

# THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

## MINUTES

Thursday, July 27, 2006

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**MINUTES of the Meeting of The Port Authority of New York and New Jersey held Thursday, July 27, 2006, at 225 Park Avenue South, City, County and State of New York.**

**PRESENT:**

**NEW JERSEY**

Hon. Anthony R. Coscia, Chairman  
 Hon. Angelo J. Genova  
 Hon. Raymond M. Pocino  
 Hon. Anthony J. Sartor  
 Hon. Jack G. Sinagra  
 Hon. David S. Steiner

**NEW YORK**

Hon. Charles A. Gargano, Vice Chairman  
 Hon. Bruce A. Blakeman  
 Hon. Henry R. Silverman

Kenneth J. Ringler, Jr., Executive Director  
 Darrell B. Buchbinder, General Counsel  
 Karen E. Eastman, Secretary

Linda K. Bentz, Assistant Director, Policy and Planning  
 A. Paul Blanco, Chief Financial Officer  
 John D. Brill, Director, Audit  
 Ernesto L. Butcher, Chief Operating Officer  
 Arthur J. Cifelli, Deputy Chief of Staff  
 Steven J. Coleman, Public Information Officer, Public Affairs  
 William R. DeCota, Director, Aviation  
 John C. Denise, Supervisor, Audio Visual/Photography, Public Affairs  
 Michael P. DePallo, Director, PATH  
 Pasquale DiFulco, Public Information Officer, Public Affairs  
 John J. Drobny, Director, Project Management  
 Michael G. Fabiano, Deputy Chief Financial Officer/Comptroller  
 James P. Fox, Deputy Executive Director  
 Michael B. Francois, Chief of Real Estate/Regional and Economic Development  
 Raul Garcia, Assistant Engineer, Engineering  
 Aaron Graham, Management Associate, Human Resources  
 Max Gross, Management Intern, Office of the Deputy Executive Director  
 Linda C. Handel, Assistant Secretary  
 Brian Jacob, Staff Service Engineer, Engineering  
 Howard G. Kadin, Senior Attorney, Law  
 Victoria C. Kelly, Director, Tunnels, Bridges and Terminals  
 Shawn K. Laurenti, Director, Government and Community Affairs  
 Marc LaVorgna, Senior Public Information Officer, Public Affairs  
 Francis J. Lombardi, Chief Engineer  
 Robert F. Lurie, Chief of Strategic Planning  
 Stephen Marinko, Attorney, Law  
 Michael G. Massiah, Director, Management and Budget  
 John P. McCarthy, Director, Public Affairs

James E. McCoy, Manager, Board Management Support, Office of the Secretary  
Anne Marie C. Mulligan, Treasurer  
Lynn A. Nerney, Senior Administrator, Office of the Secretary  
Steven P. Plate, Director, Priority Capital Programs  
Alan L. Reiss, Deputy Director, Aviation  
Cruz C. Russell, Director, Policy and Planning  
Edmond F. Schorno, Chief of Staff  
Ken Shih, Executive Assistant, Engineering  
Stephen Sigmund, Senior Policy Advisor, Office of the Deputy Executive Director  
Timothy G. Stickelman, Chief, Public Securities, Law  
Sheree R. VanDuyne, Manager of Policies and Protocol, Office of the Secretary  
Louis P. Venech, Client Manager, Policy and Planning  
I. David Widawsky, Project Director, Policy and Planning  
Peter J. Zipf, Deputy Chief Engineer

Guest:

Melissa Lieberman, Authorities Unit, Office of the Governor of New Jersey

The public session was called to order by Chairman Coscia at 1:42 p.m. and ended at 2:02 p.m.

### **Action on Minutes**

The Secretary submitted for approval Minutes of the meetings of June 29, 2006 and July 6, 2006. She reported that copies of these Minutes were sent to all of the Commissioners and to the Governors of New York and New Jersey. She reported further that the time for action by the Governors of New York and New Jersey has expired.

The Secretary reported that the Minutes for the June 29, 2006 meeting contain a typographical error on page 167, which reflected an estimated amount of \$425 million to be invested by the Dermot Company, Inc. (Dermot) for the development of two mid-rise towers over Port Authority property. The actual amount to be invested by Dermot is approximately \$450 million.

Whereupon, the Board of Commissioners unanimously approved the Minutes of the meetings of June 29, 2006 and July 6, 2006.

