

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES Thursday, May 31, 2012

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MINUTES of the Meeting of The Port Authority of New York and New Jersey held Thursday, May 31, 2012 at 225 Park Avenue South, City, County and State of New York

PRESENT:

NEW JERSEY

Hon. David Samson, Chairman
 Hon. Virginia S. Bauer
 Hon. Raymond M. Pocino
 Hon. William P. Schuber

NEW YORK

Hon. Scott H. Rechler, Vice-Chairman
 Hon. H. Sidney Holmes III
 Hon. Jeffrey H. Lynford
 Hon. Jeffrey A. Moerdler
 Hon. Henry R. Silverman

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

Michael R. Angerhauser, Police Officer
 Susan M. Baer, Director, Aviation
 Steven A. Borrelli, Assistant Director, Port Business Development, Port Commerce
 Steven J. Coleman, Deputy Director, Media Relations
 Stephanie E. Dawson, Acting Chief Operating Officer
 John C. Denise, Audio Visual Supervisor, Marketing
 Michael P. DePallo, Director, Rail Transit
 Gretchen P. DiMarco, Special Assistant to the Deputy Executive Director
 Michael P. Dombrowski, Cinematographer, Public Affairs
 John J. Drobny, Director, Security Projects, Office of the Chief Operating Officer
 Michael G. Fabiano, Chief Financial Officer
 Michael A. Fedorko, Director, Public Safety/Superintendent of Police
 Michael B. Francois, Chief, Real Estate and Development
 Cedrick T. Fulton, Director, Tunnels, Bridges and Terminals
 Edwardo Gonzalez, Police Officer
 Lash L. Green, Director, Office of Business Diversity and Civil Rights
 Glenn P. Guzi, Senior External Affairs Representative, Government and Community Affairs
 Linda C. Handel, Deputy Secretary
 Andrew T. Hawthorne, Director, Marketing
 Anthony Hayes, Manager, Media Planning, Media Relations
 Alan H. Hicks, Principal Marketing Analyst, Marketing
 Sara Beth Joren, Associate Information Officer, Media Relations
 Justine Karp, Assistant Information Officer, Media Relations
 Scott Kelliher, Police Sergeant
 Louis J. LaCapra, Chief Administrative Officer
 Cristina M. Lado, Director, Government and Community Affairs, New Jersey
 Thomas J. Lynch, Police Officer
 John H. Ma, Chief of Staff to the Executive Director
 Lisa MacSpadden, Director, Media Relations
 Stephen Marinko, Esq., Law
 Ron Marsico, Assistant Director, Media Relations, Public Affairs
 Michael McCann, Police Officer
 Daniel G. McCarron, Comptroller

James E. McCoy, Manager, Board Management Support, Office of the Secretary
Anne Marie C. Mulligan, Treasurer
Shawn Murphy, Police Officer
Patrick O'Reilly, Senior Advisor to the Chairman
Ann O'Rourke, Assistant Director, Government and Community Affairs
Hunter Pendarvis, Public Information Officer, Media Relations
Jared Pilosio, Staff External Relations Representative, Government and Community Affairs
Steven P. Plate, Deputy Chief, Capital Planning/Director, World Trade Center Construction
Monika A. Radkowska, Principal Board Management and Support Specialist, Office of the Secretary
Alan L. Reiss, Deputy Director, World Trade Center Construction
Shane Robinson, Staff External Affairs Representative, Government and Community Affairs
Rocco Rufrano, Police Officer
Brian W. Simon, Director, Government and Community Affairs, New York
Timothy G. Stickelman, Assistant General Counsel
Robert A. Sudman, Director, Audit
David B. Tweedy, Chief, Capital Programs
Lillian D. Valenti, Director, Procurement
Sheree Van Duyne, Manager, Policies and Protocol, Office of the Secretary
David M. Wildstein, Director, Interagency Capital Projects, Office of the Deputy Executive Director
Peter J. Zipf, Chief Engineer

Guest:

Nicole Crifo, Assistant Counsel, Authorities Unit, Office of the Governor of New Jersey

Speakers:

Murray Bodin, Member of the Public
Joseph M. Clift, Member of the Public
Margaret Donovan, Twin Towers Alliance
Yvonne Garrett-Moore, Member of the Public
Richard Hughes, Twin Towers Alliance
James Raleigh, Member of the Public

The public meeting was called to order by Chairman Samson at 12:16 p.m. and ended at 12:47 p.m. The Board met in executive session prior to the public session. Commissioner Silverman was present for a portion of the public session.

