to amend existing engineering call-in agreements with MACTEC Engineering and Consulting (MACTEC) and Pennoni Associates, Inc. (Pennoni) for structural steel inspection and materials testing services for projects at the World Trade Center (WTC) site, by increasing the maximum amount payable under each agreement by \$2 million (from \$1.5 million to \$3.5 million) for additional services to be required in 2011.

In order to augment staff resources, five firms, including MACTEC and Pennoni, perform structural steel inspections and materials testing services on an as-needed/call-in basis for the following projects at the WTC site: One World Trade Center, the WTC Transportation Hub, Vehicular Security Center, Central Chiller Plant and the Memorial and Museum. Those call-in agreements were awarded pursuant to competitive solicitations and are limited to \$1.5 million per firm per annual agreement. Services provided under those agreements include inspection of structural steel members, on-site monitoring of contractor quality-control procedures, testing welded and bolted connections, testing at steel fabricating shops and testing for conformity with building code and contract specifications.

The proposed increase in authorization would ensure that MACTEC and Pennoni remain available on a call-in basis, in order to continue the steel testing and acceptance of the high volume of steel anticipated for fabrication and erection during 2011 in support of the WTC redevelopment. Although all five firms currently are providing these services for projects at the WTC site, MACTEC and Pennoni are nearing the dollar limits of the existing authorization for their services, and the other three firms already are providing the maximum amount of service their staffing resources will allow. Therefore, the only way to maintain current staffing levels required for steel inspections and testing at the WTC site is to increase MACTEC's and Pennoni's authorization limits. Furthermore, it is critical to the construction schedule that continuity of staff is maintained. The proposed increase of \$2 million per firm would ensure the continued availability of MACTEC and Pennoni to perform these services, thereby increasing the aggregate compensation with each firm to up to \$3.5 million for 2011.

Authorization of funds at this time would ensure that construction efforts associated with the WTC redevelopment program continue, consistent with schedule requirements. The monitoring of contractor quality-control procedures, inspection of structural steel members for dimensional accuracy, monitoring and testing of all bolted connections, and the performance of visual and non-destructive testing of welds is necessary to ensure a quality installation and conformity with building code and contract specifications.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bauer, Coscia, Holmes, Moerdler, Pocino, Samson, Sartor, Silverman and Steiner voting in favor. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to amend the existing engineering call-in agreements with MACTEC Engineering and Consulting and Pennoni Associates, Inc. for structural steel inspection and materials testing services for projects at the World Trade Center site, by increasing each agreement's current cap by \$2 million, from \$1.5 million to \$3.5 million per firm, for additional services to be required in 2011; and it is further

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

AUTHORIZATION FOR THE PORT AUTHORITY TO PROVIDE FINANCIAL SUPPORT TOWARD THE DEVELOPMENT OF THE NATIONAL LAW ENFORCEMENT MUSEUM

It was recommended that the Board authorize the Executive Director to enter into an agreement with the National Law Enforcement Officers Memorial Fund for the Port Authority to provide financial support, in the amount of \$250,000, toward the development of the National Law Enforcement Museum (Museum) in Washington, D.C.

Scheduled to open in late 2013, the Museum will be a 55,000-square-foot building located across the street from the National Law Enforcement Officers Memorial (Memorial) in Washington, D.C.'s Judiciary Square. The Museum will serve as a natural complement to the Memorial, helping visitors to understand and appreciate the vital role of law enforcement officers in promoting and ensuring public safety. It will educate visitors about the history of law enforcement in the United States through high-tech interactive exhibits, including historical and contemporary artifacts, oral histories and extensive educational programming.

The Museum will include an exhibit tentatively entitled, "A Tribute to the Heroes of 9/11," dedicated to those law enforcement officers, including 37 members of the Port Authority Police Department, who lost their lives while responding to the terrorist attacks of September 11, 2001. This exhibit will provide an important opportunity to educate visitors about the unique and vital role played by the Port Authority Police Department. In recognition of the proposed financial support, the Port Authority's name would be included in perpetuity on the Museum's Major Donor Wall, which is the first feature visitors will see upon entering the Museum.

The funds to be provided toward the development of the Museum would be derived from the federal Asset Forfeiture Program. Approval has been obtained from the U.S. Department of Justice.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bauer, Coscia, Holmes, Moerdler, Pocino, Samson, Sartor, Silverman and Steiner voting in favor. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that the Executive Director be he hereby is authorized, for and on behalf of the Port Authority, to enter into an agreement with the National Law Enforcement Officers Memorial Fund for the Port Authority to provide financial support, in the amount of \$250,000, toward the development of the National Law Enforcement Museum; and it is further

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

GOETHALS BRIDGE MODERNIZATION PROGRAM – AUTHORIZATION TO SOLICIT PROPOSALS FOR A CONTRACT TO DESIGN, BUILD, FINANCE, AND MAINTAIN A REPLACEMENT GOETHALS BRIDGE

It was recommended that the Board authorize the Executive Director to take action, as necessary, to solicit proposals for a contract to design, build, finance, and maintain a replacement Goethals Bridge, through a Request-for-Proposals (RFP) procurement process, in furtherance of the Goethals Bridge Modernization Program (Program or GBMP).

The Goethals Bridge is a crucial asset to the productivity of the New York-New Jersey region. Its strategic location in the heart of a complex surface transportation network provides truck and automobile connections among the New Jersey Turnpike, U.S. Routes 1&9 and other New Jersey highways, the Staten Island Expressway (Interstate 278), and the Verrazano-Narrows Bridge. The Goethals Bridge sustains the robust commercial activity of the Howland Hook Marine Terminal, and its proximity to Newark Liberty International Airport positions it at the center of one of the largest air cargo gateways in the nation. Despite increasing reliance on freight rail operations to move goods to and from these gateway areas, the major portion of such goods is transported by truck, making the Goethals Bridge essential to moving cargo to and from airports and seaports to regional hinterland markets.