### **Report of Committee on Finance**

The Committee on Finance reported, for information, on matters discussed and action taken in executive session at its meeting on July 27, 2006, which included discussion of contract matters, matters related to or which could impact upon the issuance, sale, resale, or redemption of Port Authority Bonds, Notes or other obligations, and matters which could affect the competitive economic position of the Port Authority, the Port District or businesses with which we deal, in addition to matters filed with the Committee pursuant to Board action or separately reported to the Board of Commissioners at this meeting of the Board, and the report was received.

### **Report of Committee on Construction**

The Committee on Construction reported, for information, on matters discussed in public and executive session at its meeting on July 27, 2006, which included a review of 2006 second quarter construction results and the status of various capital projects included in the 2006 Capital Budget, as well as matters discussed in executive session, which included discussion of contract matters.

### **Report of Committee on Operations**

The Committee on Operations reported, for information, on matters discussed in executive session at its meeting on July 27, 2006, which included discussion of lease matters and matters which could affect the competitive economic position of the Port Authority, the Port District or businesses with which we deal, and the report was received.

### **Staff Report**

A presentation was made by staff on the Trans-Hudson Express (THE) Tunnel project.

**JOHN F. KENNEDY INTERNATIONAL AIRPORT – EVERGREEN INTERNATIONAL AIRLINES, INC. – NEW LEASE AGREEMENT AYD-618**

It was recommended that the Board authorize the Executive Director to enter into an agreement with Evergreen International Airlines, Inc. (Evergreen), pursuant to which Evergreen would renovate, operate and lease space in and around Cargo Building 87 at John F. Kennedy International Airport. Evergreen would occupy space vacated by KLM Royal Dutch Airlines. The leased premises would consist of approximately 18,815 square feet of office space, approximately 90,447 square feet of warehouse space, and related land.

Evergreen would be obligated to invest at least \$1 million to renovate its space in Cargo Building 87. The project would involve renovation of three aircraft concrete pads, installation of truck dock doors, and fire alarm, HVAC (heating, ventilation and air conditioning) and electrical upgrades. After 12 months from lease commencement, Evergreen would be obligated to pay to the Port Authority the amount of any shortfall from this required \$1 million investment. Evergreen would be required to cause its contractor to provide to the Port Authority a performance bond during the construction, in the amount of \$300,000.

The 10-year, 7-month term of the lease would commence on or about September 1, 2006 and expire on or about March 31, 2017. Rental would commence seven months from the lease commencement date and would be subject to annual escalations equal to the greater of four percent or the amount represented by one-half of the Consumer Price Index. Additionally, Evergreen would pay a sublease fee equal to 10 percent of any sublease rentals.

The Port Authority would have the right to terminate the lease without cause after 4½ years from the lease commencement date on 30 days' prior written notice, with no consequential financial obligation to Evergreen. Evergreen would have the right to terminate the lease without cause after 4½ years from the lease commencement date on 6 months' prior written notice and payment to the Port Authority, contemporaneously with such notice, of a lump-sum amount. The amount of the termination payment would be based upon the month in which the effective termination would occur, and would decrease the later in the term such early termination occurs.

Evergreen would be responsible for the environmental condition of the premises and all liabilities associated therewith, except for the remediation of contaminants in the soil and ground water, and asbestos, that are identified in an agreed upon baseline environmental survey. However, Evergreen would not be responsible for remediation of contaminants that are subsequently discovered in the soil and ground water, or asbestos, which Evergreen can prove to the satisfaction of the Port Authority existed on the premises prior to the effective date of the lease and were not caused by Evergreen.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Coscia, Gargano, Genova, Pocino, Sartor, Sinagra, Silverman and Steiner voting in favor; none against:

**RESOLVED**, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into a lease agreement with Evergreen International Airlines, Inc., pertaining to Cargo Building 87 at John F.

Kennedy International Airport, substantially in accordance with the terms and conditions outlined to the Board; 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.

**JOHN F. KENNEDY INTERNATIONAL AIRPORT – ENHANCEMENTS FOR  
TERMINAL ONE BAGGAGE SCREENING – AGREEMENT WITH THE  
TRANSPORTATION SECURITY ADMINISTRATION – LEASE SUPPLEMENT  
– TERMINAL ONE GROUP ASSOCIATION, L.P.**

It was recommended that the Board authorize the Executive Director to enter into an agreement, referred to as an Other Transaction Agreement (OTA), with the United States Department of Homeland Security's Transportation Security Administration (TSA) whereby the Port Authority would agree to perform, or cause its lessee or contractor to perform, design specifications and site preparation required to remove the baggage screening system currently located in Terminal One at John F. Kennedy International Airport (JFK), and to prepare the site for the installation of a new enhanced baggage screening system (the Project). The OTA also would provide that the TSA will reimburse the Port Authority for the cost of the Project, in an estimated amount of \$8 million. The TSA also would be responsible for the purchase, installation and maintenance of the new baggage screening system equipment.