Action on Minutes

The Secretary submitted for approval Minutes of the meetings of April 26, 2012. 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 27, 2012. The Secretary reported further that the time for action by the Governors of New York and New Jersey expired at midnight on May 11, 2012.

Whereupon, the Board unanimously approved the Minutes of the meetings of April 26, 2012, including the Minutes of the special meeting of the Committee on Operations.

Report of Audit Committee

The Audit Committee reported, for information, on matters discussed in executive session at its meeting on May 22, 2012, which included discussion on 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 Committee on Finance

The Committee on Finance reported, for information, on matters discussed and action taken in public session at its meeting on May 31, 2012, which included discussion of an item for the purchase of property damage and loss of revenue insurance, 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 31, 2012, which included discussion of reimbursement to Silverstein Properties, Inc. for work performed on behalf of the Port Authority related to the R Subway Line connector to Tower 4 at the World Trade Center site, a supplemental agreement to address emergency power requirements for the Vehicular Security Center, and discussion of matters involving ongoing negotiations or reviews of contracts or proposals, and the report was received.

Report of Committee on Construction

The Committee on Construction reported, for information, on matters discussed in public session at its meeting on May 31, 2012, which included discussion of a project for modifications to the aviation fueling system infrastructure at Newark Liberty International Airport, a project for the rehabilitation of Runway 9-27 and Runway 16-34 at Stewart International Airport, a project for the replacement of the Supervisory Control Center and associated infrastructure monitoring

equipment at the Holland Tunnel, and a review of the Port Authority's Minority, Women-Owned and Small Business Enterprise participation results for 2011, and the report was received.

Report of Committee on Operations

The Committee on Operations reported, for information, on matters discussed in public and executive sessions at its meeting on May 31, 2012, which included discussion of a lease with El Al Israel Airlines for use as a first-class lounge in Terminal B at Newark Liberty International Airport, a lease supplement with JetBlue Airways Corporation for the expansion of Terminal 5 and the development of aircraft parking hardstands to serve airlines at Terminals 5 and 7 at John F. Kennedy International Airport, and discussion of matters related to personnel and personnel procedures, and the report was received.

NEWARK LIBERTY INTERNATIONAL AIRPORT – MODIFICATION AND UPGRADE OF THE AVIATION FUELING SYSTEM – PROJECT AUTHORIZATION

It was recommended that the Board authorize: (1) a project for modifications to the aviation fueling system infrastructure at Newark Liberty International Airport (EWR), in order to maintain a state of good repair, comply with current environmental regulations and optimize operations, at an estimated total project cost of \$86.1 million; and (2) the Executive Director to award contracts for expert professional engineering services for Stage III and Stage IV design, at an amount not to exceed \$2.5 million.

The existing aviation fueling system infrastructure was built in 1971 and is in need of modification and upgrade to bring the system in line with current industry standards. The fueling system was designed based on the industry standards practiced at that time, which allowed airlines to specify sources and brands of aviation fuel for their respective aircraft fleets.

The proposed project would replace the obsolete infrastructure and simplify the fueling system operation, including reducing the number of pipes, pumps, valves and controls, thereby reducing operational complexity and providing greater flexibility among the existing fuel storage tanks. The proposed project also would include replacement of single-wall welded steel pipe to conform with New Jersey Department of Environmental Protection standards, which require double-walled pipes to reduce the potential for leaks.

Construction of the proposed fueling system modifications would reduce electric consumption at the fuel farm, increase the efficiency of ground operations and reduce ground support equipment fuel consumption and emissions, consistent with the Port Authority's environmental goals.