Constructed in 1928 to then-current criteria and standards, the Goethals Bridge is now approaching functional obsolescence. Compared to today's standard 12-foot-wide lanes, the Goethals Bridge's ten-foot-wide lanes present a safety issue for trucks and wider vehicles, and cause congestion. The roadway traversing the bridge contains only two lanes in each direction and lacks shoulders, which impedes access to the bridge during emergencies. Additionally, the increasing growth of traffic on the Goethals Bridge has resulted in traffic conditions at or near capacity during peak periods. Due to these factors, there is a need to replace the Goethals Bridge with a modern structure.

At its meeting of September 10, 2003, the Board authorized planning work, in an estimated amount of \$47 million, to advance the GBMP, which included planning and design work, preparation of an Environmental Impact Statement (EIS) under the federal National Environmental Policy Act, and planning work associated with the Program right-of-way. During this planning phase, the bridge deck was rehabilitated in 2006, with the intention of ensuring that the deck would function adequately for a period of approximately ten years, while planning work and subsequent replacement of the bridge occurred. In February 2009, it became necessary for the Board to authorize a \$13 million increase in the amount of the planning authorization, to provide for additional planning and design work to complete the GBMP EIS. This increase included \$900,000 for preliminary planning, environmental analysis, and design support associated with potential improvements to the Interstate 278/U.S. Routes 1&9 Interchange Ramps that provide access to the Goethals Bridge.

Staff initiated a study to explore alternative financing methods to replace the Goethals Bridge. The results of the study led to a recommendation to replace the Goethals Bridge through a public-private partnership project delivery method known as design-build-finance-maintain (DBFM). To explore further the viability of utilizing this innovative structure to deliver this critical transportation infrastructure project, staff issued a Request for Information (RFI) in May 2010 to obtain industry feedback and comments on the Port Authority's proposed approach. Based on insight gained through feedback from the RFI, staff issued a Request for Qualifications

(RFQ) in October 2010, pursuant to which eight responding DBFM teams submitted their Statements of Qualifications in January 2011.

On March 29, 2011, the Board authorized a project for Phase I of the Program, which included: the purchase of options to acquire property, the execution of right-of-entry agreements and commencement of pre-vesting condemnation processes; development of Program-related documents, including a RFP for the design, construction, financing and maintenance of the replacement Goethals Bridge; continuation of existing contracts and/or award of new contracts for professional services, program management, environmental, technical, financial support, a relocation specialist and other work, such as preparation of applications for permits and other documents; program management support; and work associated with the preparation and application for a federal Transportation Infrastructure Finance and Innovation Act loan, as well as an application to support the allocation of Private Activity Bonds towards the project.

Under this proposed authorization, staff would solicit proposals from a short list of those respondents to the October 2010 RFQ deemed best qualified to participate in the RFP process. All costs associated with this proposed authorization would be covered under the Board's March 2011 authorization of the project for Phase I of the Program.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bauer, Coscia, Holmes, Moerdler, Pocino, Samson, Sartor, Silverman and Steiner voting in favor. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to take action, as may be necessary, to solicit proposals for a contract to design, build, finance and maintain a replacement Goethals Bridge, through a Request-for-Proposals procurement process, in furtherance of the Goethals Bridge Modernization Program; and it is further

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

PORT OF NEW YORK AND NEW JERSEY – PORT AUTHORITY TRUCK REPLACEMENT PROGRAM – AMENDMENT

It was recommended that the Board amend the Truck Replacement Program authorized by the Board at its meeting on July 23, 2009 (the Program) by expanding the eligibility of drayage trucks that can be replaced under the Program to include those drayage trucks with model year engines 2003 or older that frequently serve the Port of New York and New Jersey (Port), to enable the Program to achieve its goals to improve air quality at the Port and in the surrounding communities.

At its meeting of July 23, 2009, the Board authorized the establishment of the Program to effectuate the replacement of approximately 636 pre-1994 model drayage trucks that frequently serve the Port with newer drayage trucks that were built in 2004 or later and have engines that generate less emissions and have greater fuel efficiency. Under the Program, the Port Authority is investing up to \$28 million of operating funds to make payments to participating truck dealerships for qualifying truck purchases. Upon receipt of a qualifying vehicle purchase contract, the Port Authority provides payment to the dealer for the total vehicle purchase price. The Port Authority then forwards documentation to the United States Environmental Protection Agency (USEPA), which reimburses the Port Authority 25 percent of the vehicle purchase price via a \$7 million grant, and the remaining 75 percent is repaid to the Port Authority on a monthly basis by the trucking company or individual owner/operator at an interest rate of 5.25 percent over a five-year term. As part of that authorization, ACCION USA, Inc. (ACCION) was retained to manage the Program funds, at a total estimated cost to the Port Authority of \$2.7 million, and Tetra Tech, Inc. (Tetra Tech) was retained to provide overall Program management, at a total estimated cost of \$2.1 million. To date, applications to replace 215 older trucks have been submitted, and 74 trucks have been replaced.

At its meeting of February 24, 2011, the Board authorized the establishment of a Supplemental Program to effectuate the replacement of approximately 126 drayage trucks equipped with model year 1994–2003 engines that frequently visit the Port with drayage trucks equipped with engines of model year 2007 or later that emit lower levels of pollutants and are more fuel efficient. Under the Supplemental Program, a \$1,577,149 USEPA grant is being used to pay up to 25 percent of the cost to purchase a newer-model replacement truck, with the remaining 75 percent of the cost to be provided by the Port Authority through an incentive program, at a cost to the Port Authority of up to \$4,731,447. The actual number of trucks to be replaced under the Supplemental Program is contingent upon the actual purchase price of the newer trucks, up to a total cost of \$6.3 million. That authorization also included the award of contracts to ACCION to manage the Supplemental Program funds and to Tetra Tech to provide overall program management, at a total estimated cost to the Port Authority of \$362,600 and \$472,500, respectively.

