

**THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY**

**MINUTES  
December 9, 2004**

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**MINUTES of the Meeting of The Port Authority of New York and New Jersey held Thursday, December 9, 2004, 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

**NEW YORK**

Hon. Charles A. Gargano, Vice-Chairman  
 Hon. Michael J. Chasanoff  
 Hon. Christine A. Ferer  
 Hon. David S. Mack  
 Hon. Henry R. Silverman

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

Gwendolyn Archie, Senior Administrator, Office of the Secretary  
 Kayla M. Bergeron, Director, Public Affairs  
 Kathleen P. Bincoletto, Senior Administrator, Office of the Secretary  
 A. Paul Blanco, Acting Chief Financial Officer  
 John D. Brill, Director, Audit  
 Gregory G. Burnham, Chief Technology Officer  
 Timothy Castano, Senior Business Consultant, Office of the Chairman  
 Anthony B. Ciavolella, Public Information Officer, Public Affairs  
 Arthur J. Cifelli, Senior Advisor to the Chairman/Director, Government and Community Affairs  
 Steven J. Coleman, Public Information Officer, Public Affairs  
 Anthony G. Cracchiolo, Director, Priority Capital Programs  
 William R. DeCota, Director, Aviation  
 John C. Denise, Supervisor, Audio Visual/Photography, Operations Services  
 Michael P. DePallo, Director, PATH  
 Claudia C. Dickey, General Manager, Financial Services  
 Pasquale DiFulco, Public Information Officer, Public Affairs  
 Iran H. Engel, Assistant Treasurer  
 Nancy Ertag-Brand, Executive Advisor to the Chief Financial Officer  
 Michael G. Fabiano, Comptroller  
 James P. Fox, Deputy Executive Director  
 Michael B. Francois, Acting Chief of Real Estate/Regional and Economic Development  
 Scott J. Frisby, Senior Economic Analyst, Aviation  
 Gertrude Gilligan, Employee Communications Representative, Public Affairs  
 Linda C. Handel, Assistant Secretary  
 L. Jay Hector, Senior Policy Advisor to the Executive Director/Vice-Chairman  
 Edward L. Jackson, Director, Financial Services  
 Howard G. Kadin, Senior Attorney, Law  
 Louis J. LaCapra, Chief Administrative Officer  
 Richard M. Larrabee, Director, Port Commerce  
 Trevor V. Liddle, Program Director, Newark Liberty International Airport, Aviation  
 Francis J. Lombardi, Chief Engineer  
 Robert F. Lurie, Chief of Strategic Planning  
 Stephen Marinko, Attorney, Law  
 James E. McCoy, Manager, Board Management Support, Office of the Secretary  
 Anne Marie Mulligan, Treasurer  
 Catherine F. Pavelec, Manager, Administration, Protocol and Executive Correspondence,  
 Office of the Secretary

Michael A. Petralia, Chief of Public and Government Affairs  
Kenneth P. Philmus, Director, Tunnels, Bridges and Terminals  
Samuel J. Plumeri, Jr., Superintendent of Police/Director, Public Safety  
Alan L. Reiss, Deputy Director, Aviation  
Cruz C. Russell, Deputy Chief, Strategic Planning  
Edmond F. Schorno, Chief of Staff  
Deborah J. Shapiro, Senior Executive Secretary, Chief Financial Officer  
Jeffrey I. Siegel, Principal Management Analyst, Aviation  
Gerald Simpkins, Principal Management Analyst, Aviation  
Douglas L. Smith, Director, Office of Forecasting and Capital Planning  
Gerald B. Stoughton, Assistant Director, Office of Forecasting and Capital Planning  
Joseph A. Tobia, Assistant Comptroller  
Emery J. Ungrady, Deputy Chief of Staff  
Sheree R. Van Duyne, Executive Policy Analyst, Aviation  
Peter J. Zipf, Deputy Chief Engineer

Guests:

Verice Mason, Director, Authorities Unit, Office of the Governor of New Jersey  
Sam Stanton, Authorities Unit, Office of the Governor of New Jersey

The public session was called to order by Chairman Coscia at 2:30 p.m. and ended at 2:55 p.m. The Board met in executive session prior to the public session. Commissioner Steiner was present during the executive session.

### **Report of Audit Committee**

The Audit Committee reported, for information on matters discussed in executive session at its meeting on December 7, 2004, which included discussion of internal audit matters, and the report was received.

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

The Committee on Finance reported, for information, on matters discussed in executive session at its meeting on December 9, 2004, which included discussion of contract and lease 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 and is included with these minutes.

### **Report of Committee on Capital Programs/Port Planning**

The Committee on Capital Programs/Port Planning reported, for information, on matters discussed at its meeting on December 9, 2004, which included an update on the Goethals Bridge Modernization Program, and the report was received.

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

The Committee on Construction reported, for information, on matters discussed at its meeting on December 9, 2004, which included discussion of a project for the modernization of Terminal B at Newark Liberty International Airport, in addition to matters filed with the Committee pursuant to Board action or separately reported to the Board of Commissioners at this meeting of the Board, and the report was received and is included with these minutes.

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

The Committee on Operations reported, for information, on matters discussed and action taken in executive session at its meeting on December 9, 2004, which included a discussion of personnel and property, contract and lease matters, and the report was received.

## **TRIBUTE TO KENNETH P. PHILMUS**

The following resolution was unanimously adopted by the Board of Commissioners in connection with the upcoming retirement of Kenneth P. Philmus, Director, Tunnels, Bridges and Terminals Department.

**WHEREAS**, Kenneth P. Philmus has served with great pride and distinction throughout his more than 33-year career with The Port Authority of New York and New Jersey; and

**WHEREAS**, since Kenneth P. Philmus joined the Port Authority in 1971 as a Junior Professional Assistant in the Operations Services Department and through his most recent appointment to Director of the Tunnels, Bridges and Terminals Department in 1999, he successfully progressed his career and served as a personnel representative, Assistant Manager of the agency's Automotive Division, Manager of the George Washington Bridge and Bus Station, Manager of the Port Authority Bus Terminal and Deputy General Manager of John F. Kennedy International Airport; and

**WHEREAS**, during the course of his career and as Director of the Tunnels, Bridge and Terminals Department, where he leads one of the agency's core businesses, Ken has been instrumental in the decision-making process and implementation of a number of key projects and initiatives undertaken by the agency, including successfully leading a special task force established to rehabilitate the Port Authority Bus Terminal and the implementation of Highway-Speed E-ZPass at our bridge facilities, an Intelligent Transportation System at the George Washington Bridge, the Goethals Bridge Modernization Program and a comprehensive new security program for the agency's tunnels, bridges and terminals, as well as numerous customer service initiatives; and

**WHEREAS**, in keeping with the agency's continuing tradition of excellence, and coordinating with regional and other transportation entities, Ken Philmus has been an active member of the International Bridge, Tunnel and Turnpike Association, the Coordinating Council of the Intelligent Transportation Society of America and Executive Committee member of the E-ZPass Interagency Group and Transcom, as well as an Executive Board member of the I-95 Corridor Coalition;

**NOW, therefore, be it**

**RESOLVED**, that the Commissioners of The Port Authority of New York and New Jersey hereby express to Kenneth P. Philmus their sincere appreciation for his many years of service and career-long dedication to the Port Authority and the people of the region it serves, and it is further

**RESOLVED**, that the Board of Commissioners hereby directs that this resolution be suitably engraved and presented to Kenneth P. Philmus on the occasion of his retirement from The Port Authority of New York and New Jersey.

## **2005 BUDGET**

The 2005 Budget for The Port Authority of New York and New Jersey, including the anticipated expenditures of subsidiary corporations and affiliated entity, provides for capital and operating expenditures during calendar year 2005 necessary to achieve the Port Authority's goals and objectives.

The Port Authority exists to better coordinate terminal, transportation and other facilities of commerce in the New York-New Jersey metropolitan region surrounding the Port of New York and New Jersey.

This agency meets its responsibility primarily through planning, constructing, financing and operating trade and transportation infrastructure. It does so within the context of objectives that include: enhancing safety and security, implementing new technologies, maintaining and enhancing infrastructure, advancing the delivery of capital programs, increasing agency cost effectiveness, pursuing improvements in regional mobility, and advancing regional economic competitiveness.

The Budget serves as a financial planning tool which outlines estimated expenditures for fulfilling these objectives through programs already authorized or to be considered.

The 2005 Budget totals \$4,534 million. It consists of \$2,165 million for operating expenses, \$1,709 million for gross capital expenditures, \$609 million for debt service charged to operations, and \$51 million for other expenditures.

The proposed 2005 Budget, among other things: provides for continued Port Authority management of the World Trade Center site to provide a safe, secure and clean environment to facilitate construction and for visitors; maintains a heightened security threat level at all Port Authority facilities; assumes higher pension costs in accordance with legislative changes governing employer contributions to the New York State Retirement Systems; and reflects higher electricity costs at our facilities. The assumptions in the 2005 Budget are also predicated in part upon the ability of lessees at the Port Authority's facilities, including the net lessees of the office and retail components of The World Trade Center, to continue to meet their commitments under their respective leases. The 2005 Budget also reflects the full-year impact of the new flight fee agreements with the airlines at the New York airports. Furthermore, in order to accommodate these higher costs and lower revenues, the 2005 Budget reflects the implementation of savings initiatives recommended through the internal Organizational Effectiveness and Change Management process.

We have strived to sustain the 2005 capital plan at current spending levels of more than \$1.7 billion. Our most critical capital initiative continues to be the restoration of Downtown Manhattan, and we will continue to work closely with the Lower Manhattan Development Corporation, the Metropolitan Transportation Authority, and the New York State Department of Transportation, as well as the City of New York, the Federal Transit Administration, and the WTC net lessees. The 2005 Budget also provides for direct assistance to the two States for

transportation and economic development projects and spending to maintain existing Port Authority facilities in a state of good repair.

The Executive Director would be authorized to take action in accordance with appropriate procedures in the aggregate amount of \$2,248 million with respect to professional, technical, or advisory services as appropriate; contracts for maintenance and services, construction, and commodities (materials, equipment and supplies) purchases; the purchase of insurance; the settlement of employee and patron claims; and other actions, including personnel benefit, classification, range and procedural adjustments, as provided in the 2005 Budget.

A provision of \$590,000 is also included to reimburse the States of New York and New Jersey for expenses incurred by the two States, including staff costs, in reviewing the Port Authority's annual Budget and any amendments thereto.

The proposed 2005 Budget also reflects the first year of the strategic planning effort undertaken by Port Authority staff, including a regional needs assessment, a comprehensive review of the Port Authority's mission and long-term business strategies, programs, policies and projects, both operating and capital, to carry out that mission. This business planning process also involved review of various factors impacting the continuing operation of Port Authority facilities, including contractual, municipal lease and other relationships; significant industry trends in each of the Port Authority's businesses; and the potential need for capital expenditures over a multi-year period for the modernization, renovation, rehabilitation, expansion or acquisition of existing and additional facilities in order to maintain appropriate levels of service, security and regional growth and investment.

As a result of this effort, staff has prepared *2005 – 2014 Port Authority Plan: A Vision for the Region* as a framework for discussion with interested stakeholders, dealing with the short- and long-term needs of the region and the most effective ways for the Port Authority and its public and private partners to deliver transportation-based investments to address those needs. In preparing this plan for presenting pending and potential projects for the term, staff has attempted to assure the availability of funding and other resources to meet the commitments reflected in the 2003-2007 Capital Plan, while identifying a range of long-term capital projects for the 2008-2014 period that, if realized after appropriate analysis and authorization, will reinvigorate the Port Authority's commitment to develop and operate transportation facilities and services that synergistically contribute to regional economic growth and prosperity, as contemplated in the Port Compact of 1921 and subsequent legislation.

Regular consultation on the plan is to be had with other agencies within the region and with the Governors of New York and New Jersey. It is contemplated that the results of such consultation will be discussed with the Commissioners at their regular planning sessions and that the elements of the plan will be revised from time to time as appropriate, to reflect changes in programs, policies and projects and the environment in which the Port Authority operates. As revised, the plan is to be reviewed with the Commissioners annually.

The proposed 2005-2014 Plan serves as a baseline tool for directing the agency's planning and project development resources for outlying years. The Plan includes projects that

will be developed, evaluated for consistency with the Plan, and, as appropriate, incorporated into future budgets. Conceptually, the 2005-2014 Plan differs from previous Port Authority planning efforts in its vision of bold changes in planning and financing relationships with public and private partners.

Circumstances arose during the year 2004 that were not foreseeable or determinable when the 2004 Budget was prepared, which are estimated to cause total expenditures to amount to \$362.5 million lower than the amounts set forth in the 2004 Budget.

The Executive Director would be authorized to permit applications from the Consolidated Bond Reserve Fund during 2005. In connection with the effectuation of the Port Authority's capital program from time to time and consistent with the 2005 Budget and capital program projections, it is desirable to establish a maximum amount for 2005 in connection with the Executive Director's authority to apply moneys in the Consolidated Bond Reserve Fund to the Capital Fund, subject to statutory, contractual, and other commitments and financial policies of the Port Authority, not to exceed \$650 million (after reimbursement for temporary applications), in addition to other capital funds carried into 2005 and the proceeds of Port Authority obligations to be issued.

The Executive Director's authority, pending final adoption and approval of the annual Budget, to make operating expenditures and undertake contractual commitments for continuing operations and professional services as contained in the financial plan presented to the Commissioners, would also be confirmed.