It is anticipated that the expenditures for this project would be fully recoverable through the EWR Master Lease.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bauer, Holmes, Lynford, Moerdler, Pocino, Rechler, Samson and Schuber 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 modifications to the aviation fueling system infrastructure at Newark Liberty International Airport, in order to maintain a state of good repair, comply with current environmental regulations and optimize operations, at an estimated total project cost of \$86.1 million, be and it hereby is authorized; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to award contracts for expert professional engineering services for Stage III and Stage IV design in connection with the foregoing project, at an amount not to exceed \$2.5 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 construction contracts, contracts for professional and advisory services and such other contracts and agreements as may be necessary to effectuate the foregoing project, pursuant to authority granted in the By-Laws or other resolution adopted by the Board; and it is further

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

**STEWART INTERNATIONAL AIRPORT – REHABILITATION OF RUNWAY 9-27
AND RUNWAY 16-34 – PROJECT AUTHORIZATION**

It was recommended that the Board authorize a project for the rehabilitation of Runway 9-27 and Runway 16-34 at Stewart International Airport (SWF) in order to maintain a state of good repair, at an estimated total project cost of \$143.5 million.

Runway 9-27 is 11,817 feet long and 150 feet wide, and Runway 16-34 is 6,004 feet long and 150 feet wide. At its meeting of September 22, 2011, the Board authorized planning and engineering work for the rehabilitation of Runways 9-27 and 16-34, which last were rehabilitated in 2001 and 1994, respectively. Pavement Management Program inspections have identified normal wear and weathering in the runway surfaces, and in order to maintain a state of good repair, rehabilitation of both runways was recommended. A life-cycle cost analysis was performed and recommended rehabilitation using asphalt.

The proposed project also would include improvements to the existing fillets, installation of 35-foot shoulders on both sides of Runway 16-34 and construction of a new high-speed taxiway exit for Runway 9-27, to improve operational efficiency and reduce fuel consumption and travel time from the runway to the terminal. In addition, the rehabilitation also would include electrical system rehabilitation and upgrades, in conformity with current Federal Aviation Administration standards, and provide for new duct-bank crossings to accommodate future electrical and communications requirements.

The rehabilitation of both runways would restore these airside pavements to a state of good repair, which is necessary to extend their useful life and ensure continued safe aircraft operations.

Reimbursement for eligible project costs would be pursued through federal Airport Improvement Program funding.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bauer, Holmes, Lynford, Moerdler, Pocino, Rechler, Samson and Schuber 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 rehabilitation of Runway 9-27 and Runway 16-34 at Stewart International Airport, in order to maintain the runways in a state of good repair, at an estimated total project cost of \$143.5 million, be and it hereby is authorized; and it is further

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

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

HOLLAND TUNNEL – REPLACEMENT OF THE SUPERVISORY CONTROL SYSTEM – PROJECT AUTHORIZATION

It was recommended that the Board authorize a project for the replacement of Supervisory Control System (SCS) equipment located at the Supervisory Control Center (SCC) at the Holland Tunnel, as well as associated infrastructure monitoring and control equipment, at an estimated total project cost of \$34.3 million.

Various life safety, mechanical, electrical and traffic systems at the Holland Tunnel, critical to maintaining a safe customer environment and optimal traffic flow, are monitored and controlled from the SCC, located in a maintenance building outside the tunnel in New Jersey. Infrastructure systems monitored and controlled from the SCC include tunnel traffic, tunnel ventilation, fire protection, tunnel and street lighting, and electrical power. The SCC relies upon two components – the SCS, which was built more than 25 years ago, and the Automated Control System, installed in 2007 as part of the Holland Tunnel Mechanical and Electrical Rehabilitation of Ventilation System Equipment Project, which controls tunnel ventilation, power distribution, ventilation building elevators, and tunnel carbon monoxide detection.

The SCS equipment included in the SCC has exceeded its design life and requires replacement to ensure the continued efficient and effective operation of the SCS in monitoring and controlling facility operations and infrastructure.

The proposed project would provide for the replacement of SCS components and the integration of the SCS and all subsystems required for tunnel operation and maintenance into one integral computerized system using a fiber-optic communications network. In addition, the project would modernize the SCC, provide a back-up center for facility operations in emergency conditions and provide for future equipment expansion. The improvements to the SCS would reduce the frequency of equipment service and maintenance.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bauer, Holmes, Lynford, Moerdler, Pocino, Rechler, Samson and Schuber 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 replacement of the Supervisory Control System equipment located at the Supervisory Control Center at the Holland Tunnel, as well as associated infrastructure monitoring and control equipment, at an estimated total project cost of \$34.3 million, be and it hereby is authorized; and it is further