Pursuant to the Rules and Regulations of the Marine Terminal Tariff-Federal Maritime Commission Schedule No. PA-10, effective January 1, 2011, drayage trucks with pre-1994 model year engines are no longer permitted to service the Port Authority's marine terminal facilities. Additionally, drayage trucks with engines that fail to meet or exceed 2007 model year on-road USEPA heavy-duty diesel-fueled emission standards will be denied access to the Port Authority's marine terminal facilities, effective January 1, 2017.

The estimated number of trucks to be replaced under the Program was based upon the results of a Drayage Truck Characterization Survey conducted in August 2008, which indicated that approximately 709 drayage trucks built prior to 1994 frequently serviced the Port at that time. However, due to a decline in the number of pre-1994 model year drayage trucks, the full amount of the authorized Port Authority and USEPA funding cannot be expended under the existing Program parameters, and only 36 percent of the anticipated emission reductions could be achieved. In addition, the USEPA requires that all funding under the Program be committed by September 30, 2011. In light of these issues, staff received approval from the USEPA to revise the work plan for the Program grant to expand the eligibility requirements to include drayage trucks with engines of model year 2003 or earlier, to enable the Program to achieve its original goals. All other parameters of the Program would remain in effect.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bauer, Coscia, Holmes, Moerdler, Pocino, Samson, Sartor, Silverman and Steiner voting in favor. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that the Port Authority's Truck Replacement Program, as authorized by the Board at its meeting of July 23, 2009, be and it hereby is amended, substantially in accordance with the terms outlined to the Board.

CONFIDENTIAL ITEM

The Commissioners also authorized a transaction in executive session, which shall not be made available for public inspection.

THE WORLD TRADE CENTER – AUTHORIZATION OF JOINT VENTURE BETWEEN THE NET LESSEE OF ONE WORLD TRADE CENTER AND THE DURST ORGANIZATION – UPDATE

It was recalled to the Board that, at its August 5, 2010 meeting, the Board authorized a transaction between the Port Authority and The Durst Organization (Durst) in which Durst would become a joint venture partner with the Port Authority in the entity (the Joint Venture) that indirectly owns the lessee's net leasehold interest in the One World Trade Center building (1 WTC) and participate and/or advise in the construction, financing, leasing, management and operation of 1 WTC. Since last August, certain elements of the Joint Venture have been simplified and certain other matters that arose during the course of the negotiation of the transactional documents have been resolved, as described below, subject to Board approval. Terms of special meaning used but not otherwise defined follow the meaning given to such terms in the August 5, 2010 minutes with respect to this matter.

LLC Agreement

Capital Structure/Contributions

The Durst Member's initial capital contribution would be fixed at \$100 million, with no Additional Common Equity or Senior Preferred Equity. The preferred return to accrue for the benefit of the Durst Member prior to its conversion to common equity would be fixed at 6.5 percent. For purposes of the Joint Venture's internal capital structure, the Port Authority would be treated as if it had made a loan for 1 WTC equal to 50 percent of its stabilized value. The PA Member would have the right to borrow against 1 WTC for up to 75 percent of its value from time to time, and would be entitled to all proceeds of any actual project financing and control all other terms of any actual debt.

Additional Capital Contributions

The PA Member would fund 100 percent of all "first generation" leasing costs for the first 92.5 percent of rentable office space (regardless of cost). The PA Member and the Durst Member would fund their Equity Percentages of leasing costs for the remaining 7.5 percent of rentable office space. The Durst Member would have to obtain the PA Member's consent for leasing cost overruns. Required Funds would include the leasing costs for 7.5 percent of rentable office space described above, leasing costs after first generation leasing, insurance deductible amounts, certain costs to repair damage from a material casualty (if the Durst Member does not exercise its right to be bought out), and cash expenditures for capital improvements and other expenses of 1 WTC that are not part of the Port Authority's obligation to pay for the initial development of 1 WTC and correction of any defects in initial construction. If any warranty periods for any Building equipment and materials are shorter than in a typical "trophy" office tower construction project, the PA Member would either pay to extend the warranty periods for a typical post-construction timeline or bear the cost of any repairs required to be paid by the Joint Venture as a result of the early expiration of applicable warranty periods.

If at any time one Member fails to fund any Additional Capital Contribution as required and the other Member funds such amount on behalf of the defaulting Member, then the funding Member would have the right either to treat the excess amount as a Member Loan or to exercise an equity dilution remedy. If the excess is treated as a Member Loan, the priority return would

be 18 percent. If the equity dilution remedy is exercised, the excess would be treated as an Additional Capital Contribution, in which case the Equity Percentage of the defaulting Member would be reduced as if the funding Member had made an Additional Capital Contribution equal to 125 percent of the actual amount funded.

Baseline Pro Forma

The Baseline Pro Forma has been replaced, as described below at “*Pro Forma Debt Adjustment (now Notional Debt)*,” “*Durst Member’s Promote Interest*” and “*Cash Flow and Capital Events Distribution*”), and all calculations based thereon would be revised as stated herein.