It was recommended further that the Board authorize the Executive Director to enter into a supplement to the lease agreement with Terminal One Group Association, L.P. (TOGA), the lessee of Terminal One at JFK, whereby TOGA would perform the Project at its sole cost, in accordance with the OTA and the lease, and the Port Authority would reimburse TOGA for costs of the Project only to the extent that the TSA reimburses the Port Authority for such costs under the OTA.

Under the OTA, the Port Authority would have obligations with respect to the Project, including the responsibility to invoice the TSA for the federal funds relating to the Project. Even though the lease supplement would obligate TOGA to refund the Port Authority any amount that the Port Authority is required to refund the TSA under the OTA (in the event of costs disallowed after payment or otherwise), the TSA would look to the Port Authority for the refund of federal funds paid, whether or not such refund is recovered from TOGA.

TOGA would be required to conform to standard lease requirements calling for the use of Minority Business Enterprises and Women Business Enterprises, as well as Local Business Enterprises, and to use minorities and women in its contract employment goals.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Coscia, Gargano, Genova, Pocino, Sartor, Sinagra, Silverman and Steiner voting in favor; none against:

**RESOLVED**, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into: (1) an agreement with the United States Department of Homeland Security's Transportation Security Administration (TSA) whereby the Port Authority will agree to undertake, or cause its lessee to undertake, a project (Project) to remove the existing baggage screening system located in Terminal One at John F. Kennedy International Airport and to

prepare the terminal for the installation of a new enhanced baggage screening system, and the TSA will agree to fund the cost of the Project and to purchase, install and maintain the new baggage screening system and; (2) a supplement to the lease with Terminal One Group Association, L.P. (TOGA), which will provide the terms and conditions under which TOGA will cause the Project to be performed, and the terms and conditions under which the Port Authority will reimburse TOGA for the cost of the Project only to the extent that the TSA reimburses the Port Authority for such costs; and it is further

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

**AUTHORIZATION TO ENTER INTO A MEMORANDUM OF AGREEMENT WITH THE NATIONAL FISH AND WILDLIFE FOUNDATION (NFWF) – TRANSFER OF ENVIRONMENTAL BENEFIT FUND TO THE NFWF**

It was recommended that the Board authorize the Executive Director to enter into a memorandum of agreement (MOA) with the National Fish and Wildlife Foundation (NFWF) that would provide the terms and conditions upon which the Port Authority may transfer all funds (in the amount of approximately \$592,591) remaining in the Environmental Benefit Fund (EBF) established by the Port Authority in connection with alleged environmental contamination at John F. Kennedy International Airport (JFK) to a separate EBF managed by the NFWF.

The JFK EBF was created as part of a settlement of an administrative proceeding brought by the New York State Department of Environmental Conservation (DEC) for alleged environmental violations related to the JFK Bulk and Satellite Fuel Farms. At its meeting of December 16, 1993, the Board authorized the Executive Director to, among other things, establish the JFK EBF in the amount of \$600,000, deposited in an interest-bearing account, to provide for environmental benefit projects in and around Jamaica Bay, which projects required the concurrence of DEC. The balance in the JFK EBF as of April 30, 2006 was \$592,591.

The United States Congress created the NFWF in 1984 as a non-profit tax-exempt organization. NFWF manages an EBF, established pursuant to other settlements and Consent Orders (primarily with the City of New York), which funds study and restoration projects in Jamaica Bay in the Borough of Queens and in western Long Island Sound. In July 2006, the NFWF released a Request for Proposals to interested environmental groups for restoration projects and studies in Jamaica Bay and western Long Island Sound.

In addition to providing for the transfer of funds from the JFK EBF to the EBF managed by the NFWF, the MOA would provide that: (1) funds from the JFK EBF would be designated solely for projects in Jamaica Bay; (2) the Port Authority's role would be prominently displayed and noted in all public informational materials and; (3) Port Authority staff would participate in the project selection process.