Pursuant to the foregoing report presented by staff, the following resolution was adopted with Commissioners Chasanoff, Coscia, Ferer, Gargano, Genova, Mack, Pocino, Sartor and Silverman voting in favor; none against:

**RESOLVED**, that the strategic planning concept which has produced *2005-2014 Port Authority Plan: A Vision for the Region*, copies of which were before the Board, be and the same hereby is approved, and staff is hereby directed to continue planning efforts in a manner consistent with this framework; and it is further

**RESOLVED**, that the 2005 Budget of The Port Authority of New York and New Jersey as set forth below, be and the same hereby is approved and adopted, including authority for the Executive Director to: (1) take action in accordance with appropriate procedures with respect to professional, technical, or advisory services as appropriate; contracts for maintenance and services, construction, and commodities (materials, equipment and supplies) purchases; purchase of insurance; settlement of employee and patron claims; and other actions, including personnel benefit, classification, range, and procedural adjustments; and (2) pending final adoption of the annual Budget, make operating expenditures and undertake contractual commitments for continuing operations and services:

**THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY**  
**Including Subsidiary Corporations and Affiliated Entity**  
**2005 BUDGET**  
(In Thousands)

<b>Item</b>	<b>Total Expenditures</b>	<b>Personal Services</b>	<b>Materials &amp; Services</b>
Audit	\$10,957	\$8,690	\$2,267
Aviation	531,913	140,845	391,068
Chief Administrative Officer	2,487	1,994	493
Chief Financial Officer	3,298	1,355	1,944
Chief of Public and Government Affairs	606	514	92
Chief of Public Safety & Emergency Management	710	491	219
Chief of Real Estate/Regional & Economic Development	416	265	151
Chief of Strategic Planning	740	464	276
Chief Operating Officer	9,609	1,456	8,153
Chief Technology Officer	780	490	290
Comptroller's	19,518	12,186	7,332
Engineering	339,438	97,920	241,518
Construction Contracts	628,109		628,109
Executive Offices	2,664	2,086	578
Financial Services	13,006	8,566	4,440
Government and Community Affairs	5,625	3,047	2,578
Human Resources	16,226	8,178	8,048
Medical Services	4,878	2,593	2,285
Inspector General	4,936	3,611	1,325
Labor Relations	3,121	2,075	1,046
Law	22,179	19,558	2,621 <sup>(1)</sup>
Economic Development	131,631	5,541	126,090
Emergency Management	6,606	3,052	3,554
Forecasting and Capital Planning	1,977	1,397	580
Office of the Secretary	3,985	2,160	1,825
Operations Services	44,559	36,359	8,200 <sup>(1)</sup>
Facility Construction Support	29,054	24,434	4,620
Policy & Planning	7,043	3,252	3,791
Port Commerce	191,830	25,430	166,400
Priority Capital Programs	29,083	5,772	23,311
Procurement	17,008	11,007	6,001 <sup>(1)</sup>
Public Affairs	12,225	5,265	6,960
Public Safety	309,643	268,921	40,722
Rail	231,758	132,934	98,824
Real Estate	30,738	5,381	25,357 <sup>(1)</sup>
Technology Services	9,778	21,661	(11,883) <sup>(1)</sup>
Treasury	29,288	6,108	23,180
Tunnels, Bridges and Terminals	205,212	116,414	88,798
World Trade (includes expenses related to 9-11)	3,891	208	3,683

Other:

Amounts in Connection with Operating Asset			
Obligations	38,060		38,060
Bi-state Dredging Program	6,000		6,000
Debt Service - Operating	609,485		609,485
Debt Service – Capitalized Interest	99,859		99,859
Insurance	135,911		135,911
Municipal Rents and Amounts in Lieu of Taxes	219,504		219,504
Passenger Facility Charge/Airport Access Program	173,020	2,211	170,809
Study and Development Projects	5,000		5,000
Regional Programs - Operating	6,350		6,350
Regional Programs - Capital	232,627		232,627
Special Project Bonds Debt Service	91,411		91,411
Total Port Authority Budget	<u>\$4,533,752</u>	<u>\$993,890</u>	<u>\$3,539,862</u>

(1) Net after charges to other departments.

; and it is further

**RESOLVED**, that the revisions to the Budget for the year 2004 be and the same hereby are approved:

**THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY**  
**Including Subsidiary Corporations and Affiliated Entity**  
**2004 BUDGET VS 2004 ESTIMATE**  
(In Thousands)

	<u>2004 ESTIMATE</u>	<u>2004 BUDGET</u>	<u>CHANGE</u>
Operating Expenses	\$2,089,048	\$2,102,637	(\$13,589)
Debt Service Charged to Operations	682,000	567,500	114,500
Deferred Expenses, Expenses Related to 9/11/01 and Other	<u>45,518</u>	<u>59,533</u>	<u>(14,015)</u>
Total Operating	2,816,566	2,729,670	86,896
Capital Expenditures	<u>1,349,715</u>	<u>1,799,111</u>	<u>(449,396)</u>
Total Port Authority Expenditures	<u>\$4,166,281</u>	<u>\$4,528,781</u>	<u>(\$362,500)</u>

; and it is further

**RESOLVED**, that, based upon a requisition of the Governor of the State of New York or the Governor of the State of New Jersey, or the duly authorized designee of each, the Port Authority shall pay to the State of New York or the State of New Jersey, or both, upon receipt of an appropriate expenditure plan from said State, an amount not in excess of \$295,000 to each said State to reimburse said State or States for expenses incurred by said State or States, including staff costs, in reviewing the annual Budget of the Port Authority and any amendments thereto; and it is further

**RESOLVED**, that the provision by the Executive Director of portions of the Port Authority's capital program from time to time, consistent with the 2005 Budget and capital program projections (including the continuing application of the Capital Fund on a temporary basis, subject to reimbursement), by application of moneys in the Consolidated Bond Reserve Fund to the Capital Fund for capital expenditures for the year 2005 in connection with the Port Authority's facilities, shall not, subject to statutory, contractual, and other commitments and financial policies of the Port Authority, exceed \$650 million (after any such reimbursements and in addition to other capital funds carried into 2005 and the proceeds of obligations to be issued).

**NEWARK LIBERTY INTERNATIONAL AIRPORT – TERMINAL B  
MODERNIZATION PROGRAM – PROJECT AUTHORIZATION**

It was recommended that the Board authorize: (1) a project for the modernization of Terminal B and related facilities at Newark Liberty International Airport (EWR) at a total estimated project cost of \$279.2 million; and (2) the Executive Director to enter into agreements as may be necessary to effectuate the project.

In 1973 when Terminal B was dedicated, EWR handled fewer than 7 million passengers and approximately 200,000 operations annually. Since that time, EWR has continued to grow and has become a major transportation hub for the region. In 2000, EWR handled 450,187 international and domestic aircraft operations accounting for 34.2 million passengers. Although traffic dropped after September 11, 2001, current forecasts reflect that air traffic will reach its pre-9/11 levels by 2007 and will continue to grow thereafter, reaching 45 Million Annual Air Passengers (MAAP) by 2021.

EWR has experienced extensive changes and improvements during the past fifteen years to address the growth in air traffic. Some of the major initiatives undertaken include the extension of the main departures runway 4L-22R, many taxiway and taxi-lane improvements, construction of aircraft hardstand parking areas, improvements in instrumentation and navigational equipment, a new air traffic control tower, significant development of cargo and airline hangar and service facilities, construction of and subsequent extension of the AirTrain Newark system to the Northeast Corridor Station, two new parking garages, improved highway connections and airport roadways, signage improvements, consolidation of rental car facilities, new entry and exit plazas for many of the parking lots, including implementation of E-ZPass Plus, expanded frontage roadways and implementation of award-winning concession programs. In addition to these general airport improvements, Continental Airlines, Inc. recently completed a major expansion of Terminal C, including a second international facility and a new wide-body concourse.

Terminal B has undergone several significant modifications to improve passenger services in recent years. The latest projects in Terminal B involved the creation of new International Arrivals facilities at Satellites B2 and B3, including a new Federal Inspection Station facility, the modernization of the gate areas, boarding areas and baggage systems and new elevators and escalators at the B2 core. In addition, retail concessions and passenger services were expanded and improved.

However, departure facilities in Terminal B have changed little since the terminal was dedicated in 1973. Since that time, there have been major changes in security requirements and procedures. This, coupled with the significant growth in the total numbers of domestic and international passengers and carriers, severely taxes the ability of the facility to function in an efficient, customer-friendly manner.

The existing deficiencies addressed by this program include:

- Inadequate international check-in facilities
- Congestion at the passenger screening points
- Poorly configured and inefficient baggage screening facilities
- Congestion in the international outbound bag-rooms
- Congestion in the international interline bag re-check area
- Shortage of airline lounges
- Shortage of airline back-office space
- Inadequate concessions beyond screening.

In addition, forecast levels of activity indicate that it is necessary to increase the number of ticket counters and associated queuing and support space for both international and domestic departures and to enlarge domestic baggage claim areas to accommodate future growth.

The reorganization of Terminal B as a result of this project will impact certain leaseholds, and supplements to these leaseholds will be negotiated and authorization to enter into such supplements will be sought at a later date.

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

**RESOLVED**, that a project for the modernization of Terminal B and related facilities at Newark Liberty International Airport at an estimated project cost of \$279.2 million (the Project), including payments to contractors, allowances for extra work (if necessary) and net cost work, engineering, administrative and financial expenses and a contingency (if necessary), be and it hereby is authorized; and it is further

**RESOLVED**, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to obtain necessary approvals and permits and to take action with respect to purchase and construction contracts, contracts for professional and advisory services and such other contracts and agreements as may be necessary to effectuate the Project, subject to advising the Commissioners of individual contracts or agreements to be acted upon pursuant to this authorization prior to taking or authorizing such action; and it is further

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

**JOHN F. KENNEDY INTERNATIONAL AIRPORT – JFK INTERNATIONAL AIR CARGOCENTRE L.L.C. – LEASE AGREEMENT FOR HANGARS 3, 4 AND 5**

It was recommended that the Board authorize the Executive Director to enter into an agreement of lease with JFK International Air CargoCentre L.L.C. (CargoCentre) for the development and operation of an air cargo facility on the 27-acre site at John F. Kennedy International Airport (JFK) where Hangars 3, 4 and 5 are currently located, and for the reimbursement by the Port Authority of approximately \$4.8 million to CargoCentre for certain work necessary for the development of the site. The 27-year term of the proposed lease would commence on or about July 1, 2005.

CargoCentre's proposal for the site of Hangars 3, 4 and 5 would provide the Port Authority with a new state-of-the-art cargo facility at JFK that would meet the demand of the air cargo market and enhance the facilities at JFK by accommodating the future needs of the major air cargo airlines. The development plan would include demolition of Hangars 3, 4 and 5 and construction of a new, approximately 260,000-square-foot cargo building designed to handle Group V (B-747-400) aircraft, and would support single and multi-tenant needs for both the present and the future.

In February 2001, the Port Authority issued a publicly advertised Request for Proposals (RFP), inviting respondents to submit proposals detailing plans for the financing, design, construction, operation, maintenance and management of a cargo facility at the 27-acre site of Hangars 3, 4 and 5. Of the four companies that submitted proposals, it was determined that CargoCentre had the best overall proposal.

However, the status of the site's availability for development had temporarily changed. JetBlue Airways Corporation (JetBlue), already in Hangar 3, had demonstrated a critical need to remain in Hangar 3 in order to maintain its growing fleet of aircraft until its new maintenance facility was completed. Staff explored alternative locations for JetBlue, and the only viable location would have required the Port Authority to invest approximately \$1 million to make it suitable for JetBlue. Subsequently, staff negotiated with CargoCentre, and it agreed to postpone the commencement of its work until JetBlue vacates Hangar 3, which is anticipated to occur in June 2005.

CargoCentre is composed of TC JFK, Inc., an affiliate of Trammell Crow Company, Inc., and Lion Industrial Trust, a wholly owned subsidiary of Clarion ING. CargoCentre would invest approximately \$70 million in the project and, under the terms of the proposed lease, would pay the Port Authority an aggregate rental of approximately \$112 million over a 27-year period in guaranteed ground rents and an estimated \$39 million in participatory rents and sublease fees. It is anticipated that CargoCentre would secure financing for this project from the New York City Industrial Development Agency (IDA) and mortgage its leasehold, since CargoCentre already received an inducement resolution from IDA in 2003 for tax-exempt financing for this project.

In the event CargoCentre would proceed with IDA financing requiring a leasehold mortgage, CargoCentre would pay the Port Authority an annual fee on debt service of 1.5 percent for the first year, 2 percent for the second year and 2.5 percent for the remaining

years that the mortgage would be in effect. The leasehold mortgage would be subordinate to the lease between the Port Authority and CargoCentre.

The Port Authority and CargoCentre had conducted subsurface investigations at the site to determine whether there were any soil or hazardous materials, as defined by the New York State Department of Environmental Conservation. The findings of these investigations had revealed that there were no such hazardous materials. CargoCentre would be responsible for the cost of removal and disposal of soil at the site. However, in the event that any hazardous soil or materials would be uncovered during the performance of any construction or improvement by CargoCentre, the Port Authority would be responsible for the incremental cost of removing any hazardous materials which CargoCentre could prove, to the satisfaction of the Port Authority, existed on the site prior to the effective date of the lease and their presence was not caused or exacerbated by the acts or omissions of its agents or contractors.