Pro Forma Debt Adjustment (now Notional Debt)

Distributions would be made to the PA Member and the Durst Member as if the Port Authority had provided 50 percent loan-to-value financing for 1 WTC, and the PA Member would not be required to share any portion of any actual loan proceeds with the Durst Member. The Liberty Bonds and Supplemental Loan would be treated, for purposes of distributions, as hypothetical or "notional" loans made by the Port Authority of 50 percent of the stabilized property value (Notional Debt) and the "Debt Adjustment" would not apply. The PA Member would receive from cash flow a priority distribution of the accrued interest on the Notional Debt (and the amortization of Durst Member's share of the Notional Debt), which interest would be determined based on a notional rate of interest set at 5.9 percent through Stabilization and at 5.75 percent for the first ten years after Stabilization. Thereafter, the interest rate would adjust based on a hypothetical "refinancing" of the Notional Debt. In addition, the PA Member would receive a priority distribution of the Notional Debt balance in connection with any Capital Event. If there is a foreclosure of third-party debt obtained by the PA Member using 1 WTC as security, the PA Member would be required to purchase the Durst Member interest for a purchase price equal to the fair market value of such interest immediately prior to such foreclosure.

Durst Member's Promote Interest

The Durst Promote Interest would be calculated based on (i) outpacing the projected amount of annual leasing of any space remaining to be leased after the Conde Nast and Vantone leases (Spec Space) as set forth in the agreed-upon pro forma lease-up schedule (the Lease-Up Schedule) and (ii) leasing more than 92.5 percent of 1 WTC prior to the final year in the Lease-Up Schedule (the Pro Forma Stabilized Occupancy Year). The “Promote Determination Date” would be the last day of the Pro Forma Stabilized Occupancy Year. The Promote Interest balance (the Promote Balance) would start at zero and increase (or decrease) each year prior to the Promote Determination Date by 20 percent of the positive (or negative) difference between the actual amount of space leased and the pro-forma projected amount of space to be leased for such year, with space being valued based on the actual rents paid under leases during that year. As of the Promote Determination Date, the Promote Balance would be further increased or decreased by the net present value (using a discount rate of 7.5 percent) of 20 percent of the difference between the projected actual rent for actual leased Spec Space for the ten-year period following the Promote Determination Date (plus the capitalized value of the actual rent stream in year 11) and pro forma rent (calculated based on actual rent rates for 1 WTC) for the pro forma leased Spec Space for the ten-year period following the Promote Determination Date (plus the capitalized value of the pro forma rent stream in year 11). The Promote Balance would not be

reduced by selling expenses or the repayment of pro forma debt. If the Promote Balance calculation results in a negative number, the Durst Member would not be required to make a payment to the Joint Venture. If the Promote Balance calculation results in a positive number, the Promote Balance would be paid to Durst Member from distributions of available funds by the Joint Venture. The portion of the Promote Balance (the Promote Distribution) that is distributed to Durst each year would be 20 percent of the excess, if any, of (i) the aggregate actual rent collected in each year with respect to the Spec Space in such year over (ii) the aggregate pro forma rent for such Spec Space for the Pro Forma Stabilized Occupancy Year. As noted below in Cash Flow Distributions, the PA Member may limit distributions to the Durst Member in any year to be no greater than the distribution received by the PA Member.

The delivery of space to Building tenants is anticipated to commence in January 2014, as reflected in the Lease-Up Schedule. The Durst Member would receive a one-time adjustment of \$2,012,500 for changes in the delivery schedule (the schedule adjustment), which would be added to its capital contribution for purposes of calculating the Members' Equity Percentages. If there is any further extension of the space delivery schedule, or if the timing of delivery of the Project's vehicular security center or loading dock prevents full occupancy of 1 WTC when it otherwise would have been available for delivery to tenants, in all cases subject to force majeure, and if the ability of Durst Member to lease Spec Space is actually impacted, then the Durst Member would be entitled to an equitable adjustment of the Lease-Up Schedule and an additional equitable increase in the preferred return. If the Port Authority stops construction of 1 WTC sufficiently long enough to allow tenants leasing at least 50 percent of 1 WTC's rentable area to terminate their leases, or if a rebuilding after a casualty takes more than 150 percent of the time allocated for rebuilding in a commercially reasonable development schedule, then either Member may elect to have the PA Member purchase the Durst Member's interest for a purchase price equal to a 10 percent internal rate of return (IRR) on Durst Member's initial capital contribution plus amounts for the tax basis adjustment, remeasurement adjustment and schedule adjustment described herein and all accrued and unpaid fees.

Cash Flow and Capital Event Distributions

The distribution waterfalls (pre-conversion, post-conversion, financing, casualty/condemnation, and capital event) would be as follows:

After Stabilization, cash flow would be distributed to the Members at the PA Member's election, but in all events no more frequently than monthly and no less frequently than on a quarterly basis: first, to the PA Member, the Notional Debt service, and thereafter, to the Members, *pari passu* in accordance with their respective Equity Percentages. The PA Member's distributions after amounts attributable to Notional Debt service would be decreased, and the Durst Member's distributions would be increased, (i) by the amount of any accrued and unpaid pre-conversion preferred return until that return has been reduced to zero, (ii) by an amount equal to the Durst Member's Equity Percentage multiplied by the CAM Adjustment (as described below at *CAM Adjustment*) for the time period since the last preceding cash flow distribution, and (iii) the then-current Promote Distribution; provided, however, that if at any time these adjustments would result in the Durst Member receiving a greater cash flow distribution than the PA Member, the PA Member could elect to defer payment of all or a portion of the then-current Promote Distribution, with interest payable to the Durst Member

on the deferred amount at 7.5 percent per year, so that the Durst Member would receive an equal distribution as the PA Member.

Net Proceeds from Capital Events would be distributed to the Members within five business days after receipt by the Joint Venture: first, to the PA Member, the unamortized Notional Debt and the Notional Debt service, second, *pari passu*, (i) 80 percent to the Members in proportion to their Equity Percentages and (ii) 20 percent to the Durst Member, until the Durst Member's Promote Balance has been reduced to zero, and thereafter, to the Members, *pari passu*, in accordance with their Equity Percentages. The PA Member's distributions after amounts attributable to the Notional Debt would be decreased, and the foregoing Durst Member's distributions would be increased, by the amount of any accrued and unpaid pre-conversion preferred return until that return has been reduced to zero.