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

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

JOHN F. KENNEDY INTERNATIONAL AIRPORT – JETBLUE AIRWAYS CORPORATION – LEASE AYD-350 – SUPPLEMENT NO. 3

It was recommended that the Board authorize the Executive Director to enter into a supplemental agreement with JetBlue Airways Corporation (JetBlue) to Lease AYD-350 covering Terminal 5 and the former Terminal 6 site (Lease) at John F. Kennedy International Airport (JFK), pursuant to which JetBlue would undertake certain improvements at the Terminal 5 site and a portion of the 19.23 acres that was previously part of the Terminal 6 site, and the term of the Lease would be extended. The supplement would cover the first phase of the JetBlue expansion project (T5i Project-Phase 1), which would involve the expansion of the premises to accommodate JetBlue's construction of an extension to Terminal 5 for use as an international arrivals facility (including a Federal Inspections Service (FIS) facility, associated U.S. Customs and Border Protection support spaces, and two new international baggage claim units), the development of two aircraft parking positions on the former Terminal 6 site (for use by tenants of both Terminals 5 and 7), the conversion of three domestic gates to international swing gates, the construction of three new international gates, and the construction of three new hardstand positions. The Lease supplement would commence on or about July 1, 2012 and modify the term of the letting for all premises covered under the Lease to be 28 years from the date of beneficial occupancy of the portion of the T5i Project-Phase 1 that involves the design and construction of an international arrivals hall with a FIS facility (DBO Date).

At its meeting of April 29, 2010, the Board authorized the Executive Director to enter into a supplemental agreement with JetBlue to its lease for Terminal 5 at JFK, to effectuate JetBlue's demolition of Terminal 6 at JFK and associated improvements and planning for a Terminal 5 expansion, in order to consolidate all of JetBlue's international operations in an expanded Terminal 5, while providing for additional capacity to accommodate future growth. JetBlue completed the demolition of Terminal 6 in November 2011 and has substantially completed planning for the design of a project that would expand the existing Terminal 5 onto a portion of the former Terminal 6 site.

The proposed further Lease supplement would provide for the continued occupancy by JetBlue of the former Terminal 6 site to accommodate T5i Project-Phase 1, as outlined below, which would result in a total estimated minimum investment of \$205 million by JetBlue.

The Port Authority and JetBlue anticipate that Phase 2 of the T5i Project (T5i Project-Phase 2) would consist of a further expansion of Terminal 5 to accommodate the installation by JetBlue of three additional international gates that could accommodate Group 5 aircraft, and would be implemented pursuant to another supplement to the Lease. It is anticipated that Phase 3 of the T5i Project (T5i Project-Phase 3) would consist of the installation by JetBlue of four additional international gates, and would be implemented pursuant to another supplement to the Lease. The T5i Project-Phase 2 and T5i Project-Phase 3 work would be located on the Terminal 6 portion of the leased premises.

JetBlue would be obligated to invest a minimum of \$170 million to design and construct the Terminal 5 expansion, including the FIS facility. JetBlue also would be obligated to invest a minimum of \$35 million to improve the ramp area between Terminals 5 and 7 to accommodate the three new exclusive hardstand positions and two parking positions for 747 aircraft. In addition, JetBlue would be obligated to enter into a mutually satisfactory arrangement, subject to the Port Authority's prior approval, with a Terminal 7 tenant for shared use of one parking

position for 747 aircraft and associated ramp, and one exclusive hardstand position and associated ramp.

Under the terms of the Lease supplement, the letting of the former Terminal 6 site would be extended for a term expiring 28 years from the DBO Date, and the period of letting for the existing Terminal 5 leasehold would be adjusted accordingly to run co-terminously with the letting for the expansion space. JetBlue would pay incremental ground rent for the former Terminal 6 site and incremental ground and facility rent for the existing Terminal 5 leasehold, at an estimated aggregate amount of \$447.1 million. JetBlue would continue to be solely responsible for the environmental condition of the premises and all liabilities associated therewith, arising out of, relating to, or in connection with, the redevelopment of the former Terminal 6 site. The Port Authority would be responsible for the incremental tipping fee cost for the disposal of petroleum-contaminated soil derived only from the Terminal 5 portion of the T5i Project, if any, in the event any such soil is deemed unsuitable for reuse at a brownfield facility, which cost must be pre-approved by the Port Authority.