The Port Authority would reimburse CargoCentre approximately \$4.8 million to perform certain work necessary for the development of the site, which would include the relocation of post “R” to North Hangar Road, the widening and realignment of North Hangar Road, and the removal of underground storage tanks and oil/water separators.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Chasanoff, Coscia, Ferer, Gargano, Genova, Mack, Pocino, Sartor and Silverman 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 27-year lease with JFK International Air CargoCentre L.L.C. (CargoCentre) for the development and operation of an air cargo facility on a 27-acre site at John F. Kennedy International Airport and to reimburse CargoCentre approximately \$4.8 million for certain work necessary for the development of the site, substantially in accordance with the terms and conditions outlined to the Board; the form of the agreement shall be subject to the approval of General Counsel or his authorized representative.

**ELIZABETH-PORT AUTHORITY MARINE TERMINAL – DESIGNATION OF  
ADDITIONAL MARINE TERMINAL HIGHWAY**

It was recommended that the Board authorize the Executive Director to enter into agreements, including the acceptance of deeds, with two private landowners, or their successors-in-interests, of property adjacent to the Elizabeth-Port Authority Marine Terminal (EPAMT), North Avenue East, L.L.C. (NAE), whose property is located at 1-71 North Avenue East, and Continental Airlines, Inc. (Continental) whose property is located at 10 North Avenue East, to: (1) accept the conveyance of the fee interest, at no cost to the Port Authority, in a portion of their properties situated within the roadways of McLester Street and North Avenue East, which roadways are anticipated to be vacated by the City of Elizabeth (City); (2) authorize the use of the conveyed properties as a Marine Terminal Highway; and (3) provide these private landowners with permanent easements to ingress and egress their properties that will abut the newly created Marine Terminal Highway.

Pursuant to an authorization of the Board at its meeting of September 19, 2002, the Port Authority committed \$67.5 million to fund projects for the City and the County of Union (County) to enable the Port Authority to plan for future growth and expansion at its facilities. At its meeting of February 20, 2003, the Board modified the September 2002 authorization by revising the specific items to be funded, and committed \$35 million toward property and transportation infrastructure improvements in the County related to Port Authority facilities (up to \$6 million of which may be used for a supplemental payment to the Community Development Fund or for the property owned by Continental consisting of approximately 177 acres adjacent to the EPAMT (Continental Property)).

Pursuant to the September 2002 and the February 2003 Board authorizations, the Port Authority entered into agreements with the City and the County that, among other things, included the Port Authority's commitment of up to \$17.5 million toward the purchase by the City or its designee of the Continental Property.

Continental currently plans to sell the Continental Property to Catellus Commercial Group, LLC, (Catellus), which anticipates simultaneously selling a portion of the property to the City and selling the remaining portion of the property (Developer Parcel) to a private entity, Catellus Urban Renewal, Inc., for construction of a 1.1 million-square-foot distribution center complex. Due to the demand for distribution space in the area, it is expected that a substantial portion of the distribution center space will be used to support port-related waterborne activities that are compatible with and will enhance development at EPAMT.

Continental must close on the sale of its property to Catellus by the end of 2004 to effectuate this plan in a financially feasible manner. The Developer Parcel may not have a safe means of access to a roadway, due to its configuration, so that securing rights to safe ingress and egress for the Developer Parcel is critical to the consummation of the Continental/Catellus transaction. It has been determined that designating the roadways of McLester Street and North Avenue East at EPAMT as a Marine Terminal Highway, after they are vacated by the City, would enable the Port Authority to review the traffic flow at this sensitive location and provide appropriate traffic controls for ingress and egress to and from the Developer Parcel, so that rights to safe ingress and egress for the Developer Parcel would be secured.

The Port Authority would grant permanent access easements to the property owners abutting the new Marine Terminal Highway, which property owners presently are Continental and NAE.

If the Continental/Catellus transaction is not consummated by the end of 2004, the likely alternative use for the Developer Parcel is retail, which retail use would not be consistent with EPAMT-related development and activities. Also, timely consummation of this transaction would be in conformance with Port Authority commitments regarding the purchase of the Continental Property.

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

**RESOLVED**, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into agreements, including the acceptance of deeds, with two private landowners, or their successors-in-interest, of property adjacent to the Elizabeth-Port Authority Marine Terminal: North Avenue East, L.L.C., whose property is located at 1-71 North Avenue East, and Continental Airlines, Inc., whose property is located at 10 North Avenue East, to: (1) accept the conveyance of the fee interest, at no cost to the Port Authority, in a portion of their properties situated within the roadways of McLester Street and North Avenue East, which roadways are anticipated to be vacated by the City of Elizabeth, substantially in accordance with the terms and conditions outlined to the Board; (2) authorize the use of the conveyed properties as a Marine Terminal Highway; (3) provide these private landowners with permanent easements to ingress and egress their properties that will abut the newly created Marine Terminal Highway; and (4) enter into such other agreements, including easements and other property interests, as necessary to effectuate the creation of the Marine Terminal Highway herein; 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.

### **OPERATION SAFE COMMERCE PHASE III – INCREASE IN AUTHORIZATION AND REQUEST FOR CONTRACT MODIFICATION AND EXTENSION**

It was recommended that the Board authorize the Executive Director to amend the existing contract with BearingPoint, Inc. (BearingPoint) to provide for BearingPoint to manage Phase III of the Operation Safe Commerce (OSC) initiative for the Port Authority over the term of an estimated eighteen months at a reimbursable cost of approximately \$5.5 million.

Since the attacks on The World Trade Center and the Pentagon, the threat to the United States through acts of maritime terrorism is particularly significant. The very nature of ports and the manner in which international commerce is conducted makes the maritime industry extremely vulnerable. In response to this threat, Congress authorized funds totaling \$58 million for Phase II of OSC in Fiscal Year 2002 and Fiscal Year 2003. OSC began as a pilot project in New Hampshire to examine low-cost technology approaches to redress gaps in the product delivery system of a shipper whose product is shipped from its factory overseas to its warehouse in New Hampshire along a defined trade route. OSC is now a public-private initiative to improve the security of international and domestic supply chains through discreet pilot projects involving the three largest port load centers in the United States (New York/New Jersey, Seattle/Tacoma, and Los Angeles/Long Beach). The goal of OSC is to explore business processes and technology prototypes that protect commercial shipments from the threats of terrorist attack, illegal immigration, and contraband, while minimizing the economic impact on the transportation system. The \$58 million appropriation was shared among the three load centers, with New York/New Jersey receiving \$13.8 million of these funds.

At its meeting of March 20, 2003, the Board authorized the Executive Director to solicit proposals and enter into a contract for management of a Transportation Security Administration (TSA)-funded OSC initiative on behalf of the Port Authority over an approximately one-year term at a cost of approximately \$10 million. At the time of the Board authorization, the exact amount of grant awards had not yet been announced by the TSA. In October 2003, the TSA advised that the Port Authority had been awarded a total of \$13.8 million in funding for this initiative. By memorandum dated November 7, 2003, the Board was advised of the revised amount of grant funding received from the TSA, and that a contract would be awarded to BearingPoint to manage Port Authority participation in this program.

The Port Authority, as local sponsor for the Port of New York and New Jersey (Port) OSC Phase II initiative, entered into a contract with BearingPoint to manage Phase II of the OSC initiative on behalf of the Port Authority in November 2003. BearingPoint was selected through a publicly advertised Request for Proposals process and was rated the highest of the seven proposers, based on the firm's and its staff's qualifications and experience, its technical approach and its cost effectiveness. The scope of the consultant's work for Phase II of OSC included, but was not limited to, coordination with consultants hired by the other port load centers and the federal Executive Steering Committee for OSC, conducting a security gap analysis of the supply chain, performing operational technology tests, conducting a risk reduction analysis and cost-benefit analysis, and making final recommendations. These final recommendations, along with the recommendations of the other port load centers, will be presented to the federal Executive Steering Committee for ultimate presentation to the Secretary of the United States Department of Homeland Security (DHS), which oversees OSC.

OSC Phase II was completed successfully in October 2004, with positive results and significant findings and recommendations. In anticipation of follow-up work, Congress appropriated an additional \$17 million in Fiscal Year 2004 for OSC Phase III. It is anticipated that the Port Authority will receive an additional \$5.5 million to conduct additional studies and demonstration projects as part of OSC Phase III. The Office of Domestic Preparedness (ODP), which has assumed direct oversight of OSC, has requested that the Port Authority, as well as the two West Coast load centers that participated in Phase II, submit project proposals by January 7, 2005. Confirmation of our approved projects is expected by the end of February 2005.

While the projects to be performed under Phase III will be developed through a comprehensive and systematic evaluation of the results of Phase II and other promising technologies, final federal grant contract award as well as the detailed scope and cost of the project will be contingent upon the review of our grant application and modification of the current grant award contract with the Port Authority by the ODP. Phase III services are required to begin on or about January 1, 2005 and conclude on or about June 30, 2006.

The federal government has encouraged the extension of services by BearingPoint due to the security-sensitive nature of this project, as well as the need for continuity through this next phase.

In addition to reducing the likelihood that the Port could be used as the avenue to introduce a Weapon of Mass Destruction (WMD) into the United States, the technology solutions and recommended changes in business practices examined under OSC will provide an alternative to the inspection of each container as it arrives at the port, and expedite the movement of legitimate cargo.

Discovering a WMD in a container after it arrives at the Port would be too late. OSC will examine process solutions and technologies to secure the entire container supply chain from the point of origin to the final destination. A terrorist-related event in the Port, or in the maritime industry, would have dire economic consequences on the region. Participation in OSC also will allow the Port Authority to participate actively in the development of future regulations that may impact our customers.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Chasanoff, Coscia, Ferer, Gargano, Genova, Mack, Pocino, Sartor and Silverman 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 amend the existing contract with BearingPoint, Inc. (BearingPoint) to provide for BearingPoint to manage Phase III of the Operation Safe Commerce initiative for the Port Authority over the term of an estimated eighteen months at a reimbursable cost of approximately \$5.5 million; the form of the amendment shall be subject to the approval of General Counsel or his authorized representative.

**CONFIDENTIAL ITEM**

This item shall not be available for public inspection.

**PORT AUTHORITY BUS TERMINAL – SUBWAY REAL ESTATE CORPORATION  
d/b/a SUBWAY – LEASE AND BROKERAGE AGREEMENTS**

It was recommended that the Board authorize the Executive Director to enter into a lease agreement with Subway Real Estate Corporation d/b/a Subway (Subway) to operate a retail store on the subway level of the north wing of the Port Authority Bus Terminal (PABT) and to enter into a brokerage agreement with Valensi Realty Inc. in connection with the lease transaction.

Under the proposed lease, Subway would install and operate a restaurant selling an assortment of sandwiches, salads and wraps and would use this location to launch its new breakfast concept. The restaurant would be operated by a Port Authority-approved franchisee with experience as a franchisee of other Subway restaurants in New York City.

Subway would pay an aggregate basic rental of approximately \$1,974,368 over the ten-year, four-month term, including a four-month rent concession, and would pay percentage rental above an exemption amount throughout the term. The Port Authority would have the right to terminate the Lease on 30 days' notice without cause, in which case it would be obligated to reimburse Subway for its unamortized capital investment in the premises up to \$750,000, calculated on a straight-line basis over the lease term. The Port Authority would pay a brokerage commission in the approximate amount of \$55,000 to Valensi Realty Inc.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Chasanoff, Coscia, Ferer, Gargano, Genova, Mack, Pocino, Sartor and Silverman 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 Subway Real Estate Corporation covering the letting of retail space at the subway level of the north wing of the Port Authority Bus Terminal, and to enter into a brokerage agreement with Valensi Realty Inc. in connection with the lease transaction, each such agreement to be substantially in accordance with the terms and conditions outlined to the Board, or on such other terms and conditions as the Executive Director deems appropriate, subject to the conditions set forth in the following delegation; and it is further

**RESOLVED**, that the Committee on Operations be and it hereby is authorized to approve the final terms and conditions of the foregoing lease and brokerage agreements in the event the rental payment terms and/or the term of the letting and/or the brokerage commission terms are not substantially in accordance with the terms outlined to the Board; and it is further

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

## **DOWNTOWN RESTORATION PROGRAM – PERMANENT WORLD TRADE CENTER PATH TERMINAL – INCREASE IN PLANNING AUTHORIZATION**

It was recommended that the Board authorize an increase in the planning authorization for the Permanent World Trade Center (WTC) Port Authority Trans-Hudson (PATH) system Terminal project (Project) estimated at \$25 million, resulting in a total planning authorization of \$85 million, for continued project design development, advanced engineering work, and completion of environmental review, to enable Port Authority and Federal Transit Administration (FTA) project approvals expected by May 2005, subject to FTA approval of these engineering design activities and costs.

In December 2001, the Board authorized \$10 million to begin the conceptual design and engineering analysis work for the Project to fully restore and enhance the transportation functions at the WTC site that existed prior to September 11, 2001. (A PATH Restoration Program was authorized separately, including construction of a temporary WTC PATH Station that opened for service in November 2003).

The Permanent WTC PATH Terminal tracks, platforms, and mezzanine levels will be located in the WTC “bathtub,” as they were prior to September 11, 2001. The Terminal will include subgrade pedestrian connections to connect the PATH lines with the New York City Transit (NYCT) subway lines. The pedestrian connections will extend in all directions to connect the WTC site and PATH Terminal with surrounding neighborhoods, including the World Financial Center, and the proposed NYCT Fulton Street Transit Center. The estimated \$2 billion project also will facilitate development of and interconnect commercial office towers and retail, as well as WTC memorial and cultural facilities planned for the WTC site redevelopment.