The DEC supports the proposed MOA between the Port Authority and the NFWF.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Coscia, Gargano, Genova, Pocino, Sartor, Sinagra, Silverman and Steiner voting in favor; none against:

**RESOLVED**, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter a memorandum of agreement with the National Fish and Wildlife Foundation (NFWF) providing for the transfer of all funds remaining in the Environmental Benefit Fund previously established by the Port Authority in connection with alleged environmental contamination at John F. Kennedy International Airport to a separate Environmental Benefit Fund managed by the NFWF, substantially in accordance with the terms and conditions outlined to the Board; and it is further

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

**NEWARK LIBERTY INTERNATIONAL AIRPORT – SUPPLEMENTAL AGREEMENT TO SERVICE AGREEMENT AX-480 – ESSEX COUNTY IMPROVEMENT AUTHORITY AND THE COUNTY OF ESSEX, NEW JERSEY**

It was recommended that the Board authorize the Executive Director to enter into a supplemental agreement to the Service Agreement dated December 10, 1991 with Essex County Improvement Authority (ECIA), which operates Essex County Airport (CDW), and the County of Essex, New Jersey (the Service Agreement), providing that: (1) ECIA may not sell or lease CDW for the remaining term of the Service Agreement; (2) the Port Authority shall forgive the amount outstanding on the loan that was granted to ECIA by the Port Authority under the Service Agreement; and (3) ECIA shall be required to identify capital projects of equal or greater value than the amount of the loan to be forgiven that will assure CDW's capacity as a reliever airport to Newark Liberty International Airport (EWR).

CDW is located in the Township of Fairfield, New Jersey. It is designated a reliever airport by the Federal Aviation Administration (FAA). CDW helps to reduce congestion at other airports, primarily at nearby EWR. CDW accommodates recreational, private and corporate aviation and has several tenants that provide a range of aviation support services, including aircraft sales, leasing and charters.

Recognizing that CDW was a valuable asset to the region, but concerned that it was unable to provide an adequate level of service and was in danger of closing, the Board, at its meeting on August 13, 1987, authorized a 30-year Service Agreement with ECIA and the County of Essex, effective December 11, 1991, whereby ECIA was committed to continue to operate and develop CDW for a term of at least 15 years. In consideration for CDW remaining open, the Port Authority provided \$4 million in financial assistance for the operation and further development of CDW. Of this \$4 million in funding, \$2 million was for an interest-free loan to be paid back over the initial 15-year period. The remaining \$2 million was a grant, without an obligation to repay. The \$2 million loan was used by ECIA to complete several development projects at CDW, including the construction of hangars, acres of aircraft parking and a general aviation terminal, that ultimately increased CDW's capacity to handle general aviation aircraft and enabled CDW to fulfill its regional role helping to mitigate air congestion conditions in the region. The \$2 million grant was used to reduce CDW's debt from \$7.5 million to \$5.5 million.

CDW is in critical need of runway and navigational improvements in order to mitigate air congestion conditions in the region and ultimately allow the airport to better meet the increasing demands placed upon it in support of EWR. Presently, the total outstanding balance on the loan granted to ECIA under the Service Agreement is approximately \$1.7 million. Forgiveness of the loan would provide ECIA with the financial ability to address the necessary runway and navigational improvements that would allow CDW to provide improved service and continue its regional role as a reliever airport for general aviation aircraft.

In consideration for forgiveness of the loan, ECIA would agree not to sell or lease CDW during the remaining 15-year term of the Service Agreement. Additionally, ECIA would be required to identify capital projects of equal or greater value than the outstanding balance of the loan to be forgiven to assure that CDW's capacity as a reliever airport is enhanced. ECIA would also be required to obtain FAA approval to amend the Service Agreement. All other terms and conditions set forth in the Service Agreement would remain the same.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Coscia, Gargano, Pocino, Sinagra, Silverman and Steiner voting in favor; none against; Commissioners Genova and Sartor recused:

**RESOLVED**, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into a Supplemental Agreement to the Service Agreement dated December 10, 1991 with Essex County Improvement Authority (ECIA) and the County of Essex, New Jersey (the Service Agreement) providing that: (1) ECIA may not sell or lease Essex County Airport (CDW) for the remaining term of the Service Agreement; (2) the Port Authority shall forgive the amount outstanding on the loan that was granted to ECIA by the Port Authority under the Service Agreement; and (3) ECIA shall be required to identify capital projects of equal or greater value than the amount of the loan to be forgiven that will assure CDW's capacity as a reliever airport to Newark Liberty International Airport, all substantially in accordance with the terms and conditions outlined to the Board; the form of the agreement shall be subject to approval of General Counsel or his authorized representative.

**DOWNTOWN RESTORATION PROGRAM – WORLD TRADE CENTER TRANSPORTATION HUB - AGREEMENTS WITH BATTERY PARK CITY AUTHORITY AND/OR BROOKFIELD FINANCIAL PROPERTIES RELATING TO WORK FOR THE ROUTE 9A PEDESTRIAN UNDERPASS**

It was recommended that the Board authorize the Executive Director to enter into any and all agreements with Battery Park City Authority (BPCA) and Brookfield Financial Properties (BFP) as are necessary to design, construct, and maintain the western entrance to the pedestrian underpass between the World Trade Center site and the World Financial Center (Route 9A Underpass), as part of the World Trade Center Transportation Hub Project (WTC Hub Project).