The Lease supplement would provide for two new recapture rights in favor of the Port Authority. From and after the third anniversary of the DBO Date, the Port Authority would have the right, at any time and for an indefinite period of time, to recapture the exclusive hardstand position created by JetBlue as part of Phase 1 of the T5i Project, together with area that the Port Authority decides is adequate to construct an additional hardstand position. The additional hardstand position would be intended for use by users of Terminal 7. The recaptured space would thereby be surrendered under the Lease, and the Port Authority would be entitled to all access rights necessary for the utilization of all the recaptured space. The Port Authority would be obligated to reimburse JetBlue for its unamortized cost to construct the recaptured hardstand position, calculated on a straight-line basis.

In addition, if JetBlue has not completed a full build-out of the T5i Project, including the improvements to be accomplished during T5i Project-Phase 2 and T5i Project-Phase 3, by the tenth anniversary of the DBO Date, then the Port Authority would have the right to recapture space necessary, in the Port Authority's judgment, to undertake and complete the build-out of improvements contemplated by Phases 2 and 3 of the T5i Project.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into a supplemental lease agreement with JetBlue Airways Corporation (JetBlue), pertaining to the expansion of its leased premises at John F. Kennedy International Airport to accommodate JetBlue's construction of an extension to Terminal 5 for use as an international arrivals facility, the development of two aircraft parking positions, the conversion of three domestic gates to international swing gates, the construction of three new international gates, the construction of three new hardstand positions, as well as the modification of the lease term, substantially in accordance with the terms outlined to the Board; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into any other contracts and agreements necessary or appropriate in connection with the foregoing; 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.

**NEWARK LIBERTY INTERNATIONAL AIRPORT – EL AL ISRAEL AIRLINES –
NEW LEASE ANC-339**

It was recommended that the Board authorize the Executive Director to enter into a new lease agreement with El Al Israel Airlines (El Al) for the letting of approximately 3,880 square feet of space in Terminal B at Newark Liberty International Airport (EWR) for a term of ten years and six months, with the space to be used as a first-class passenger lounge.

Under the proposed lease, El Al would invest approximately \$1 million to renovate and refurbish an existing airport lounge space in Terminal B, which is being vacated by Virgin Atlantic Airways, Ltd. The rent commencement date would be six months from the lease commencement date, which is on or about December 1, 2012. El Al would pay a total aggregate rental of approximately \$3.9 million over the term of the lease.

El Al would be responsible for all operational, maintenance and repair costs associated with the space. The Port Authority and El Al each would have the right to terminate the lease without cause on 30 days' notice. In the event the Port Authority terminated the lease without cause, the Port Authority would reimburse El Al for its unamortized investment in the premises, in an amount not to exceed \$1 million.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into a new lease agreement with El Al Israel Airlines for the letting of approximately 3,880 square feet of space in Terminal B at Newark Liberty International Airport, for a term of approximately ten years and six months, substantially in accordance with the terms outlined to the Board; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into any other contracts and agreements necessary or appropriate in connection with the foregoing; 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 SITE – REIMBURSEMENT TO SILVERSTEIN PROPERTIES, INC. FOR WORK RELATED TO THE R SUBWAY LINE CONNECTOR TO TOWER 4 PERFORMED ON BEHALF OF THE PORT AUTHORITY

It was recommended that the Board authorize the Executive Director to: (1) provide reimbursement to Silverstein Properties, Inc. (SPI), at an amount not to exceed \$19 million, inclusive of extra work and soft-cost multipliers, for work related to the construction of a connector from the New York State Metropolitan Transportation Authority's (MTA) R Subway Line to World Trade Center (WTC) Tower 4, that is required to restore below-grade access and support the installation of the sidewalk on Church Street in connection with the WTC Streets, Utilities and Related Infrastructure Program (WTC Streets Program); and (2) enter into an agreement(s) with the MTA that would provide for the MTA to reimburse the Port Authority for costs incurred in connection with Church Street-related work that is the responsibility of the MTA.

The WTC Site Master Plan includes several projects located in the East Bathtub area of the WTC site, including the WTC Transportation Hub (WTC Hub), the WTC retail development, the parking project, and SPI commercial office Towers 2, 3 and 4. These facilities are being designed and constructed by either the Port Authority or SPI, depending on their location.