In August 2002, the federal government announced the availability of up to \$4.55 billion in federal aid for Lower Manhattan transportation improvements, including combined Federal Emergency Management Agency (FEMA) and FTA funds, to be administered by the FTA. In January 2003, New York Governor George E. Pataki identified priority projects for this funding, including the Project.

In July 2003, the Board authorized an additional \$50 million to begin preliminary engineering and environmental analysis for the Project. The FTA and Port Authority executed a grant for preliminary engineering and environmental review, and agreed to terms of a Project Development Agreement in December 2003. In April 2004, the Board approved the expenditure of up to \$300 million of Port Authority funds for the Project, pending formal Project authorization of the Permanent WTC PATH Terminal.

In August 2003, the Port Authority selected the Downtown Design Partnership (principally consisting of STV Group, Inc. and DMJM+Harris, in association with Santiago Calatrava) to provide architectural and engineering services for the Project. Certain portions of the design work are also being performed by the Port Authority. In January 2004, the conceptual design for the Project was publicly unveiled.

The environmental review of the Project pursuant to the National Environmental Policy Act (NEPA) was initiated in July 2003, with a Draft Environmental Impact Statement issued in March 2004. Concurrently with the NEPA review, there has been a comprehensive analysis of historic resources that may be impacted by the Project, pursuant to Section 106 of the National Historic Preservation Act. Although the environmental review and approval processes for this Project have been greatly accelerated from typical durations for such reviews, the necessary FTA Record of Decision for the Project to formally proceed to final design and construction is not expected until April 2005.

The Project has been well received publicly, and has the support of key constituents, including Lower Manhattan commuters, office workers, and businesses, as well as local community and elected officials.

The configuration of the Permanent WTC PATH Terminal has been subject to various options and alternative analyses, in consideration of the concurrent development of the WTC Site Master Plan, as well as the environmental and historic resources analysis. Preliminary engineering for the project is currently nearing completion, and will undergo further technical reviews, including value engineering and risk assessment, leading up to a final project configuration, as well as determination of cost and schedule parameters that are mutually acceptable to the Port Authority and the FTA. The additional funds will be required through May 2005 to perform preliminary engineering design review, resultant design modifications, and other advanced design work in conjunction with certain project elements, such as PATH infrastructure relocations, or structural work that should be advanced in conjunction with the Freedom Tower. Other significant work to be performed includes overall project reviews and detailed project management and quality management plans, procurement of construction management services and development of necessary interagency project development agreements.

Approximately 85 percent (\$1.7 billion) of expenditures associated with the contemplated Project are eligible for recovery from the FTA grant for the Permanent WTC PATH Terminal, consistent with the terms of the grant, the project development agreement, and other applicable agreements with the FTA. The Port Authority commitment of up to \$300 million is attributable to insurance proceeds already received.

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

**RESOLVED**, that an increase in planning authorization for the Permanent World Trade Center Port Authority Trans-Hudson system Terminal project estimated at \$25 million, resulting in a total authorization of \$85 million, for continued project design development, advanced engineering work, and completion of environmental review, be and it hereby is authorized.

**FERRY TRANSPORTATION PROGRAM – AUTHORIZATION TO ENTER INTO AN OPERATING AGREEMENT TO PROVIDE FERRY SERVICE BETWEEN LAGUARDIA AIRPORT AND LOWER MANHATTAN**

It was recommended that the Board authorize the Executive Director to enter into an operating agreement with Circle Line Statue of Liberty Ferry, Inc. (Circle Line) to provide ferry service between LaGuardia Airport (Bowery Bay) and Manhattan (East 34<sup>th</sup> Street and Pier 11), under which Circle Line would be responsible for all related capital expenditures and pay the Port Authority a percentage of gross revenues, with the term of the agreement to be eighteen months, with three, three-year options at terms to be negotiated.

The development of a ferry transportation program for LaGuardia Airport (LGA) is a component of New York Governor George E. Pataki's Lower Manhattan Transportation Program. The target date for the initiation of service is April 2005. The previous ferry service from LGA (the Delta Shuttle operated by NY Waterway), which was subsidized in part by Delta Airlines, was terminated in December 2000 due to low passenger usage.

In order to determine if the various regional ferry operators might be interested in reactivating a LGA Airport ferry service, staff issued a publicly advertised Request for Information in July 2003. A formal Request for Proposals was issued to the seven firms which expressed interest, and subsequently two firms, Circle Line and NY Waterway, submitted proposals. An interdepartmental committee evaluated and rated both proposals based on pre-established criteria and recommended Circle Line for the contract award.

Unlike the previously operated service, which provided hourly service, Circle Line would maintain half-hour headways throughout its weekday schedule by utilizing later model and faster vessels. Additionally, unlike the previous operator, which was subsidized by Delta Airlines and precluded from developing relationships with other LGA airlines, Circle Line, as an independent operator, would not have this restriction. The evaluation committee felt that these factors, along with Circle Line's experience in operating the Statue of Liberty tours for the National Parks Service, lent credence to their stated ridership projections.

The proposed agreement calls for the Port Authority to be paid a percentage of gross receipts associated with this service, and would require Circle Line to permit the use of the airport ferry landing facility by other ferry operators servicing routes not included in this agreement.

Circle Line would pay the Port Authority based on a sliding scale of the gross receipts attributed to this program, and would provide, install, manage and maintain, at its own expense, a landing facility at Bowery Bay. At its sole expense, Circle Line would also consider expanding the existing shuttle bus system between the ferry landing and the various terminals, as warranted by ferry users. This approach is similar to the Hoboken Pier 11 Ferry Agreement, which provides the Port Authority with base rent plus a per-passenger fee based on a sliding scale. The Pier 11 agreement, however, was executed after financially sustainable ridership had been developed for the route, and with a Hoboken landing facility already in place.

**Initial Fare Structure**

One-Way Fare: Adult \$25 / Child \$15  
25-Trip Corporate Rate: \$500

**Monthly Gross Receipts Percentage**

Up to \$80,000	2 percent
Between \$ 80,001 and \$140,000	7 percent
Between \$140,001 and \$220,000	10 percent
Over \$220,001	14 percent

Circle Line has estimated that service will grow from 60,000 passengers in the first year to 120,000 passengers in the third year. Using these ridership estimates, Circle Line’s revenue payments to the Port Authority are estimated at \$70,000 for the initial 18-month contract and, if the agreement is continued through the first three-year option period, payments are estimated at \$400,000.

The Port Authority would maintain a separate escrow account for a portion of the revenue payments under the agreement for landside improvements at LGA deemed necessary by both Circle Line and the Port Authority to support the successful operation of ferry services.

By initiating this service, the Port Authority would provide LGA users with an important alternative transportation mode to Lower Manhattan. Additionally, the availability of a LGA ferry landing would assist with the development of potential additional LGA ferry routes.

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

**RESOLVED**, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into an operating agreement with Circle Line Statue of Liberty Ferry, Inc. (Circle Line) to provide ferry service between LaGuardia Airport (Bowery Bay) and Manhattan (East 34<sup>th</sup> Street and Pier 11), under which Circle Line will be responsible for all related capital expenditures and will pay the Port Authority a percentage of gross revenues, with the term of the agreement to be for eighteen months, with three, three-year options at terms to be negotiated; and it is further

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

**EXPANSION OF FOREIGN-TRADE ZONE NO. 49 GENERAL PURPOSE ZONE TO INCLUDE A 441-ACRE INDUSTRIAL SITE IN SOUTH KEARNY, NEW JERSEY**

It was recommended that the Board authorize the Executive Director to file an application on behalf of the Port Authority as Grantee of Foreign-Trade Zone No. 49 (FTZ No. 49) with the Foreign Trade Zones Board of the United States Department of Commerce for the expansion of FTZ No. 49 General-Purpose Zone to include a 441-acre industrial area in South Kearny, New Jersey, and to execute an appropriate agreement with the property owner(s) of the site, as required. The Town of Kearny (Town) would pay the Port Authority a fee of \$3,000 to cover administrative expenses associated with this action. Expenses incurred to administer this foreign-trade zone site would be defrayed by fees that would be paid by any company at the site that activates as a foreign-trade zone operator.

The Port Authority, as Grantee of FTZ No. 49, sponsors and submits applications to the Foreign-Trade Zones Board for consideration of general-purpose zone expansions, minor boundary modifications, and the establishment of subzones. The Town recognizes that a General-Purpose Foreign-Trade Zone would support existing businesses engaged in international trade and create another incentive to attract international commerce. Authorization of the request to expand FTZ No. 49 at this time would enable the Town to meet the application deadline, advance the Town's strategic plan for revitalization to the area, and support existing businesses engaged in international trade.

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

**RESOLVED**, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to file an application on behalf of the Port Authority as Grantee of Foreign-Trade Zone No. 49 (FTZ No. 49) with the Foreign Trade Zones Board of the United States Department of Commerce for the expansion of FTZ No. 49 General-Purpose Zone to include a 441-acre industrial area in South Kearny, New Jersey, and to execute an appropriate agreement with the property owner(s) of the site, as required; and it is further

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

## **REGIONAL ALLIANCE FOR SMALL CONTRACTORS, INC. – RENEWAL OF PARTICIPATION**

It was recommended that the Board authorize the Executive Director to enter into an agreement with the Regional Alliance for Small Contractors, Inc. (Regional Alliance) for a period of one year at a cost to the Port Authority not to exceed \$185,000. The Port Authority also would provide a rental credit of \$20,000 to offset the cost of office space rental by the Regional Alliance at the Port Authority Bus Terminal.

The Regional Alliance is a not-for-profit corporation formed to carry out a cooperative effort, initiated by the Port Authority with participation of other state and local agencies and private firms in the construction industry, to increase the capacity of minority, women-owned and small business enterprises (M/W/SBEs) to bid on and perform public contracts. It has proven to be an effective way to pool public and private resources to provide training programs and technical assistance to M/W/SBE firms in the region.

Port Authority participation in the Regional Alliance initially was authorized by the Board in 1990 and has been renewed thereafter. The Regional Alliance provides Port Authority-certified M/W/SBE firms with classroom training in such areas as estimating, project and financial management, business applications and contract law, and it provides individualized expert assistance to mitigate management problems. The Regional Alliance also publicizes upcoming contract opportunities through announcements in its newsletter and through organized events held in conjunction with other regional public and private sector entities.

In 2004, over 500 certified M/W/SBEs were assisted by or participated in the courses and direct service programs offered by the Regional Alliance. Although the contract amount for 2005 is the same as 2004, the types of services offered may change. For example, due to anticipated contracting opportunities as a result of redevelopment efforts in Lower Manhattan, specifically the five-year Port Authority Trans-Hudson system restoration program and the Silverstein project, the Port Authority will be working with the Regional Alliance to develop programs to better position M/W/SBE firms to compete successfully for those opportunities. Assisting them to obtain bonding, capital and insurance will be critical components.

Over the past year, in addition to the Port Authority, the following organizations have entered into service contracts with the Regional Alliance totaling an estimated \$1.2 million: Capital City Economic Development Department (Connecticut), New York State Department of Transportation, New York City School Construction Authority, Metropolitan Transportation Authority, New Jersey School Construction Corporation, Don Todd Associates and Fleet Bank.

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

**RESOLVED**, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into an agreement with the Regional Alliance for Small Contractors, Inc. for a one-year period, under which the Port Authority will: (1) obtain professional services at a cost not to exceed \$185,000 for a 12-month period from January 2005 through December 2005; and (2) provide in-kind services of a value not to exceed \$20,000 in the form of office space at the Port Authority Bus Terminal; 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.

**PROGRAM AUTHORIZATION AND AWARD OF CONTRACTS AND AGREEMENTS  
IN CONNECTION WITH PORT AUTHORITY REGIONAL SMART CARD  
INITIATIVE**

It was recommended that the Board authorize: (1) additional funding for the Regional Smart Card Program (Program) for 2005 in the estimated amount of \$3.3 million; and (2) the Executive Director to enter into specified contracts in the estimated amount of \$1.1 million and specified inter-agency agreements.

In December 2000, the Port Authority formed a regional (New York, New Jersey, Connecticut, Pennsylvania) committee composed of fourteen regional transit stakeholders (Amtrak, Connecticut Department of Transportation, Connecticut South Western Regional Planning Authority, Metropolitan Transit Authority (MTA), MTA/Bridges & Tunnels, MTA/Long Island Railroad, MTA/Metro-North Railroad, MTA/New York City Transit (NYCT), New Jersey Department of Transportation, New Jersey Transit Corporation (NJ Transit), New York Waterway, the Port Authority, South Eastern Pennsylvania Transportation Authority and Westchester County Department of Transportation) to further the development of a regional smart card program. By integrating fare collection for these transit services, such as NJ Transit and the Port Authority Trans-Hudson (PATH) rail system, with one fare media, the Port Authority will meet the objective of connecting all the transit properties in the New York/New Jersey region with a convenient, seamless inter-modal fare collection instrument facilitated by use of the Regional Interoperability Standard (RIS) smart card.

An agreement for performance of expert professional Program management services on an “as needed” basis during 2003, 2004 and 2005 was authorized in February 2003, and a contract was awarded after a publicly advertised Request for Proposals process to Three Point Consulting, Inc. (Three Point) at an estimated cost of \$2,991,151. Three Point has been and will continue to coordinate transit fare collection and smart card expertise in order to facilitate the creation of a Regional fare collection service.