The pre-conversion preferred return rate would be fixed at 6.5 percent, without subsequent adjustment. In addition, (i) debt service would not be netted out of the pre-conversion preferred return, and the preferred return would be subordinate to the Notional Debt service paid to the PA Member on the Notional Debt; and (ii) although amounts for reserves would continue to be netted out of the pre-conversion preferred return, reserves would only be established for recurring operational expenses and would be determined by the Durst Member; and (iii) there would be a retroactive adjustment of all pre-conversion distributions based on the final Equity Percentages. The PA Member also would have the right to defer payment of the Durst Member's Promote Balance, so that the PA Member would receive at least one half of the aggregate amount distributed by the Joint Venture at any time.

Payment for Construction-related Services – Base Portion

The base consulting fees would be paid on a schedule reflecting the front-loaded nature of these services during the construction period. Applicable Durst Member staff reimbursements would include overhead costs allocated to off-site personnel working on the Project, based on the portion of their time that is spent on the Project. These consulting services would include advising the PA Member with respect to any GSA and Vantone leases and lease amendments. Durst also would provide assistance on leasing (as well as on construction-related) matters with other potential tenants for whom Durst is not eligible to receive a brokerage commission under the Leasing Agreement, including the New York State Office of General Services, the City of New York, Cushman & Wakefield, the Port Authority, and specialty tenants for restaurants and antenna facilities.

Payment for Construction Related Services – Incentive Portion

The schedule for incentive payments to the Durst Member would be adjusted to: 75 percent of the first \$24 million of net economic benefit, 50 percent of the net economic benefit between \$24 million and \$30 million, 25 percent of net economic benefit between \$30 million and \$70 million, and 15 percent of the net economic benefit in excess of \$70 million. As part of its consulting services provided to date, Durst has recommended changes that have been beneficial to and accepted by the Port Authority (e.g., changes with respect to venting kitchen shafts in tenant spaces and materials to be used in 1 WTC podium and plaza outside of 1 WTC) for which the Durst Member would receive incentive payments. For one such recommended change which resulted in an increase in rentable area available for leasing (the remeasurement

adjustment), Durst would receive an increase in its capital account in lieu of a cash payment or an increase in the Promote Balance.

Services to be Provided by Durst during the Construction Period

If either the Durst Member or the PA Member is not satisfied with the consulting services relationship during the construction period, either party may terminate the consulting services on or after January 1, 2013, in which event the Durst Member would not be entitled to receive any additional base consulting fees or salary or expense reimbursements. The Durst Member would be entitled to receive previously earned incentive fees and would provide assistance to implement the changes that were the source of those incentive fees (and the PA Member would continue to reimburse Durst for the cost of such assistance). In the event that the consulting services relationship is terminated, at the Port Authority's request Durst would continue to provide assistance with non-construction leasing matters until the Property Management Agreement commences, subject to compensation as if the consulting services relationship had not been terminated.

The principals of Durst would be required to devote such time to the Project as necessary for the Durst Parties to perform their respective obligations under the LLC Agreement (including both its obligations as Manager of the Joint Venture and the provider of services).

Debt Financing

The Port Authority would agree not to place actual debt in excess of a 75 percent loan-to-value ratio on 1 WTC. The PA Member would have the ability, in addition to obtaining customary non-recourse debt secured by 1 WTC, to elect either to backstop the Net Lessee's debt repayment obligations or issue debt as a direct Port Authority/PA Member obligation. Either debt structure may result in the Durst Member not having its *pro rata* share of tax basis (and tax deductions) that otherwise would result from partnership indebtedness. In the event that Durst does not receive its tax basis or equivalent tax benefits by Stabilization, then the Durst Member would receive a one-time adjustment to its capital contribution (the tax basis adjustment) of \$6.5 million as a full resolution of this issue. To the extent that Durst does receive its tax basis from partnership debt (or equivalent tax benefits), or if Durst ceases to be a Member before the end of the 40-year period during which the tax benefits would have been received, then the adjustment would be reduced or repaid.

Restriction on Sale, Assignment or Transfer

The Port Authority's right to transfer portions of its interest in the Joint Venture (including financial or tax elements of its interest) without Durst approval would be limited to transfers after the Conversion Date to certain institutional investors or corporate entities. Also, the Port Authority would agree to maintain control of all PA Member decisions and a minimum 20 percent ownership interest in the PA Member.

If neither Douglas Durst nor Jonathan Durst is controlling Durst at any time prior to Stabilization due to their death or incapacity, then either the PA Member or the Durst Member can elect to have the PA Member purchase the Durst Member's interest for a purchase price ranging from a 6.5 percent IRR to a 10 percent IRR, depending on who makes the election and how much space in 1 WTC has then been leased, plus, in all cases, amounts for the tax basis adjustment, remeasurement adjustment and schedule adjustment described herein and accrued

but unpaid fees. The Port Authority would approve as permitted successors after Stabilization three members of the next Durst generation, all of whom are currently active in the business.

Repurchase of Durst Member's Interest

The following additional types of disputes would not be arbitrable buyout disputes: (i) whether a dispute is subject to a call right, (ii) whether a Capital Call is necessary, (iii) whether an alleged breach occurred under the LLC Agreement or the Service Contracts (but a dispute under this clause (iii) would only not be an arbitrable buyout dispute if the Durst Member is the prevailing party in such arbitration), (iv) the selection of legal counsel or the accountant for the Joint Venture, (v) the size and location of the on-site management office, (vi) annual approval of the Operating Budget, (vii) whether or not the PA Member has acted consistently with the standards used by institutional investors in approving successors to Douglas Durst and Jonathan Durst, (viii) whether the PA Member is liable for mitigation as described below, (ix) whether the PA Member can remove the Durst Member as Manager under the LLC Agreement, and (x) whether the cost of any security requirements or procedures are unreasonable. Furthermore, if the Durst Member initiates arbitration over whether a Capital Call is necessary, it first would have to fund its called capital, but if the Durst Member then prevails in the arbitration, any amounts that the Durst Member paid in response to the Capital Call would be treated as a Member Loan.