At its meeting of December 18, 2007, the Board authorized the Port Authority and WTC Retail LLC to enter into an agreement with SPI to provide reimbursement to SPI, in a total estimated amount of \$723 million, for certain design services and structural enclosure and associated work performed by SPI in the East Bathtub area. The Master Development Agreement (MDA) with SPI provides for the Port Authority to reimburse SPI for SPI's pro-rata share of the costs of constructing Port Authority space (including the WTC Hub) in the East Bathtub, and for the construction of below-grade access from the platform for the southbound R Subway Line to Tower 4. The R Line connector would restore the below-grade access from the R Subway Line to the WTC complex that existed before September 11, 2001. The MTA has committed to reimburse the Port Authority for the construction of the connector, as part of its \$70 million funding commitment in connection with the restoration of the Church Street Subway Station.

Under the proposed action, the Port Authority is requesting SPI, through Tishman Construction Corporation, to competitively bid and perform this work, which includes installation of a reinforced concrete shell with structural steel columns, replacement of MTA vent and grating, and installation of waterproofing and a protection slab. In addition, this work requires relocation of Empire City Subway communication cables from their existing location to a new concrete ductbank location below the proposed concrete shell. The Port Authority is responsible for an expenditure of \$600,000 for the installation of vent structures associated with this work, which expenditure was authorized by the Board on October 22, 2009, as part of Phase II of the WTC Streets Program.

Port Authority staff has broad oversight responsibility over SPI's activities under the MDA, which included granting approval of the bid package prior to issuance, allocating project costs and ensuring quality assurance for construction projects.

It would be cost-effective and time-efficient to have SPI perform the subway connector work on behalf of the Port Authority, because SPI is on-site with all required equipment and workforces. Also, having the work performed by SPI's contractors avoids coordination issues and potential conflicts that would result from having a number of contractors reporting to various individual stakeholders within the constrained worksite.

The amount to be reimbursed by the Port Authority is inclusive of SPI fees to support the work. Pursuant to the MDA, SPI is reimbursed for actual costs incurred, plus a 1.65 build/construct or 1.75 design/build multiplier.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bauer, Holmes, Lynford, Moerdler, Pocino, Rechler and Schuber voting in favor; Commissioner Samson 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 Committee being present.

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to provide reimbursement to Silverstein Properties, Inc., at an amount not to exceed \$19 million, inclusive of extra work and soft cost multipliers, for work related to the construction of a connector from the New York State Metropolitan Transportation Authority's (MTA) R Subway Line to World Trade Center Tower 4, performed as required on behalf of the Port Authority to restore below-grade access and support the installation of the sidewalk on Church Street in connection with the World Trade Center Streets, Utilities and Related Infrastructure Program; 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(s) with the MTA to facilitate MTA reimbursement for Port Authority-incurred costs in connection with the foregoing Church Street-related work that is the responsibility of the MTA; 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 TRANSPORTATION HUB PROJECT – AUTHORIZATION OF SUPPLEMENT TO CONTRACT WTC-214.553 WITH TURTLE & HUGHES, INC. TO ADDRESS EMERGENCY POWER REQUIREMENTS FOR THE VEHICULAR SECURITY CENTER

In connection with the World Trade Center Transportation Hub (WTC Hub) Project, it was recommended that the Board authorize the Executive Director to enter into Supplemental Agreement No. 1 to Contract WTC-214.553 with Turtle & Hughes, Inc., (Turtle & Hughes) to furnish and deliver two 2,000-kilowatt diesel generators and emergency power distribution substations, and to modify the related electrical switchgear, to accommodate additional emergency power requirements for the World Trade Center (WTC) Vehicular Security Center (VSC), at a total estimated amount of \$3,694,507, inclusive of an eight-percent allowance for extra work.

In April 2009, the Board concurred with staff's recommendation to modify the construction management/general contracting agreement, with Phoenix Constructors (Phoenix), a joint venture of Fluor, Slattery Skanska, Granite Construction Northeast, Inc., and Bovis Lend Lease, to provide for the completion of Phoenix's existing work and enable the Port Authority to competitively award future work. As part of this arrangement, the Port Authority took assignment of certain contracts held by Phoenix, including Contract WTC-214.553, which was awarded by Phoenix in March 2008 to Turtles & Hughes, for the fabrication and delivery of emergency power plant equipment to serve the emergency power requirements for the projects to construct the WTC Hub, the WTC retail development, the WTC VSC and the Central Chiller Plant, at a total estimated amount of \$16,105,777.