The Port Authority has progressed the initiative for the Program and has commenced related initiatives. It has:

- published a RIS for Electronic Transit Fare Payments. This document promotes open standards for cards and data, such that fare collection systems software, hardware and networks can be procured on a competitive basis.
- procured a new fare collection system, including smart card compatibility for the PATH rail system, which will be completed by May 2005, including the roll-out of the new regional smart card.

To advance the Program in the years ahead, the Port Authority will:

- upgrade the implemented smart card monthly pass (SmartLink<sup>SM</sup>) at the Newark Liberty International Airport (EWR) AirTrain Station on the NJ Transit Northeast Corridor Line (AirTrain Newark). The system will be compatible with the regional smart card standard and will be expanded to include a 10-trip pass.

- procure a smart card fare collection component compatible with the regional smart card standard for the AirTrain JFK light rail service from Howard Beach and Jamaica Stations.
- with the American Public Transportation Association, continue the development of a more enhanced and stabilized version of the RIS.

In order to prove the economic and performance feasibility of the RIS, the Port Authority investigated developing a Proof of Concept for smart card interoperability, proposed a shared-funding project opportunity to the I-95 Corridor Coalition (Coalition), and received approval and a commitment of shared funding from the Coalition. The Coalition, formally established in 1993, is an alliance of transportation agencies, toll authorities, and related organizations, including law enforcement agencies, from the State of Maine to the State of Florida, with an affiliate member in Canada. Under the federal-aid highway program authorization acts, the Inter-Modal Surface Transportation Efficiency Act (ISTEA) of 1991 and the Transportation Equity Act for the 21st Century (TEA-21) of 1998, the Coalition received federal funds to support its continuing efforts.

The Regional Smart Card Committee, consisting of the Port Authority, MTA/NYCT and NJ Transit, has been working with major financial institutions and payment processors to determine the extent to which transit payments can be processed similarly to open market credit/debit card processing. The response from the financial companies has been very positive, with a mutual understanding that the respective benefits to financial companies and transit agencies must be quantified and verified. These mutual interests and anticipated benefits highlight the need for prototype verification of business opportunities.

Regional smart card programs are being implemented globally. Smart card technology has proven to be advantageous in terms of security and integrity of payment. In addition, the technology has proven to be more flexible and functionally capable of providing a transit patron with one card (ticket media) for use across all modes of transportation within a region. The non-proprietary RIS provides for all future smart card fare collection systems to be competitively bid. The expected benefits from use of a smart card for fare payments across regional transit services are:

- lower operating and capital cost than other solutions (magnetic and paper)
- lower fraud and abuse
- greater fare policy and structure flexibility
- better customer convenience (faster, more secure, customer response)
- broader capability to integrate among operators
- more reliability.

The open interoperable standard also provides for cross industry applications:

- tolls and parking
- access security
- electronic cash payment services.

It is also anticipated that the implementation of smart card technology may result in greater public utilization of mass transit and reduced traffic and pollution.

In 2005, the Regional Smart Card Program is undertaking the following four key initiatives:

I. AirTrain Newark Smart Card Implementation

Enhance the AirTrain Newark fare collection system to accept a regionally compliant smart card that is compatible with the PATH smart card. It will be necessary to convert AirTrain Newark's current smart card, so that it is compliant with the regional standard, and to add new fare products to the system.

II. AirTrain JFK Smart Card Implementation

Enhance the AirTrain JFK fare collection system to accept a regionally compliant smart card that is compatible with the PATH smart card.

III. Business Opportunities

Regional smart cards will require new systems and processes and present opportunities for new business. For example, smart cards might be coupled with debit or credit cards and issued by banks instead of transit agencies. Establishment of a regional smart card may also be used to leverage existing banking networks to process interagency transit payments efficiently. Activities to support this effort include:

- analysis of business opportunities and methods
- business plan for regional smart card (including market opportunities and payment model)
- prototype test of transit micro-payments
- designing standards for a regional clearinghouse.

IV. Regional Program Planning

The Office of Regional Smart Card Programs is in the process of leading stakeholder meetings and developing memoranda of understanding to complete this objective. Activities to support this effort include:

- joint regional stakeholder meetings with MTA/NYCT, NJ Transit, New York State Department Of Transportation, and the other stakeholders.
- coordination with other regions (*e.g.*, Washington and Boston), coalitions (*e.g.*, I-95 Corridor Coalition), and the U.S. Interagency Advisory Board, which includes each major department of the federal government.

In order to take action immediately required to further the Program, it was recommended that the Board authorize the Executive Director to award contracts relative to implementation of the Program as follows:

- a) an agreement for services with the current NJ Transit fare collection vendor, Ascom Transport Systems, Inc., to implement changes at EWR to accept a regionally compliant smart card at an estimated amount of \$500,000;
- b) a supplemental agreement for expert professional services with Three Point to provide technical project assistance to the AirTrain Newark upgrade and the AirTrain JFK upgrade, at an estimated amount of \$600,000;
- c) a Memorandum of Understanding with the New Jersey Department of Transportation to receive Coalition shared funds; and
- d) a Memorandum of Understanding with the American National Standards Institute (ANSI) for inclusion of the regional smart card standard in its library as a formal standard for fare collection systems using smart cards. A formal national standard would strengthen the regional efforts to ensure open interoperability and result in a common platform for transit smart cards used in different fare collection systems across the region and, eventually, across North America.

Authorization to enter into other agreements, for business opportunities and regional Program planning, will be requested in 2005 and 2006, as required.

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

**RESOLVED**, that additional funding for the Regional Smart Card Program for 2005 in the estimated amount of \$3.3 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 enter into the following agreements in furtherance of the Regional Smart Card Program: (1) a contract for services with the current New Jersey Transit Corporation fare collection vendor, Ascom Transport Systems, Inc., to implement changes at the Newark Liberty International Airport AirTrain station to accept a regionally compliant smart card; (2) a supplemental agreement for expert professional services with Three Point Consulting, Inc. to provide technical project assistance to the AirTrain Newark and AirTrain JFK upgrades; (3) a Memorandum of Understanding with the New Jersey Department of Transportation to receive I-95 Corridor Coalition shared funds; and (4) a Memorandum of Understanding with the American National Standards Institute for inclusion of the regional smart card standard in its library as a formal standard for fare collection systems using smart cards; 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.

**SETTLEMENT OF CLAIM – THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY v. AIR PEGASUS CORPORATION**

It was recommended that the Board authorize General Counsel to enter into a settlement with Air Pegasus Corporation (Air Pegasus) that would resolve the action entitled The Port Authority of New York and New Jersey v. Air Pegasus Corporation. Under this proposed settlement, the Port Authority would receive \$15,000, against its claim in the amount of \$125,000. In return, the Port Authority would provide defendant with a General Release and Stipulation of Dismissal with Prejudice.

Air Pegasus is no longer an operating entity, and the settlement funds are being provided by the principal. The Port Authority's claim represented percentage fees calculated under the terms of an expired agreement with Air Pegasus for the operation of the West 30<sup>th</sup> Street Heliport, which Air Pegasus operated for the Port Authority from 1981 until 1996. Although the agreement expired in 1988, the Port Authority maintained that the agreement still governed the parties' relationship so long as Air Pegasus continued to operate the heliport.

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

**RESOLVED**, that General Counsel be and he hereby is authorized, for and on behalf of the Port Authority, to settle the action entitled The Port Authority of New York and New Jersey v. Air Pegasus Corporation, whereby the Port Authority will receive payment from the defendant in the amount of \$15,000.

**SETTLEMENT OF CLAIM – FABRIZIO MORREALE v. THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY, et al.**

It was recommended that the Board authorize General Counsel to enter into the settlement of a civil rights claim in an action entitled, Fabrizio Morreale v. The Port Authority of New York and New Jersey, et al., pursuant to which the Port Authority would make a payment to plaintiff in the amount of \$250,000, inclusive of attorneys' fees. In return, plaintiff would provide the defendants with a General Release and a Stipulation of Discontinuance with prejudice.

Plaintiff Fabrizio Morreale, a 27-year old administrator for Marsh & McLennan Cos., Inc., allegedly was shot at and beaten by an off-duty Port Authority police officer at 3:00 a.m. on November 30, 1998. The officer's car had been broken into earlier that night, and when the alarm went off again, the officer observed plaintiff near his vehicle. The officer chased plaintiff, allegedly firing his Port Authority firearm at him. The officer handcuffed plaintiff and placed him in custody until he was turned over to the New York City police. Plaintiff claimed that when the officer caught him, he hit him on the head with his gun, causing severe lacerations which required surgical stapling. Plaintiff also suffered a dislocated shoulder and fracture of the left arm. He was hospitalized for three days following the incident, and continues to suffer a sensory and motor deficit in the left arm.

Plaintiff initially demanded \$900,000 to settle this action, but after extensive negotiation with the assistance of the court, the settlement of \$250,000 was agreed upon by the parties.

In view of the unfavorable liability prospects in this case, it was recommended that the proposed settlement be authorized. If this action were to be tried before a jury, the verdict would, in all likelihood, be in excess of the settlement amount.

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

**RESOLVED**, that General Counsel be and he hereby is authorized, for and on behalf of the Port Authority, to enter into an agreement to settle the action entitled Fabrizio Morreale v. The Port Authority of New York and New Jersey, et. al., by paying to plaintiff the sum of \$250,000, inclusive of costs and attorneys' fees.

**FINAL CONTRACT PAYMENTS**

The Comptroller's Department reported, for information only, that the contracts set forth hereafter have been completed satisfactorily by the contractors. Final payments have been made in the period of September 1, 2004 to September 30, 2004.

<b>CONTRACT NUMBER</b>	<b>CONTRACT TITLE FACILITY AND CONTRACTOR</b>	<b>ORIGINAL AUTHORIZATION</b>	<b>TOTAL AUTHORIZED</b>	<b>TOTAL PAYMENTS</b>
EWR154251	GENERAL BUILDING CONSTRUCTION INTERNATIONAL NEWARK LIBERTY AIRPORT TWIN TOWERS ENTERPRISES, INC.	5,000,000 (C) <u>5,500</u> (E) 5,005,500	20,500,000 (F,G) <u>5,500</u> 20,505,500	19,697,158 <u>5,500</u> 19,702,658
EWR729	ASPHALT AND CONCRETE PAVEMENT REPAIRS NEWARK LIBERTY INTERNATIONAL AIRPORT MT. HOPE ROCK PRODUCTS, INC.	1,982,750 (B) 262,500 (C) <u>118,965</u> (D) 2,364,215	1,982,750 262,500 <u>118,965</u> 2,364,215	1,385,300 68,201 <u>--0--</u> 1,453,501
EWR999523	B-3 CONNECTOR VERTICAL CIRCULATION AND ENCLOSURE NEWARK LIBERTY INTERNATIONAL AIRPORT TWIN TOWERS ENTERPRISES, INC.	6,000,000 (C) <u>5,500</u> (E) 6,005,500	6,000,000 <u>5,500</u> 6,005,500	5,878,683 <u>5,500</u> 5,884,183
GWB450	UPPER LEVEL LIGHTING SYSTEM UPGRADE GEORGE WASHINGTON BRIDGE LIGHTON INDUSTRIES, INC.	2,143,000 (A) 100,000 (C) 350,000 (D) <u>--0--</u> 2,593,000	2,143,000 100,000 378,580 (H) <u>--0--</u> 2,621,580	2,143,000 42,725 378,580 <u>9,112</u> (I) 2,573,417
LGA124068	TAXIWAY DECK MODIFICATIONS LAGUARDIA AIRPORT JOHN P. PICONE, INC.	9,176,416 (A) 150,000 (C) 551,000 (D) <u>--0--</u> 9,877,416	9,176,416 150,000 801,000 (J) <u>--0--</u> 10,127,416	9,176,416 <u>--0--</u> 783,190 <u>3,747</u> (K) 9,963,353
LGA639	UPGRADE OF RUNWAY AND ROADWAY ICE SENSING SYSTEM LAGUARDIA AIRPORT RAEBECK CONSTRUCTION CORP.	597,500 (A) 30,000 (C) 35,850 (D) <u>--0--</u>	597,500 30,000 35,850 <u>--0--</u>	597,500 <u>--0--</u> 27,124 <u>26,449</u> (L)

		663,350	663,350	651,073
HH904180	PAVEMENT UPGRADE	170,463 (A)	170,463	170,463
	HOWLAND HOOK MARINE TERMINAL	641,250 (B)	891,250 (M)	717,588
	JOHN J. SKALLEY INC.	75,000 (C)	75,000	51,944
		48,703 (D)	48,703	37,300
		<u>11,617 (E)</u>	<u>11,617</u>	<u>11,617</u>
		947,033	1,197,033	988,912

- (A) Lump Sum.
- (B) Classified Work.
- (C) Net Cost - amount in the "Total Authorized" column represents the authorized estimated net cost amount. However, the amount in the "Total Payments" column is the actual net cost amount paid.
- (D) Extra Work.
- (E) Premium for furnishing performance and payment bond as provided for in the contract.
- (F) Increase in net cost work in the amount of \$13,000,000 authorized on 4/12/2001.
- (G) Increase in net cost work in the amount of \$2,500,000 authorized on 2/5/2002.
- (H) Increase in extra work in the amount of \$28,580 authorized on 10/16/2002.
- (I) Increase in the contractor's compensation pursuant to the "Emergency Delays" clause, in the amount of \$9,112, as provided for in the contract.
- (J) Increase in extra work in the amount of \$250,000 authorized on 2/14/2003.
- (K) Increase in the contractor's compensation pursuant to the "Emergency Delays" clause, in the amount of \$3,747, as provided for in the contract.
- (L) Increase in the contractor's compensation pursuant to the "Emergency Delays" clause, in the amount of \$26,449, as provided for in the contract.
- (M) Increase in classified work in the amount of \$250,000 authorized on 6/18/2001.