Purchase at the Port Authority's Sole and Absolute Discretion – Casualty

The PA Member would assume full control of any rebuilding process in the event of a casualty. In the event of a material casualty (in excess of \$300 million, adjusted for inflation): (a) if the material casualty occurs prior to Stabilization, the PA Member will purchase the Durst Member's interest for its Initial Capital Contribution, Additional Capital Contributions (if any), amounts for the tax basis adjustment, remeasurement adjustment and schedule adjustment, plus any accrued and unpaid preferred return and fees; and (b) if the material casualty occurs after Stabilization, then the Durst Member will have the right to require the PA Member to purchase the Durst Member's interest for a purchase price equal to a 10 percent IRR on the Durst Member's Initial Capital Contribution, but not less than an assumed value of the Durst Member's interest set forth on an agreed-upon amortization schedule to be attached to the LLC Agreement, plus amounts for the tax basis adjustment, remeasurement adjustment and schedule adjustment described herein and accrued and unpaid fees. Also in the event of a material casualty, the PA Member would have the sole decision to elect to rebuild or not rebuild. If the PA Member elects to rebuild, then the Durst Member (if it does not sell its interest to the PA Member) would be required to pay its share of any uninsured costs up to the difference between the Durst Member's share of the insurance proceeds and the unamortized value of its interest (using the same amortization schedule as for a casualty-related buy-out). If the casualty is not material, then the PA Member would be required to rebuild and would be responsible for 100 percent of any uninsured cost to rebuild (other than deductibles, which are shared by the Members *pro rata*).

Determination of Fair Market Value (FMV)

The timing and method of each party submitting its FMV Position and of choosing qualified brokers for determination of FMV would be modified to provide the parties more time to negotiate value. The Durst Member FMV Position would be equal to or higher than its "best

and final" FMV determination and the PA Member FMV Position would be equal to or lower than its "best and final" FMV determination. When calculating Durst Member's share of FMV, assumed brokerage costs of 1 percent of FMV would be deducted from FMV before distributing such amounts through the capital event waterfall. In addition, the FMV would be determined based on all relevant factors, but using the projected CAM-Adjusted NOI (as discussed below at *CAM Adjustment*) instead of actual NOI, for a term equal to the term of the Net Lease without deduction for any inability to fully insure 1 WTC, lack of warranties for customary time periods on original Building construction, or ground lease restrictions other than the limited term.

Durst Member as the Joint Venture Manager

With respect to damages for defaults by the Durst Member, the Leasing Agent and the Property Manager (collectively, the Durst Parties), the PA Member always would have the right to recover damages for fraud, gross negligence, willful misconduct or failure to obtain the PA Member's consent for Material Decisions when required under the LLC Agreement, with a minimum damages recovery of \$1.5 million with respect to such defaults. With respect to curable defaults not covered above, if a Durst Party does not cure the breach itself, the PA Member would have the right to cure the breach at the Durst Member's expense (including reimbursement for costs of Port Authority personnel and a reasonable overhead allocation, plus interest) and, for multiple breaches in a 36-month period, the PA Member would also be entitled to a self-help cure fee equal to 10 percent of the cure costs for the second of such breaches, 20 percent of the cure costs for the third such breach and so on. With respect to defaults that cannot be cured: if the non-curable breach is not material, the Durst Member would be responsible for liquidated damages that increase based on the number of breaches, starting at \$5,000 (adjusted for inflation) and then increasing by \$5,000 (adjusted for inflation) for each such default in any 36-month period; if the non-curable breach is material, the PA Member would have the right to recover liquidated damages starting at \$5 million and escalating by \$5 million for each subsequent default in a 30-year period, plus, beginning with the fourth such non-curable default, in lieu of liquidated damages, the PA Member would have the right to buy the Durst Member's interest for fair market value.

If either the Property Management Agreement or Leasing Agreement is terminated for a Durst default, the PA Member would have the right to remove the Durst Member as the Manager of the Joint Venture and to terminate the other Service Agreement. However, in the event that either agreement is terminated for a Durst default and the Durst Member is not removed as the Manager of the Joint Venture, then until a new property manager and/or leasing agent is retained the Durst Member would be entitled to compensation to the extent property management or leasing work is shifted to the Durst Member as the manager of the Joint Venture.

After 1 WTC is 92.5 percent leased, the Durst Member could elect to terminate the Leasing Agreement, Property Management Agreement and its position as Manager under the LLC Agreement (together as a group, but not separately), in which event it would not be entitled to receive any additional fees under such agreements. If the Durst Member so resigns, it would continue to have its Equity Percentage in the Joint Venture and would not be entitled to withdraw its Capital Contributions or sell its interest (although the Durst Member would be permitted to borrow from an institutional investor using its distributions as collateral). However, the PA Member would have the right to purchase the Durst Member's interest in the Joint Venture for fair market value (except during the first five years after Stabilization, in which event the purchase price would be a 10 percent IRR on Durst's Initial Capital Contributions plus amounts

for the tax basis adjustment, remeasurement adjustment and schedule adjustment described herein and all accrued and unpaid fees). Additionally, if the Durst Member so resigns, the PA Member would be entitled to make all decisions with respect to the replacement Manager, property manager and leasing agent, including the fees payable to such parties.