In June 2010, Port Authority staff and consultants finalized the VSC design and determined that the existing capacity of the emergency power plant was insufficient to meet the actual power requirements. Under the proposed supplement to Contract WTC-214.553, two additional generator sets and emergency power distribution systems would be fabricated and related electrical switchgear would be modified and delivered to a warehouse location, in order to ensure its delivery to the WTC site by the fourth quarter of 2012, in accordance with schedule requirements under the East Side Development Plan.

A negotiated supplement to Contract WTC-214.553 is necessary, because the additional equipment must be operationally compatible and synchronized with the equipment already being furnished and delivered by Turtles & Hughes under the base contract.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bauer, Holmes, Lynford, Moerdler, Pocino, Rechler and Schuber voting in favor; Commissioners Samson 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 Committee being present.

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into Supplemental Agreement No. 1 under existing Contract WTC-214.553, with Turtle & Hughes, Inc., in connection with the World Trade Center (WTC) Transportation Hub Project, to furnish and deliver two 2,000-kilowatt diesel generators and emergency power distribution

substations, and to modify the related electrical switchgear, to meet additional emergency power requirements for the WTC Vehicular Security Center, at a total estimated amount of \$3,694,507, inclusive of an eight-percent allowance for extra work; 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.

CONFIDENTIAL ITEM

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

CONFIDENTIAL ITEM

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

INSURANCE WORKING GROUP – REVIEW OF PORT AUTHORITY RISK MANAGEMENT PROGRAMS

It was recalled that in December 2010, Commissioners Holmes, Moerdler, Pocino and Sartor (the Insurance Working Group), were asked, on behalf of the Board, to undertake an assessment of the Port Authority's risk management programs, including insurance limits and levels of Port Authority retained risk, and to make recommendations to the Board accordingly. At the request of the Insurance Working Group, and on the basis of a request for proposals process, the Law Offices of Paul W. Goodrich (Goodrich) was retained to assist the Insurance Working Group in the performance of this assessment, at an authorized cost not to exceed \$500,000.

In order to provide for Goodrich's completion of certain remaining items assigned by the Insurance Work Group and its availability for certain ongoing reviews independent of the Insurance Working Group process, it was recommended by the Insurance Working Group that additional funding be authorized under the contract with Goodrich, in an amount not to exceed \$75,000.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bauer, Holmes, Lynford, Moerdler, Pocino, Rechler, Samson and Schuber 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 additional funding, in an amount not to exceed \$75,000, is hereby authorized under the contract with the Law Offices of Paul W. Goodrich; and it is further

RESOLVED, that General Counsel be and he hereby is authorized, for and on behalf of the Port Authority, to take any and all actions necessary to effectuate the foregoing.

SECURITY STUDY – CONTINUED RETENTION OF THE CHERTOFF GROUP

It was recalled that, at its meeting of May 25, 2011, the Board authorized the Executive Director to retain The Chertoff Group 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, in order to assure the adequacy of the security measures being undertaken by the Port Authority and its staff.

It was further recalled that, given the broad scope and complexities of the Port Authority's facilities and operations, on the basis of The Chertoff Group's initial review, at its meeting of December 8, 2011 the Board authorized the Executive Director to continue the retention of The Chertoff Group for an additional six months in connection with its top-to-bottom security review, at an additional cost not to exceed \$300,000.

Subsequently, at the recommendation of The Chertoff Group, at its meeting of April 26, 2012, the Board directed the Executive Director and Deputy Director to take certain actions relating to revisions to the Port Authority's organizational structure, in order to optimize the agency's focus on security-related matters. In order to facilitate the next phase of these services, which would include, but not be limited to, the implementation of The Chertoff Group's recommendations to the Board, it was recommended that the Executive Director increase the authorized amount under The Chertoff Group agreement by \$650,000.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bauer, Holmes, Lynford, Moerdler, Pocino, Rechler, Samson and Schuber 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 increase the amount payable to The Chertoff Group, in connection with the next phase of its top-to-bottom study of the Port Authority's organizational management of security and agency-wide facility security operations, including the implementation of recommendations in connection therewith, by an amount not to exceed \$650,000; and it is further

RESOLVED, that General Counsel be and he hereby is authorized, for and on behalf of the Port Authority, to take any and all actions necessary to effectuate the foregoing.

Whereupon, the meeting was adjourned.

Secretary