**FINAL CONTRACT PAYMENTS**

The Comptroller's Department reported, for information only, that the contracts set forth hereafter have been completed satisfactorily by the contractors. Final payments have been made in the period of October 1, 2004 to October 31, 2004.

<b>CONTRACT NUMBER</b>	<b>CONTRACT TITLE FACILITY AND CONTRACTOR</b>	<b>ORIGINAL AUTHORIZATION</b>	<b>TOTAL AUTHORIZED</b>	<b>TOTAL PAYMENTS</b>
GWB462	REPLACEMENT OF NAVIGATIONAL LIGHTS AT LOWER LEVEL GEORGE WASHINGTON BRIDGE RAEBECK CONSTRUCTION CORP.	524,900 (A) <u>31,494</u> (D) 556,394	524,900 <u>131,494</u> (F) 656,394	524,900 <u>61,383</u> 586,283
GWB475	SALT STORAGE BUILDING REPLACEMENT GEORGE WASHINGTON BRIDGE NAGORI CONTRACTING CORP.	888,088 (A) 50,000 (C) 71,047 (D) <u>-0-</u> 1,009,135	888,088 50,000 71,047 <u>-0-</u> 1,009,135	879,088 (G) 27,755 43,400 <u>907</u> (H) 951,150
GWB244006	REMOVAL OF LEAD BASED PAINT AND REPAINTING UNDERSIDE OF THE UPPER LEVEL AND STRUCTURAL STEEL REHABILITATION GEORGE WASHINGTON BRIDGE GEORGE CAMPBELL PAINTING CORP.	28,549,250 (A) 2,850,750 (B) 2,750,000 (C) 1,900,000 (D) 142,236 (E) <u>-0-</u> <u>-0-</u> 36,192,236	29,311,250 (I) 2,970,750 (J) 2,910,000 (K) 2,417,711 (L,M) 142,236 <u>-0-</u> <u>-0-</u> 37,751,947	29,311,250 3,220,750 (N) 2,584,889 2,179,411 142,236 51,199 (O) <u>195,511</u> (P) 37,685,246
AK167	MAINTENANCE PAVEMENT REPAIRS STATEN ISLAND BRIDGES EMPIYAH & COMPANY	387,000 (B) 354,000 (C) <u>23,220</u> (D) 764,220	387,000 354,000 <u>23,220</u> 764,220	<u>-0-</u> (Q) <u>-0-</u> <u>-0-</u> <u>-0-</u>

(A) Lump Sum.

(B) Classified Work.

(C) Net Cost - amount in the "Total Authorized" column represents the authorized estimated net cost amount. However, the amount in the "Total Payments" column is the actual net cost amount paid.

(D) Extra Work.

(E) Premium for furnishing performance and payment bond as provided for in the contract.

(F) Increase in extra work in the amount of \$100,000 authorized on 7/25/2001.

(G) The difference between "Total Authorized" and "Total Payments" represents a credit change order in the amount of \$9,000 for the deletion of part of the work .

- (H) Increase in compensation pursuant to "Concrete Bonus" clause in the amount of \$907, as provided for in the contract.
- (I) Supplemental Agreement No.1 which included an increase in the amount of \$762,000 for lump sum work on 5/8/98.
- (J) Supplemental Agreement No.1 which included an increase in the amount of \$120,000 for classified work on 5/8/98.
- (K) Supplemental Agreement No.1 which included an increase in the amount of \$160,000 for net costs work on 5/8/98.
- (L) Supplemental Agreement No.1 which included an increase in the amount of \$53,000 for extra work on 5/8/98.
- (M) Increase in extra work in the amount of \$464,711 authorized on 5/13/2003.
- (N) Increase in classified work
- (O) Uncommitted funds in extra work utilized against additional cost in classified work.
- (P) Increase in the contractor's compensation pursuant to the "Emergency Delays" clause, in the amount of \$195,511, as provided for in the contract.
- (Q) The difference between "Total Authorized" and "Total Payments" represents the fact that the contract was mutually terminated, prior to the contractor performing any work.

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

RECOMMENDATION: NONE

The Committee on Finance reported, for information only, that in accordance with authority granted by the Committee, the Executive Director had authorized the following security transactions, time accounts, interest rate exchange contracts and variable rate master note agreements during the period of October 1, 2004 through October 31, 2004.

**REPORT A:**

Purchase of Port Authority Bonds

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

<b><u>Purchase Date</u></b>	<b><u>Par Value</u></b>	<b><u>Description</u></b>	<b><u>Coupon Rate</u></b>	<b><u>Maturity Date</u></b>	<b><u>Purchase Price</u></b>	<b><u>Call Year</u></b>	<b><u>YTC @ Cost</u></b>	<b><u>BEY @ Cost</u></b>	<b><u>Total Principal</u></b>	<b><u>Dealer</u></b>
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No new transactions this period.

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

## Purchase of Securities

<u>Purchase Date</u>	<u>Par Value</u>	<u>Description</u>	<u>Coupon Rate</u>	<u>Maturity Date</u>	<u>Purchase Price</u>	<u>Discount Rate</u>	<u>BEY @Cost</u>	<u>Principal</u>	<u>Dealer</u>
10/01/04	\$25,000,000	USTB	--	03/03/05	99.19	1.910%	1.936%	\$24,797,062.50	Greenwich Capital
10/01/04	25,000,000	USTB	--	12/30/04	99.58	1.678	1.696	24,895,125.00	Morgan Stanley
10/01/04	25,000,000	USTB	--	01/27/05	99.42	1.770	1.791	24,854,958.33	Citiglobal
10/01/04	50,000,000	FHDN	--	10/29/04	99.87	1.730	1.746	49,932,722.20	Merrill Lynch
10/01/04	25,000,000	FHDN	--	12/03/04	99.69	1.780	1.799	24,922,125.00	Merrill Lynch
10/01/04	50,000,000	GE CORP CP	--	10/04/04	99.98	1.840	1.857	49,992,333.33	G.E. Capital
10/01/04	50,000,000	GE CORP CP	--	10/04/04	99.98	1.840	1.857	49,992,333.33	G.E. Capital
10/01/04	50,000,000	UBSFIN CP	--	10/04/04	99.98	1.850	1.867	49,992,291.65	Lehman Brothers
10/01/04	48,130,000	UBSFIN CP	--	10/04/04	99.98	1.850	1.867	48,122,579.96	Lehman Brothers
10/01/04	9,000,000	DBKFIN CP	--	10/04/04	99.98	1.840	1.857	8,998,620.00	Deutsche Bank
10/04/04	50,000,000	USTB	--	03/31/05	99.04	1.940	1.968	49,520,388.89	Greenwich Capital
10/04/04	28,000,000	USTB	--	01/06/05	99.56	1.700	1.718	27,875,711.11	ABN AMRO

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

## Purchase of Securities (Cont.)

<u>Purchase Date</u>	<u>Par Value</u>	<u>Description</u>	<u>Coupon Rate</u>	<u>Maturity Date</u>	<u>Purchase Price</u>	<u>Discount Rate</u>	<u>BEY @Cost</u>	<u>Principal</u>	<u>Dealer</u>
10/04/04	\$30,000,000	USTB	--	03/24/05	99.08	1.943%	1.971%	\$29,723,193.75	JPMorgan
10/04/04	50,000,000	GE CORP CP	--	10/05/04	99.99	1.770	1.786	49,997,541.67	G.E. Capital
10/04/04	50,000,000	CITIGLOBAL	--	10/12/04	99.96	1.750	1.766	49,980,555.55	Citiglobal
10/04/04	40,000,000	UBSFIN CP	--	10/05/04	99.99	1.770	1.786	39,998,033.32	Banc of America
10/04/04	29,700,000	UBSFIN CP	--	10/05/04	99.99	1.770	1.786	29,698,539.74	Banc of America
10/04/04	49,000,000	FHDN	--	10/07/04	99.99	1.700	1.715	48,993,058.32	Lehman Brothers
10/05/04	50,000,000	GE CORP CP	--	10/06/04	99.99	1.770	1.786	49,997,541.67	G.E. Capital
10/05/04	45,820,000	UBSFIN CP	--	10/06/04	99.99	1.760	1.776	45,817,759.91	Banc of America
10/05/04	35,000,000	FHDN	--	10/12/04	99.97	1.700	1.715	34,988,430.54	Lehman Brothers
10/05/04	10,000,000	USTN	2.375%	08/31/06	99.56	--	2.613	9,955,859.38	Morgan Stanley
10/06/04	50,000,000	FHDN	--	10/28/04	99.90	1.710	1.726	49,947,750.00	Lehman Brothers
10/06/04	16,000,000	FHDN	--	10/27/04	99.90	1.740	1.756	15,983,760.00	Mizuho

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

## Purchase of Securities (Cont.)

<u>Purchase Date</u>	<u>Par Value</u>	<u>Description</u>	<u>Coupon Rate</u>	<u>Maturity Date</u>	<u>Purchase Price</u>	<u>Discount Rate</u>	<u>BEY @Cost</u>	<u>Principal</u>	<u>Dealer</u>
10/06/04	\$50,000,000	GE CORP CP	--	10/07/04	99.99	1.740%	1.755%	\$49,997,583.33	G.E. Capital
10/06/04	35,330,000	UBSFIN CP	--	10/07/04	99.99	1.750	1.765	35,328,282.57	Merrill Lynch
10/06/04	25,000,000	FCDN	--	10/13/04	99.97	1.690	1.705	24,991,784.72	Mizuho
10/07/04	25,000,000	USTB	--	11/04/04	99.88	1.525	1.538	24,970,347.22	Deutsche Bank
10/07/04	35,000,000	USTB	--	11/04/04	99.88	1.525	1.538	34,958,486.11	Deutsche Bank
10/07/04	10,000,000	USTB	--	11/04/04	99.88	1.525	1.538	9,988,138.89	Deutsche Bank
10/07/04	50,000,000	USTB	--	11/04/04	99.88	1.525	1.538	49,940,694.44	Deutsche Bank
10/07/04	50,000,000	GE CORP CP	--	10/08/04	99.99	1.760	1.776	49,997,555.56	G.E. Capital
10/07/04	50,000,000	GE CORP CP	--	10/08/04	99.99	1.760	1.776	49,997,555.56	G.E. Capital
10/07/04	30,000,000	UBSFIN CP	--	10/08/04	99.99	1.760	1.776	29,998,533.33	Lehman Brothers
10/07/04	32,374,000	UBSFIN CP	--	10/08/04	99.99	1.760	1.776	32,372,417.27	Lehman Brothers
10/07/04	10,000,000	USTN	2.500%	09/30/06	99.73	--	2.642	9,972,656.25	Banc of America

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

## Purchase of Securities (Cont.)

<u>Purchase Date</u>	<u>Par Value</u>	<u>Description</u>	<u>Coupon Rate</u>	<u>Maturity Date</u>	<u>Purchase Price</u>	<u>Discount Rate</u>	<u>BEY @Cost</u>	<u>Principal</u>	<u>Dealer</u>
10/08/04	\$50,000,000	GECC CP	--	10/12/04	99.98	1.730%	1.745%	\$49,990,388.89	G.E. Capital
10/08/04	3,000,000	FHDN	--	10/12/04	99.98	1.600	1.613	2,999,466.67	Lehman Brothers
10/08/04	50,000,000	GECC CP	--	10/12/04	99.98	1.730	1.745	49,990,388.89	G.E. Capital
10/08/04	50,000,000	UBSFIN CP	--	10/12/04	99.98	1.740	1.755	49,990,333.35	Merrill Lynch
10/08/04	50,000,000	UBSFIN CP	--	10/12/04	99.98	1.740	1.755	49,990,333.33	Merrill Lynch
10/08/04	50,000,000	CITIGLOBAL	--	10/12/04	99.98	1.730	1.745	49,990,388.89	Citiglobal
10/12/04	25,000,000	FHDN	--	11/12/04	99.85	1.700	1.716	24,963,402.78	Lehman Brothers
10/12/04	44,000,000	FCDN	--	10/26/04	99.93	1.690	1.705	43,971,082.23	Morgan Stanley
10/12/04	50,000,000	GECC CP	--	10/19/04	99.97	1.740	1.756	49,983,083.33	G.E. Capital
10/12/04	20,000,000	GECC CP	--	10/13/04	99.99	1.760	1.776	19,999,022.22	G.E. Capital
10/12/04	50,000,000	UBSFIN CP	--	10/13/04	99.99	1.770	1.786	49,997,541.67	Banc of America
10/12/04	50,000,000	UBSFIN CP	--	10/13/04	99.99	1.770	1.786	49,997,541.67	Banc of America