The western entrance and portions of the pedestrian underpass to be constructed by the Port Authority as part of the WTC Hub Project, will be located on BPCA property, and an extension of the World Financial Center may be constructed by BFP to link with the underpass. The western entrance to the pedestrian underpass will replace the western entrance to the bridge over West Street/Route 9A that was located at the World Financial Center and destroyed on September 11, 2001.

The proposed agreements would include, but not be limited to: agreements for construction access, logistics, coordinated project schedules, project interfaces, property acquisitions, implementation responsibilities, and cost reimbursements/cost sharing, where applicable. Timely execution of these agreements is necessary to keep the WTC Hub Project and the New York State Department of Transportation's Route 9A project on schedule. Capital funding for WTC Hub Project work associated with these agreements has been authorized previously. The agreement(s) would be contingent upon the necessary funding commitments for work to be performed by the Port Authority on behalf of BPCA and/or BFP.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Gargano, Genova, Pocino, Sartor, Sinagra, Silverman and Steiner voting in favor; none against; Commissioner Coscia recused:

**RESOLVED**, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into any and all agreements, contingent upon the necessary funding commitments, with the Battery Park City Authority and/or Brookfield Financial Properties as are necessary to design, construct, and maintain the western entrance to the pedestrian underpass between the World Trade Center site and the World Financial Center, as part of the World Trade Center Transportation Hub Project, including, but not limited to, agreements for construction access, logistics, coordinated project schedules, project interfaces, property acquisitions, implementation responsibilities and cost reimbursements/cost sharing, where applicable; and it is further

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

**DOWNTOWN RESTORATION PROGRAM - AGREEMENTS WITH NEW YORK STATE DEPARTMENT OF TRANSPORTATION RELATING TO WORK FOR THE WORLD TRADE CENTER TRANSPORTATION HUB AND OTHER WORLD TRADE CENTER SITE REDEVELOPMENT PROJECTS**

It was recommended that the Board authorize the Executive Director to enter into any and all agreements with the New York State Department of Transportation (NYSDOT) as are necessary to enable construction and coordination of the Port Authority's World Trade Center (WTC) Transportation Hub project (WTC Hub Project) and other WTC Site Redevelopment projects (WTC Redevelopment Projects), with NYSDOT's Route 9A North Promenade Project (Route 9A Project).

One component of the WTC Hub Project is the construction of an east-west pedestrian underpass and other infrastructure elements in, under and around West Street/Route 9A, in coordination with NYSDOT's Route 9A Project. Construction of the pedestrian underpass will enable, among other things, the construction of a WTC Transportation Hub entrance at the World Financial Center (WFC) to provide a pedestrian connection between the WTC site and the WFC. The pedestrian underpass is intended to replace the pedestrian bridge over West Street/Route 9A that connected the WTC with the WFC, which was destroyed as a result of the terrorist attacks of September 11, 2001.

The current WTC Site Master Plan provides for the extension of the WTC site to the west and to the south to facilitate construction of the Freedom Tower, the WTC Memorial, and the WTC Vehicular Security Center, which require the acquisition of portions of a Route 9A right-of-way by the Port Authority. NYSDOT has agreed to convey at no cost to the Port Authority the required property. Construction of these various projects also requires access and coordination with NYSDOT's Route 9A Project, because they consist of interfacing elements and/or require staging within the other's property.

The agreements with NYSDOT would include, but not be limited to: agreements for construction access, logistics, coordinated project schedules, project interfaces, property acquisitions and implementation responsibilities. Execution of these agreements is necessary at this time to keep the WTC Hub Project, the Freedom Tower, WTC Memorial, and NYSDOT's Route 9A Project on schedule, thereby meeting the Port Authority's and NYSDOT's stated mutual goals for construction completion for the projects. Capital funding for the WTC Hub Project work associated with these agreements has been authorized previously. The agreements would be contingent upon the necessary funding commitments for work to be performed pursuant to the agreements.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Coscia, Gargano, Genova, Pocino, Sartor, Sinagra, Silverman and Steiner voting in favor; none against:

**RESOLVED**, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into any and all agreements, contingent upon the necessary funding commitments, with the New York State Department of Transportation (NYSDOT) as are necessary to enable construction and

coordination of the Port Authority's World Trade Center Transportation Hub project and other World Trade Center Site Redevelopment projects with NYSDOT's Route 9A Project including, but not limited to, agreements for construction access, logistics, coordinated project schedules, project interfaces, property acquisitions and implementation responsibilities; and it is further