The Durst Member's authority to manage the day-to-day operations of the Joint Venture would include the authority to make litigation and arbitration decisions occurring in the normal course of business operations (if unrelated to initial construction) which would not reasonably be likely to involve monetary liability in excess of \$1 million. The Durst Member also would have the authority to grant utility easements for 1 WTC.

Specific Authority of PA Member

The PA Member would have sole control over the security requirements and procedures for 1 WTC, with Durst having the right to require the PA Member to bear the cost of any such requirements or procedures that are determined in an arbitration to be unreasonable. Any such arbitration would not be a dispute that triggers the PA Member's call right.

As long as the Port Authority owns 100 percent of the PA Member, Durst Member tax election requests would not be unreasonably denied by the PA Member. In addition, the PA Member would not make any changes to its tax elections that would have a materially adverse effect on the Durst Member without making the Durst Member neutral with respect to such changes.

Decisions Requiring Consent of Both the PA Member and the Durst Member

Approval of interior signage parameters would require unanimous consent, but the PA Member would retain sole authority over exterior signage and naming rights at 1 WTC. Additionally, unanimous consent would be required for any material change in the size, nature or use of 1 WTC or any material change in the structure, design, function or exterior appearance of 1 WTC, except that the PA Member would retain the right to make changes that are necessary to complete construction and are consistent with Class A, trophy office buildings in Manhattan and changes that are discretionary and do not increase the number of Durst employees required to perform its functions or extend substantial completion by more than 12 months. Unanimous consent would not be required for resolution of any labor disputes that only affect the employees of the property manager or leasing agent. Patterson Belknap would be an additional pre-approved counsel to the Joint Venture for leasing matters. The Operating Budget would include a discretionary contingency line item of 8 percent of the aggregate line items until two years after Stabilization and 5 percent of the aggregate line items thereafter, money from which line item the Durst Member could apply to discretionary items upon notice to the PA Member.

A six-person management committee (three from the Durst Member, voting as a block and casting a single vote; and three from the PA Member, voting as a block and casting a single vote) would hold special, monthly and annual meetings to (i) decide the matters on which unanimous approval is necessary, and (ii) discuss matters over which the PA Member has sole approval powers. The PA Member's representatives on the management committee would be the Chief, Capital Planning; Director, World Trade Center Construction; and Director, World Trade Center Redevelopment. The Port Authority's representatives on the management committee would not vote upon any items requiring the Executive Director's or Board of Commissioners' approval without first obtaining such approvals, and any scheduled management committee votes

would be postponed until the appropriate Port Authority process has occurred. In addition, the Durst Member would have the ability to appeal to the Executive Director of the Port Authority if it disagrees with the PA Member's management committee vote. No decision by the management committee or Executive Director would override any Board decision.

Non-Compete/Mitigation

The PA Member's consent for Durst affiliates to work at competing projects would not be unreasonably withheld, and the non-compete provision would terminate on the earlier of (i) the execution of leases covering at least 82.5 percent of the rentable office space in 1 WTC or (ii) ten years after the effective date of the LLC Agreement.

If the Port Authority makes a decision (or causes the PA Member or Joint Venture to make a decision) that is not consistent with standards for comparable trophy buildings or that that discriminates against the Joint Venture by treating it differently from how the Port Authority treats other similarly situated stakeholders at the World Trade Center site, or if the Port Authority makes a decision (or causes the PA Member or Joint Venture to make a decision) that increases the payments-in-lieu-of-taxes (PILOT) payment above that provided in the 2004 PILOT Agreement, and if any such action or inaction is to the detriment of the Durst Member (by decreasing the cash flow or the value of 1 WTC), the PA Member would be required to compensate the Durst Member for Durst's share of the decreased cash flow or decreased value of 1 WTC that results from such action or inaction.

CAM Adjustment

When negotiating space leases, the Joint Venture would use the actual CAM charge amount to determine the operating expenses for the space tenant's base year and future lease years, but the economics of the Joint Venture would use the CAM amount that is being used on the East Side of the World Trade Center site when calculating the net operating income for the purposes of cash flow distributions (the CAM Adjusted NOI). This would result in a special distribution to Durst (the CAM Adjustment) of its Equity Percentage of the difference between the then-current actual CAM charge amount and the East-side CAM charge amount. It would also result in a reduction of Durst's Equity Percentage and an increase in the Notional Debt balance, because the CAM Adjusted NOI also would be used to calculate the value of 1 WTC for purposes of determining the Members' Equity Percentages.

Leasing Agreement

Royal 1 WTC Management LLC (Royal 1 WTC) would be the Leasing Agent, and its obligations would be guaranteed by Royal Realty Corporation.

Leasing Parameters

The Durst Member would be required to obtain the PA Member's authorization to execute leases in excess of 175,000 rentable square feet, even if those leases are within the Leasing Parameters. The PA Member's consent (not to be unreasonably withheld, conditioned or delayed) also would be required for any lease, other than leases of limited area or duration as described below, that does not conform with the Leasing Parameters or includes modifications of certain Port Authority-required provisions. Additionally, leases (i) for terms of two years or less and one full floor or less, (ii) for terms of three years or less if leased to an existing tenant or new

tenant that has signed a lease for multiple floors, or (iii) for less than 40,000 rentable square feet, would not require the PA Member's consent and would not be subject to the Leasing Parameters, but would be required to include the Port Authority-required provisions. The PA Member's consent would be necessary for any modifications to the Port Authority-required provisions.