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

## Purchase of Securities (Cont.)

<u>Purchase Date</u>	<u>Par Value</u>	<u>Description</u>	<u>Coupon Rate</u>	<u>Maturity Date</u>	<u>Purchase Price</u>	<u>Discount Rate</u>	<u>BEY @Cost</u>	<u>Principal</u>	<u>Dealer</u>
10/12/04	\$50,000,000	FHDN	--	10/18/04	99.97	1.680%	1.694%	\$49,986,000.00	Morgan Stanley
10/12/04	50,000,000	FHDN	--	10/20/04	99.96	1.690	1.705	49,981,222.20	Morgan Stanley
10/13/04	22,465,000	USTB	--	04/07/05	99.05	1.940	1.968	22,251,931.96	ABN AMRO
10/13/04	24,787,000	FHDN	--	10/27/04	99.93	1.690	1.705	24,770,709.44	Lehman Brothers
10/13/04	50,000,000	FHDN	--	10/27/04	99.93	1.690	1.705	49,967,138.90	Lehman Brothers
10/13/04	50,000,000	FHDN	--	10/27/04	99.93	1.690	1.705	49,967,138.90	Morgan Stanley
10/13/04	50,000,000	FHDN	--	10/27/04	99.93	1.690	1.705	49,967,138.90	Morgan Stanley
10/13/04	25,000,000	FCDN	--	10/28/04	99.93	1.690	1.705	24,982,395.83	Morgan Stanley
10/13/04	971,000	USTB	--	03/10/05	99.22	1.890	1.915	963,455.33	Merrill Lynch
10/13/04	50,000,000	USTB	--	04/07/05	99.05	1.941	1.969	49,525,533.34	Merrill Lynch
10/13/04	50,000,000	USTB	--	10/15/04	99.99	1.725	1.740	49,995,208.34	Merrill Lynch
10/13/04	50,000,000	FHDN	--	12/10/04	99.71	1.800	1.819	49,855,000.00	Merrill Lynch

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

## Purchase of Securities (Cont.)

<u>Purchase Date</u>	<u>Par Value</u>	<u>Description</u>	<u>Coupon Rate</u>	<u>Maturity Date</u>	<u>Purchase Price</u>	<u>Discount Rate</u>	<u>BEY @Cost</u>	<u>Principal</u>	<u>Dealer</u>
10/13/04	\$25,000,000	FHDN	--	11/01/04	99.91	1.700%	1.715%	\$24,977,569.45	Morgan Stanley
10/13/04	50,000,000	GECC CP	--	10/14/04	99.99	1.770	1.786	49,997,541.67	G.E. Capital
10/13/04	50,000,000	UBSFIN CP	--	10/14/04	99.99	1.770	1.786	49,997,541.50	Banc of America
10/13/04	12,580,000	UBSFIN CP	--	10/14/04	99.99	1.770	1.786	12,579,381.48	Banc of America
10/13/04	50,000,000	USTB	--	10/15/04	99.99	1.720	1.735	49,995,222.22	Merrill Lynch
10/13/04	50,000,000	USTB	--	10/15/04	99.99	1.720	1.735	49,995,222.22	JPMorgan
10/13/04	50,000,000	USTB	--	10/15/04	99.99	1.720	1.735	49,995,222.22	JPMorgan
10/13/04	49,674,000	USTB	--	10/15/04	99.99	1.720	1.735	49,669,253.37	JPMorgan
10/14/04	26,130,000	USTB	--	01/27/05	99.50	1.720	1.739	25,998,914.50	ABN AMRO
10/14/04	50,000,000	GECC CP	--	10/15/04	99.99	1.770	1.786	49,997,541.67	G.E. Capital
10/14/04	50,000,000	UBSFIN CP	--	10/15/04	99.99	1.770	1.786	49,997,541.67	Banc of America
10/14/04	16,355,000	UBSFIN CP	--	10/15/04	99.99	1.770	1.786	16,354,195.88	Banc of America

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

## Purchase of Securities (Cont.)

<u>Purchase Date</u>	<u>Par Value</u>	<u>Description</u>	<u>Coupon Rate</u>	<u>Maturity Date</u>	<u>Purchase Price</u>	<u>Discount Rate</u>	<u>BEY @Cost</u>	<u>Principal</u>	<u>Dealer</u>
10/15/04	\$24,955,000	USTN	2.000%	08/31/05	99.93	--	2.079%	\$24,937,453.52	ABN AMRO
10/15/04	50,000,000	USTB	--	01/13/05	99.58	1.695%	1.713	49,788,125.00	JPMorgan
10/15/04	50,000,000	USTB	--	01/27/05	99.50	1.720	1.739	49,751,555.56	JPMorgan
10/15/04	50,000,000	GECC CP	--	10/18/04	99.98	1.820	1.837	49,992,416.67	G.E. Capital
10/15/04	50,000,000	CITIGROUP	--	10/19/04	99.98	1.770	1.786	49,990,166.67	Citigroup
10/15/04	50,000,000	CITIGROUP	--	10/19/04	99.98	1.770	1.786	49,990,166.67	Citigroup
10/15/04	39,618,000	UBSFIN CP	--	10/18/04	99.98	1.820	1.837	39,611,991.27	Banc of America
10/15/04	50,000,000	UBSFIN CP	--	10/18/04	99.98	1.820	1.837	49,992,416.67	Banc of America
10/15/04	50,000,000	FHDN	--	10/28/04	99.94	1.690	1.705	49,969,486.11	ABN AMRO
10/15/04	49,795,000	FHDN	--	10/28/04	99.94	1.690	1.705	49,764,611.22	ABN AMRO
10/15/04	50,000,000	FHDN	--	10/28/04	99.94	1.690	1.705	49,969,486.11	ABN AMRO
10/15/04	50,000,000	FHDN	--	10/28/04	99.94	1.690	1.705	49,969,486.11	ABN AMRO

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

## Purchase of Securities (Cont.)

<u>Purchase Date</u>	<u>Par Value</u>	<u>Description</u>	<u>Coupon Rate</u>	<u>Maturity Date</u>	<u>Purchase Price</u>	<u>Discount Rate</u>	<u>BEY @Cost</u>	<u>Principal</u>	<u>Dealer</u>
10/15/04	\$50,000,000	FHDN	--	10/28/04	99.94	1.690%	1.705%	\$49,969,486.11	ABN AMRO
10/18/04	48,690,000	GECC CP	--	10/19/04	99.99	1.770	1.786	48,687,606.08	G.E. Capital
10/18/04	50,000,000	UBSFIN CP	--	10/25/04	99.97	1.750	1.766	49,982,986.11	Banc of America
10/18/04	50,000,000	UBSFIN CP	--	10/25/04	99.97	1.750	1.766	49,982,986.11	Banc of America
10/18/04	50,000,000	FHDN	--	10/28/04	99.95	1.680	1.695	49,976,666.65	Morgan Stanley
10/18/04	10,000,000	USTN	2.500%	09/30/06	99.99	--	2.503	9,999,218.75	Merrill Lynch
10/19/04	50,000,000	USTB	--	03/31/05	99.12	1.945	1.973	49,559,673.61	JPMorgan
10/19/04	50,000,000	GECC CP	--	10/26/04	99.97	1.750	1.766	49,982,986.11	G.E. Capital
10/19/04	16,769,000	GECC CP	--	10/20/04	99.99	1.740	1.755	16,768,189.50	G.E. Capital
10/19/04	50,000,000	GECC CP	--	10/20/04	99.99	1.740	1.755	49,997,583.33	G.E. Capital
10/19/04	50,000,000	CITIGROUP	--	10/20/04	99.99	1.720	1.735	49,997,611.11	Citigroup
10/20/04	50,000,000	FHDN	--	11/01/04	99.94	1.700	1.715	49,971,666.65	Morgan Stanley

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

## Purchase of Securities (Cont.)

<u>Purchase Date</u>	<u>Par Value</u>	<u>Description</u>	<u>Coupon Rate</u>	<u>Maturity Date</u>	<u>Purchase Price</u>	<u>Discount Rate</u>	<u>BEY @Cost</u>	<u>Principal</u>	<u>Dealer</u>
10/20/04	\$50,000,000	GECC CP	--	10/21/04	99.99	1.720%	1.735%	\$49,997,611.11	G.E. Capital
10/20/04	50,000,000	CITICORP CP	--	10/26/04	99.97	1.700	1.715	49,985,833.33	Citicorp
10/20/04	41,000,000	CITICORP CP	--	10/21/04	99.99	1.700	1.715	40,998,063.89	Citicorp
10/21/04	35,000,000	USTB	--	12/30/04	99.66	1.724	1.742	34,882,672.22	Citiglobal
10/21/04	50,000,000	GECC CP	--	10/22/04	99.99	1.750	1.765	49,997,569.44	G.E. Capital
10/22/04	10,155,000	GECC CP	--	10/25/04	99.99	1.740	1.755	10,153,527.53	G.E. Capital
10/22/04	50,000,000	GECC CP	--	10/25/04	99.99	1.740	1.755	49,992,750.00	G.E. Capital
10/22/04	50,000,000	FHDN	--	10/29/04	99.97	1.660	1.674	49,983,861.10	Lehman Brothers
10/22/04	35,000,000	FCDN	--	10/29/04	99.97	1.670	1.684	34,988,634.73	Lehman Brothers
10/25/04	50,000,000	GE CORP CP	--	10/29/04	99.98	1.750	1.766	49,990,277.78	G.E. Capital
10/25/04	11,371,000	CITIGROUP	--	10/26/04	99.99	1.730	1.745	11,370,453.56	Citigroup
10/25/04	50,000,000	UBSFIN CP	--	10/28/04	99.99	1.750	1.766	49,992,708.33	Banc of America

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

## Purchase of Securities (Cont.)

<u>Purchase Date</u>	<u>Par Value</u>	<u>Description</u>	<u>Coupon Rate</u>	<u>Maturity Date</u>	<u>Purchase Price</u>	<u>Discount Rate</u>	<u>BEY @Cost</u>	<u>Principal</u>	<u>Dealer</u>
10/25/04	\$50,000,000	UBSFIN CP	--	10/28/04	99.99	1.750%	1.766%	\$49,992,708.33	Banc of America
10/26/04	50,000,000	GECC CP	--	10/28/04	99.99	1.740	1.755	49,995,166.67	G.E. Capital
10/26/04	50,000,000	CITICORP CP	--	10/28/04	99.99	1.730	1.745	49,995,194.44	Citicorp
10/26/04	8,700,000	CITICORP CP	--	10/28/04	99.99	1.730	1.745	8,699,163.83	Citicorp
10/26/04	25,000,000	FHDN	--	10/28/04	99.99	1.670	1.684	24,997,680.55	Lehman Brothers
10/26/04	25,000,000	FCDN	--	10/28/04	99.99	1.660	1.674	24,997,694.45	Lehman Brothers
10/27/04	24,795,000	USTB	--	10/28/04	99.99	1.633	1.646	24,793,875.62	ABN AMRO
10/27/04	50,000,000	USTB	--	10/28/04	99.99	1.630	1.643	49,997,736.11	ABN AMRO
10/27/04	50,000,000	USTB	--	10/28/04	99.99	1.631	1.644	49,997,734.72	Merrill Lynch
10/27/04	50,000,000	USTB	--	10/28/04	99.99	1.625	1.638	49,997,743.06	JPMorgan
10/27/04	40,000,000	FHDN	--	10/29/04	99.99	1.630	1.643	39,996,377.76	Lehman Brothers
10/27/04	7,390,000	FHDN	--	10/28/04	99.99	1.630	1.643	7,389,665.40	Lehman Brothers

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

## Purchase of Securities (Cont.)

<u>Purchase Date</u>	<u>Par Value</u>	<u>Description</u>	<u>Coupon Rate</u>	<u>Maturity Date</u>	<u>Purchase Price</u>	<u>Discount Rate</u>	<u>BEY @Cost</u>	<u>Principal</u>	<u>Dealer</u>
10/27/04	\$41,300,000	CITIGLOBAL	--	10/29/04	99.99	1.720%	1.735%	\$41,296,053.54	Citiglobal
10/28/04	50,000,000	FHDN	--	11/04/04	99.97	1.690	1.705	49,983,569.44	ABN AMRO
10/28/04	50,000,000	FHDN	--	11/04/04	99.97	1.690	1.705	49,983,569.44	ABN AMRO
10/28/04	50,000,000	FHDN	--	11/04/04	99.97	1.690	1.705	49,983,569.44	ABN AMRO
10/28/04	49,860,000	FHDN	--	11/04/04	99.97	1.690	1.705	49,843,615.45	ABN AMRO
10/28/04	31,200,000	UBSFIN CP	--	10/29/04	99.99	1.770	1.786	31,198,465.99	Goldman Sachs
10/28/04	50,000,000	DBKFIN CP	--	10/29/04	99.99	1.790	1.806	49,997,513.89	Deutsche Bank
10/28/04	50,000,000	DBKFIN CP	--	10/29/04	99.99	1.790	1.806	49,997,513.89	Deutsche Bank
10/28/04	50,000,000	FHDN	--	11/01/04	99.98	1.720	1.735	49,990,444.45	Lehman Brothers
10/28/04	40,000,000	FHDN	--	11/08/04	99.95	1.690	1.705	39,979,344.44	Lehman Brothers
10/28/04	50,000,000	FHDN	--	11/01/04	99.98	1.720	1.735	49,990,444.45	Morgan Stanley
10/28/04	50,000,000	FHDN	--	11/01/04	99.98	1.720	1.735	49,990,444.45	Morgan Stanley