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

**DOWNTOWN RESTORATION PROGRAM – PROGRAM/CONSTRUCTION MANAGEMENT SUPPORT SERVICES FOR THE FREEDOM TOWER AND WORLD TRADE CENTER MEMORIAL AND CULTURAL PROJECTS**

It was recommended that the Board authorize the Executive Director to enter into contract(s), subject to approval by the Chairman of the World Trade Center Site Planning Subcommittee (the Subcommittee) and the Executive Director, after consultation with the Subcommittee members, to provide project management support services in anticipation of the Port Authority assuming responsibility for the design and construction of the Freedom Tower and construction of the World Trade Center (WTC) Memorial and Cultural Project (Memorial/Cultural Project), followed by program/construction management services for the projects. The preliminary estimates for this work are \$15 million in connection with the Freedom Tower Project over five years, and \$10 million in connection with the Memorial/Cultural Project over four years.

To date, the Freedom Tower project has been advanced by Silverstein Properties, Inc. (SPI), with its design team led by Skidmore, Owings, and Merrill and its construction contractor, Tishman Construction Corporation. The SPI team has completed the schematic design of the Freedom Tower project with an order of magnitude cost of roughly \$2.1 billion, and has also commenced initial site preparation and foundations work.

At its meeting on April 26, 2006, the Board authorized acceptance of a conceptual framework agreement with SPI regarding the WTC site redevelopment, including work with SPI to prepare definitive documents required to effectuate the conceptual framework, for consideration by the Board at its September 2006 meeting.

At its meeting on July 6, 2006, the Board authorized acceptance of a conceptual framework agreement with the Lower Manhattan Development Corporation (LMDC), the World Trade Center Memorial Foundation, Inc., the City of New York and the State of New York for the construction of the Memorial/Cultural Project. Under this agreement, the Port Authority would be responsible for the construction of the Memorial/Cultural Project in accordance with the project's final design plans. The conceptual framework agreement includes: the award of a contract for the construction of certain foundations; development of the scope of work, schedule of work and budgets for the project; a project financing plan; and final agreements for the construction of the project. It is anticipated that a final agreement will be presented to the Board at its September 2006 meeting.

Both projects require a Project Executive and a Deputy Project Executive who are fully familiar with the WTC site projects and have a well defined understanding of the complexity of the projects, the complexity of working through issues with multiple stakeholders, and complete familiarity with the New York City construction industry.

Staff has determined that it does not have the appropriate resources to fill these key roles. It was determined that engineering firms already engaged on projects as prime consultant or subconsultants related to the WTC site would be able to provide the qualified and experienced individuals needed to bring these projects to successful fruition in the timeframe required. These

firms would be hired early on, in order to assist Port Authority staff in developing the project schedules, plans and budgets to support each project and then lead the projects to ensure project delivery.

Proposals therefore were solicited from a select list of professional engineering firms working with the Port Authority on WTC Downtown Restoration Program projects, or that have current/recent experience providing services at the WTC site. Proposals were received in July 2006 and are currently being evaluated.

Pursuant to the foregoing report, the following resolution was adopted Commissioners Blakeman, Coscia, Gargano, Genova, Pocino, Sartor, Sinagra, Silverman and Steiner voting in favor; none against:

**RESOLVED**, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into contract(s), subject to approval by the Chairman of the World Trade Center Site Planning Subcommittee (the Subcommittee) and the Executive Director, after consultation with the Subcommittee members, to provide project management support services in anticipation of the Port Authority assuming responsibility for the design and construction of the Freedom Tower and construction of the World Trade Center Memorial and Cultural projects, followed by program/construction management services for the projects, at an estimated cost of \$15 million in connection with the Freedom Tower Project over five years, and \$10 million in connection with the World Trade Center Memorial and Cultural Projects over four years, respectively; and it is further

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

**TRANS-HUDSON EXPRESS (THE) TUNNEL - PROJECT AUTHORIZATION –  
AGREEMENT WITH NEW JERSEY TRANSIT CORPORATION**

It was recommended that the Board authorize:

(1) a project (THE Tunnel Project), in the amount of at least \$1 billion, to implement the Trans-Hudson Express (THE) Tunnel, formerly known as Access to the Region's Core (ARC), to facilitate efficient mass transportation and ease congestion on the Port Authority's transportation infrastructure and in the New York-New Jersey region, subject to (a) an increase of up to a total aggregate amount of \$2 billion as THE Tunnel Project's financing plan evolves during the approval process; (b) further Board approval for implementation of THE Tunnel Project; and (c) certification of THE Tunnel Project as an additional facility of the Port Authority, pursuant to bond covenants, with respect to implementation of THE Tunnel Project other than for preliminary planning and engineering costs in connection therewith;