Leasing Commissions

Royal 1 WTC would earn a leasing commission on any of the following tenants, but only if their lease is signed after the initial lease-up of 85 percent of the rentable office area of 1 WTC: (i) United States and/or General Services Administration (GSA), (ii) New York State and/or Office of General Services (OGS), (iii) the City of New York, or (iv) Cushman & Wakefield, Inc. Additionally, Royal 1 WTC would earn leasing commissions at the renewal/expansion rates set forth in the Leasing Agreement with respect to expansions or extensions exercised by Vantone/China Center New York LLC and Condé Nast (if the Condé Nast lease is executed) under their leases.

Property Management Agreement

Royal 1 WTC would be the Property Manager, and its obligations would be guaranteed by Royal Realty Corporation.

Agreement to Contribute Assets

The Port Authority indemnifications would include indemnification of the Durst Member and the Durst Guarantor for the PA Member's *pro rata* share of any tax liabilities in connection with the Transaction, and the Durst Member would provide an indemnification of the Port Authority entities for Durst's *pro rata* share of such tax liabilities. The Port Authority also would indemnify the Durst Member for any claims brought due to insufficient vehicular or pedestrian access to 1 WTC, and any third-party claims relating to the construction of 1 WTC by the Port Authority. The Port Authority would indemnify Durst with respect to the potential GSA and OGS leases at 1 WTC (both of which predate the proposed Joint Venture transaction).

Second Amended and Restated 1 WTC Net Lease Agreement

The parties would agree to amend and restate the existing Net Lease, using substantially the same form as the current Net Lease (but without any requirement for the Net Lessee to pay rent); however, since the provisions of the Joint Venture differ in some respects from those set forth in the Net Lease, the parties would create a separate mechanism whereby the terms of the Joint Venture would control. This separate mechanism would apply as long as the Durst Member is a Member of the Joint Venture. The parties have defined the scope of 1 WTC's obligations for areas outside the Net Lease premises, and payment of costs therefor. The Net Lessee, as owner of 1 WTC, would operate, maintain and repair common areas used by 1 WTC and other WTC stakeholders (including the sidewalks and plaza adjacent to 1 WTC) subject to equitable contributions from the other stakeholders, and the Net Lessee's only other obligation for WTC common areas and facilities would be the annual actual CAM charge (escalated for inflation) described above. While the Port Authority would have the right to amend the Net Lease in the future without the consent of the Durst Member, any increase in expenses or loss in value resulting from any such amendment would be appropriately mitigated by the Port Authority.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bauer, Coscia, Holmes, Moerdler, Pocino, Samson, Sartor, Silverman and Steiner voting in favor. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that the authorizations set forth in the August 5, 2010 minutes, entitled "*The World Trade Center – Authorization of Joint Venture between the Net Lessee of One World Trade Center and The Durst Organization*," are supplemented to include the effectuation of the transactions described therein on a basis consistent with the foregoing report to the Board.

SECURITY STUDY – RETENTION OF THE CHERTOFF GROUP

The security and safety of Port Authority facilities and the customers who use and rely upon them are of greatest importance to the agency and its Board of Commissioners. This is reflected in the agency's By-Laws, under which we have established a standing Security Committee of the Board, and by the scope of the Port Authority's expenditures on security and security infrastructure. Experience has taught us that constant vigilance is required, as is the need for analyses by experts not otherwise involved in the design, operation, and management of security systems, programs, and initiatives. It is appropriate for such reviews to be undertaken from time to time to assure the adequacy of the security measures being undertaken by the Port Authority and its staff.

Given the broad scope of the Port Authority's security measures and the number of firms already involved in those efforts, staff was asked to consider the qualifications and services of firms with which the Port Authority has not previously dealt, so as to provide a current security study. On the basis of such review, it was recommended that the Executive Director be authorized to immediately take any and all action in connection with the retention of the Chertoff Group, including negotiation and execution of an agreement, to perform a top to bottom study, over the next six months, of the Port Authority's organizational management of security and agency-wide facility security operations. The Chertoff Group is a global security and risk management advisory firm, advising clients on how to address threats related to terrorism, fraud, cyber security, border protection and supply chain security. The firm is headquartered in Washington, D.C., with offices in New York, San Francisco and London.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bauer, Coscia, Holmes, Moerdler, Pocino, Samson, Sartor, Silverman and Steiner voting in favor. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to immediately take any and all action in connection with the retention of the Chertoff Group, including negotiation and execution of an agreement, to perform a top to bottom study of the Port Authority's organizational management of security and agency-wide facility security operations, at a cost not to exceed \$300,000, with the form of such agreement to be subject to approval by General Counsel or his authorized representative.

AWARD OF MEDAL OF HONOR TO POLICE OFFICER DENNIS MITCHELL

The Port Authority Medal of Honor, established by the Board of Commissioners on March 2, 1944, is to be awarded to an individual who, in performing a specific act, demonstrated extraordinary bravery in the face of circumstances which would surely have led to grave personal injury or his or her own death should the slightest miscalculation have occurred.

It was recommended that the Medal of Honor be awarded to Police Officer Dennis Mitchell in recognition of an act of extraordinary bravery that he exhibited on July 16, 2009 while serving as a Port Authority Police Officer.

Whereupon, the Board adopted the following resolution, with Commissioners Bauer, Coscia, Holmes, Moerdler, Pocino, Samson, Sartor, Silverman and Steiner voting in favor. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

WHEREAS, by resolution adopted by the Board of Commissioners on March 2, 1944, as amended, the Port Authority Medal of Honor award was established, which award is to be given to a Port Authority employee for the performance of outstanding service; and

WHEREAS, in the case of Police Officer Dennis Mitchell, it is recommended that the Port Authority Medal of Honor be given for his devotion and dedication to duty, competence and professionalism;

NOW, therefore, be it

RESOLVED, that the Medal of Honor be awarded to Police Officer Dennis Mitchell in recognition of an act of extraordinary bravery that he performed on July 16, 2009 while serving as a Port Authority Police Officer.

Whereupon, the meeting was adjourned.

Secretary