(2) the expenditure of up to \$10 million for preliminary planning and engineering activities pertaining to the design, development and construction of THE Tunnel Project, including reimbursement of certain of costs incurred by New Jersey Transit Corporation (NJT) for such activities; and

(3) the Executive Director, subject to the conditions pertaining to the implementation of THE Tunnel Project, to:

- (a) enter into an agreement with NJT for the reimbursement of costs it incurs in the implementation of THE Tunnel Project;
- (b) execute the necessary permits and approvals and to enter into other agreements or supplements to existing agreements, with such entities as may be appropriate or required to effectuate THE Tunnel Project, and to execute documents in connection therewith;
- (c) enter into agreements for professional, technical, and other advisory services and incur costs preliminary to acquisition of property interests for THE Tunnel Project; and
- (d) take such actions with respect to the award of purchase and construction contracts and agreements for professional, technical, and advisory services necessary to implement THE Tunnel Project as he deems in the best interest of the Port Authority.

As currently proposed, THE Tunnel Project will consist of: construction of a passenger rail tunnel connecting New York City to New Jersey and to Rockland and Orange Counties in New York; expanding Penn Station New York (PSNY) under 34<sup>th</sup> Street in Manhattan; rail improvements to the Northeast Corridor between New Jersey and New York; the purchase of rail locomotives and coaches for NJT; and the acquisition of real property or property rights.

NJT is serving as the lead agency for THE Tunnel Project, as designated by the Federal Transit Administration (FTA), for the purposes of the ongoing Draft Environmental Impact Statement (EIS) and the federal funding application processes. The Port Authority anticipates an ongoing “partnership” relationship with NJT in the overall construction of THE Tunnel Project. The current estimate of THE Tunnel Project cost by NJT is \$6.1 billion in 2005 dollars. It is presently anticipated that the Port Authority, FTA, NJT and the State of New Jersey, which has committed \$500 million towards this project from its Transportation Trust Fund, all will provide a portion of THE Tunnel Project costs.

In accordance with its responsibilities for meeting interstate transportation needs in the Port District, the Port Authority has provided institutional and planning support for bi-state efforts to identify the best options for expanding trans-Hudson transit capacity leading to midtown Manhattan. The two major systems serving this commuter market are (1) the Port Authority’s Exclusive Bus Lane/Lincoln Tunnel/Port Authority Bus Terminal system (augmented to some degree by Port Authority Trans-Hudson Corporation (PATH) rail service to 33<sup>rd</sup> Street in Manhattan) and (2) NJT’s passenger rail service to PSNY. Analyses by the Port Authority and THE Tunnel Project study team presume that the Port Authority’s existing trans-Hudson transportation facilities will continue to operate at present or improved levels of service. However, even with the timely implementation of improvements to the capacity of these systems already programmed and committed, the region will still need the THE Tunnel’s additional peak-period rail capacity within 10 years. The original ARC planning partnership among the Port Authority, NJT and the New York State Metropolitan Transportation Authority (MTA) endorsed expanded commuter rail service linked to PSNY as the best strategy for both states to meet this need.

On October 24, 2002, the Board authorized an agreement providing for the Port Authority’s participation as a cooperating agency for the federally mandated EIS process. In 2003, NJT began preparing a Draft EIS (DEIS) for THE Tunnel (then referred to as ARC) under FTA oversight. The DEIS for THE Tunnel is now completed and awaiting final approval by the FTA before it is released to the public. This will be followed by a public comment period, including public hearings, and initiation of preparation of the Final EIS (FEIS). Upon the satisfactory submission and approval of the FEIS, the FTA will issue a Record of Decision (ROD) certifying the conclusion of the environmental review process.

Under the federal Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) Act of 2005, the FTA Administrator was directed to allow NJT to undertake preliminary engineering for THE Tunnel in parallel with the environmental review process, a dispensation that permits THE Tunnel Project schedule to advance. NJT has recently set aside \$75 million in its capital program, selected a contractor, and is awaiting final sign-off by FTA to commence work on preliminary engineering.

Upon receipt of the ROD and the conclusion of preliminary engineering, NJT will negotiate with the FTA for a Full Funding Grant Agreement (FFGA), which would detail funding commitments, both federal and local, including provision for addressing cost overruns, and a timetable for project development, construction, and implementation. The authorizations being recommended to the Board would permit continuation of the necessary planning for THE Tunnel Project development, and would also provide support for NJT's efforts to secure timely approvals and agreements essential to determining the final scope, cost and timetable for project implementation, including FTA issuance of the ROD for the environmental impact review, and agreements with additional federal oversight agencies, Amtrak, the U.S. Coast Guard, the U.S. Army Corps of Engineers, and others.

The DEIS will be completed, and the FEIS and preliminary engineering commenced, this year. The FEIS and preliminary engineering are scheduled to be completed in late 2007 or early 2008, followed by negotiation and approval of an FFGA. The project is expected to be completed in 2016.

Port Authority planning support for phased expansion of trans-Hudson commuter rail service is predicated on a succession of studies demonstrating that this strategy best meets transportation, growth, and air quality goals established by New York and New Jersey. The staged approach for expanding rail capacity directly addresses Port Authority concerns for relief of anticipated pressure on the Exclusive Bus Lane/Lincoln Tunnel/Port Authority Bus Terminal network (together with ancillary PATH service).

In addition, PSNY's role as a shared regional asset includes its relatively new function as a terminus for AirTrain JFK and AirTrain Newark users, and its traditional role as anchor for Amtrak intercity rail service that serves to moderate total passenger demand for short-haul airline connections using the region's airports. Current peak-period capacity at PSNY falls short of projected requirements for all the rail services dependent on this complex. Progress on a strategy for phased expansion of PSNY capacity (Port Authority support for portions of which has previously been authorized by the Board) will maximize potential to shift more regional trips to the rail mode and to capture the highest levels of federal support to NJT, Amtrak, and the MTA for investments in PSNY and its connecting tunnels and facilities in both states.

The Strategic Plan adopted by the Board in December 2005 identified THE Tunnel as a project of such strategic significance for the Port Authority's future and for bi-state regional prosperity to warrant a substantial financial commitment and role for the Port Authority. THE Tunnel was recognized not only as an essential enhancement to trans-Hudson commuting capacity but also as a project that will provide critical redundancy to the region's transportation network, as well as augment the capability of PSNY to function as an efficient and reliable hub for inter-city rail and airport access. Consistent with that vision, the recommended authorizations would permit continuation of necessary planning for THE Tunnel Project development, and would also provide support for NJT's efforts to secure timely approvals and agreements essential to determining the substantive, financial and temporal contours for project implementation.

Pursuant to the foregoing report, the following resolution was adopted Commissioners Blakeman, Coscia, Gargano, Pocino, Sartor, Sinagra, Silverman and Steiner voting in favor; none against; Commissioner Genova recused:

**RESOLVED**, that a project (THE Tunnel Project), in an amount of at least \$1 billion, to implement THE (Trans-Hudson Express) Tunnel, formerly known as Access to the Region's Core, to facilitate efficient mass transportation and ease congestion on the Port Authority's transportation infrastructure and the New York-New Jersey region, subject to (1) an increase of up to a total aggregate amount of \$2 billion as THE Tunnel Project's financing plan evolves during the approval process; (2) further Board approval for implementation of THE Tunnel Project; and (3) certification of THE Tunnel Project as an additional facility of the Port Authority, pursuant to bond covenants, with respect to implementation of THE Tunnel Project other than for preliminary planning and engineering costs in connection therewith, be and it hereby is authorized; and it is further

**RESOLVED**, that the expenditure of up to \$10 million for preliminary planning and engineering activities pertaining to the design, development and construction of THE Tunnel Project, including reimbursement of costs incurred by New Jersey Transit Corporation (NJT) for such activities, be and it hereby is authorized; and it is further

**RESOLVED**, that the Executive Director, subject to the conditions pertaining to THE Tunnel Project authorization set forth above, be and he hereby is authorized, for and on behalf of the Port Authority, to:

- (1) enter into an agreement with NJT for the reimbursement of costs it incurs in the implementation of THE Tunnel Project;
- (2) execute the necessary permits and approvals and to negotiate and enter into other agreements or supplements to existing agreements, with such entities as may be appropriate and required to effectuate THE Tunnel Project, and to execute documents in connection therewith;
- (3) enter into agreements for professional, technical, and other advisory services and incur costs preliminary to acquisition of property interests for THE Tunnel Project; and
- (4) take such actions with respect to the award of purchase and construction contracts and agreements for professional, technical, and advisory services necessary to implement THE Tunnel Project as he deems in the best interest of the Port Authority; and it is further

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

**CONFIDENTIAL ITEM**

This item shall not be available for public inspection.

**CONFIDENTIAL ITEM**

This item shall not be available for public inspection.

Whereupon, the meeting was adjourned.

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Secretary