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

## Purchase of Securities (Cont.)

<u>Purchase Date</u>	<u>Par Value</u>	<u>Description</u>	<u>Coupon Rate</u>	<u>Maturity Date</u>	<u>Purchase Price</u>	<u>Discount Rate</u>	<u>BEY @Cost</u>	<u>Principal</u>	<u>Dealer</u>
10/28/04	\$50,000,000	FHDN	--	11/02/04	99.98	1.690%	1.705%	\$49,988,263.90	Morgan Stanley
10/28/04	50,000,000	FHDN	--	11/01/04	99.98	1.720	1.735	49,990,444.44	Lehman Brothers
10/28/04	50,000,000	FHDN	--	11/01/04	99.98	1.720	1.735	49,990,444.44	Lehman Brothers
10/28/04	50,000,000	FHDN	--	11/01/04	99.98	1.720	1.735	49,990,444.44	Lehman Brothers
10/28/04	49,833,000	FHDN	--	11/01/04	99.98	1.720	1.735	49,823,476.36	Lehman Brothers
10/29/04	25,000,000	USTN	2.000%	11/30/04	100.01	--	1.850	25,002,929.69	Greenwich Capital
10/29/04	50,000,000	USTN	2.000	11/30/04	100.01	--	1.850	50,005,859.38	Lehman Brothers
10/29/04	50,000,000	USTN	2.000	11/30/04	100.02	--	1.806	50,007,812.50	Morgan Stanley
10/29/04	50,000,000	USTN	2.000	11/30/04	100.01	--	1.850	50,005,859.38	JPMorgan
10/29/04	32,683,000	USTB	--	12/30/04	99.69	1.813	1.832	32,580,979.11	JPMorgan
10/29/04	15,000,000	FCDN	--	11/16/04	99.91	1.740	1.756	14,986,950.00	Banc of America
10/29/04	50,000,000	GECC CP	--	11/01/04	99.98	1.830	1.847	49,992,375.00	G.E. Capital

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

## Purchase of Securities (Cont.)

<u>Purchase Date</u>	<u>Par Value</u>	<u>Description</u>	<u>Coupon Rate</u>	<u>Maturity Date</u>	<u>Purchase Price</u>	<u>Discount Rate</u>	<u>BEY @Cost</u>	<u>Principal</u>	<u>Dealer</u>
10/29/04	\$50,000,000	CITIGLOBAL	--	11/01/04	99.98	1.840%	1.857%	\$49,992,333.37	Citiglobal
10/29/04	50,000,000	CITIGLOBAL	--	11/01/04	99.98	1.840	1.857	49,992,333.37	Citiglobal
10/29/04	50,000,000	UBSFIN CP	--	11/01/04	99.98	1.840	1.857	49,992,333.37	Banc of America
10/29/04	27,620,000	UBSFIN CP	--	11/01/04	99.98	1.840	1.857	27,615,764.94	Banc of America
10/29/04	50,000,000	FHDN	--	11/01/04	99.99	1.691	1.706	49,992,954.15	Merrill Lynch
10/29/04	50,000,000	FCDN	--	11/10/04	99.94	1.700	1.715	49,971,666.67	Mizuho
10/29/04	<u>15,000,000</u>	FCDN	--	11/15/04	99.92	1.740	1.756	<u>14,987,675.00</u>	Banc of America
	<u>\$6,119,050,000</u>							<u>\$6,114,057,479.35</u>	

BEY - Bond Equivalent Yield

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

Sale of Securities

<u>Sale Date</u>	<u>Par Value</u>	<u>Description</u>	<u>Coupon Rate</u>	<u>Maturity Date</u>	<u>Sale Price</u>	<u>Discount Rate</u>	<u>Principal</u>	<u>Dealer</u>
10/18/04	<u>\$10,000,000</u>	USTN	2.500%	09/30/06	100.0547	--	<u>\$10,005,468.75</u>	Merrill Lynch
	<u><u>\$10,000,000</u></u>						<u><u>\$10,005,468.75</u></u>	

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

## Repurchase Transactions

<u>Dealer</u>	<u>Purchase Date</u>	<u>Sale Date</u>	<u>Par Value</u>	<u>Interest Rate</u>	<u>Total Interest Earned</u>
ABN AMRO	10/01/04	10/05/04	\$ 995,000	1.750%	\$ 192.09 *
ABN AMRO	10/01/04	10/05/04	995,000	1.750	192.09 *
Nomura	10/01/04	10/04/04	9,029,000	1.720	1,294.16
Nomura	10/01/04	10/04/04	16,769,000	1.720	2,403.56
Nomura	10/01/04	10/04/04	16,962,000	1.720	2,431.22
Morgan Stanley	10/01/04	10/04/04	28,695,000	1.700	4,065.13
ABN AMRO	10/01/04	10/06/04	34,868,750	1.750	8,397.56 *
ABN AMRO	10/01/04	10/06/04	34,868,750	1.750	8,397.56 *
Morgan Stanley	10/01/04	10/04/04	35,045,000	1.700	4,964.71
Morgan Stanley	10/01/04	10/04/04	36,119,000	1.700	5,116.86
Morgan Stanley	10/01/04	10/04/04	36,452,000	1.700	5,164.03
Mizuho	10/01/04	10/07/04	37,443,750	1.750	10,661.07 *

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

## Repurchase Transactions (Cont.)

<u>Dealer</u>	<u>Purchase Date</u>	<u>Sale Date</u>	<u>Par Value</u>	<u>Interest Rate</u>	<u>Total Interest Earned</u>
Mizuho	10/01/04	10/07/04	\$ 37,443,750	1.750%	\$ 10,661.07 *
Mizuho	10/01/04	10/07/04	37,443,750	1.750	10,661.07 *
Mizuho	10/01/04	10/07/04	37,443,750	1.750	10,661.07 *
Nomura	10/01/04	10/04/04	43,190,000	1.720	6,190.57
Morgan Stanley	10/01/04	10/04/04	46,598,000	1.700	6,601.38
Nomura	10/01/04	10/04/04	48,510,000	1.720	6,953.10
Nomura	10/01/04	10/04/04	48,571,000	1.720	6,961.84
ABN AMRO	10/01/04	10/05/04	48,930,000	1.750	9,446.21 *
ABN AMRO	10/01/04	10/05/04	48,930,000	1.750	9,446.21 *
Nomura	10/04/04	10/07/04	11,122,000	1.700	1,575.62
Nomura	10/04/04	10/07/04	16,964,000	1.700	2,403.23
Morgan Stanley	10/04/04	10/07/04	28,699,000	1.690	4,041.78

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

## Repurchase Transactions (Cont.)

<u>Dealer</u>	<u>Purchase Date</u>	<u>Sale Date</u>	<u>Par Value</u>	<u>Interest Rate</u>	<u>Total Interest Earned</u>
Morgan Stanley	10/04/04	10/07/04	\$ 35,050,000	1.690%	\$ 4,936.21
Nomura	10/04/04	10/07/04	35,221,000	1.700	4,989.64
Morgan Stanley	10/04/04	10/07/04	35,628,000	1.690	5,017.61
Nomura	10/04/04	10/07/04	41,938,000	1.700	5,941.22
Nomura	10/04/04	10/05/04	42,197,000	1.710	2,004.36
BNP Paribas	10/05/04	10/06/04	32,219,000	1.720	1,539.35
Banc of America	10/06/04	10/07/04	32,221,000	1.700	1,521.55
Daiwa	10/07/04	10/12/04	853,000	1.690	200.22
Lehman Brothers	10/07/04	10/08/04	11,123,000	1.710	528.34
Daiwa	10/07/04	10/12/04	16,114,000	1.690	3,782.31
Lehman Brothers	10/07/04	10/08/04	22,247,000	1.710	1,056.73
Daiwa	10/07/04	10/12/04	28,703,000	1.690	6,737.23

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

## Repurchase Transactions (Cont.)

<u>Dealer</u>	<u>Purchase Date</u>	<u>Sale Date</u>	<u>Par Value</u>	<u>Interest Rate</u>	<u>Total Interest Earned</u>
Daiwa	10/07/04	10/12/04	\$ 34,536,000	1.690%	\$ 8,106.37
Daiwa	10/07/04	10/12/04	35,096,000	1.690	8,237.81
Daiwa	10/07/04	10/12/04	40,785,000	1.690	9,573.15
Daiwa	10/07/04	10/12/04	43,347,000	1.690	10,174.50
Nomura	10/08/04	10/12/04	22,248,000	1.690	4,177.68
Lehman Brothers	10/12/04	10/14/04	16,971,000	1.700	1,602.82
BNP Paribas	10/12/04	10/13/04	22,252,000	1.720	1,063.15
Lehman Brothers	10/12/04	10/14/04	28,710,000	1.700	2,711.50
Lehman Brothers	10/12/04	10/14/04	34,544,000	1.700	3,262.49
Lehman Brothers	10/12/04	10/14/04	35,104,000	1.700	3,315.38
Lehman Brothers	10/12/04	10/14/04	40,794,000	1.700	3,852.77
Lehman Brothers	10/12/04	10/14/04	43,357,000	1.700	4,094.83

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

## Repurchase Transactions (Cont.)

<u>Dealer</u>	<u>Purchase Date</u>	<u>Sale Date</u>	<u>Par Value</u>	<u>Interest Rate</u>	<u>Total Interest Earned</u>
Nomura	10/14/04	10/18/04	\$ 3,462,000	1.720%	\$ 661.63
Nomura	10/14/04	10/15/04	25,000,000	1.720	1,194.44
Banc of America	10/14/04	10/18/04	28,712,000	1.720	5,487.18
Banc of America	10/14/04	10/18/04	33,860,000	1.720	6,471.02
Banc of America	10/14/04	10/18/04	35,108,000	1.720	6,709.53
Nomura	10/14/04	10/18/04	35,171,000	1.720	6,721.57
Banc of America	10/14/04	10/18/04	41,229,000	1.720	7,879.32
Nomura	10/14/04	10/18/04	48,510,000	1.720	9,270.80
BNP Paribas	10/18/04	10/20/04	3,287,000	1.720	314.09
Daiwa	10/18/04	10/20/04	27,222,000	1.730	2,616.34
Daiwa	10/18/04	10/20/04	33,683,000	1.730	3,237.31
BNP Paribas	10/18/04	10/20/04	34,972,000	1.720	3,341.77

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

## Repurchase Transactions (Cont.)

<u>Dealer</u>	<u>Purchase Date</u>	<u>Sale Date</u>	<u>Par Value</u>	<u>Interest Rate</u>	<u>Total Interest Earned</u>
Daiwa	10/18/04	10/20/04	\$ 35,114,000	1.730%	\$ 3,374.85
Daiwa	10/18/04	10/20/04	39,952,000	1.730	3,839.83
BNP Paribas	10/18/04	10/20/04	48,695,000	1.720	4,653.08
Nomura	10/20/04	10/25/04	3,477,000	1.700	820.96
Nomura	10/20/04	10/25/04	24,389,000	1.700	5,758.51
Lehman Brothers	10/20/04	10/25/04	27,213,000	1.690	6,387.50
Lehman Brothers	10/20/04	10/25/04	32,269,000	1.690	7,574.25
Lehman Brothers	10/20/04	10/25/04	35,118,000	1.690	8,242.98
Nomura	10/20/04	10/25/04	37,302,000	1.700	8,807.42
Nomura	10/20/04	10/25/04	48,510,000	1.700	11,453.75
BNP Paribas	10/21/04	10/25/04	1,390,000	1.700	262.56
BNP Paribas	10/21/04	10/25/04	48,610,000	1.700	9,181.89

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

## Repurchase Transactions (Cont.)

<u>Dealer</u>	<u>Purchase Date</u>	<u>Sale Date</u>	<u>Par Value</u>	<u>Interest Rate</u>	<u>Total Interest Earned</u>
Nomura	10/25/04	10/27/04	\$ 1,499,000	1.710%	\$ 142.41
Nomura	10/25/04	10/27/04	3,429,000	1.710	325.76
Nomura	10/25/04	10/27/04	21,469,000	1.710	2,039.56
Lehman Brothers	10/25/04	10/27/04	27,180,000	1.720	2,597.20
Lehman Brothers	10/25/04	10/27/04	30,367,000	1.720	2,901.74
Lehman Brothers	10/25/04	10/27/04	32,484,000	1.720	3,104.03
Lehman Brothers	10/25/04	10/27/04	35,126,000	1.720	3,356.48
Nomura	10/25/04	10/27/04	48,510,000	1.710	4,608.45
Nomura	10/25/04	10/27/04	48,571,000	1.710	4,614.25
Banc of America	10/27/04	10/28/04	1,424,000	1.700	67.24
Nomura	10/27/04	11/01/04	3,189,000	1.710	757.39
Nomura	10/27/04	11/01/04	21,471,000	1.710	5,099.36

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

## Repurchase Transactions (Cont.)

<u>Dealer</u>	<u>Purchase Date</u>	<u>Sale Date</u>	<u>Par Value</u>	<u>Interest Rate</u>	<u>Total Interest Earned</u>
Nomura	10/27/04	11/01/04	\$ 27,183,000	1.710%	\$ 6,455.96
Nomura	10/27/04	11/01/04	30,370,000	1.710	7,212.88
Nomura	10/27/04	11/01/04	32,487,000	1.710	7,715.66
Nomura	10/27/04	11/01/04	35,129,000	1.710	8,343.14
Banc of America	10/27/04	10/28/04	48,590,000	1.700	2,294.53
Nomura	10/27/04	11/01/04	48,816,000	1.710	11,593.80
BNP Paribas	10/28/04	10/29/04	2,642,000	1.740	127.70
Morgan Stanley	10/28/04	10/29/04	5,350,000	1.740	258.58
BNP Paribas	10/28/04	10/29/04	48,679,000	1.740	2,352.82
BNP Paribas	10/28/04	10/29/04	48,679,000	1.740	2,352.82
Morgan Stanley	10/28/04	10/29/04	49,210,000	1.740	2,378.48
Morgan Stanley	10/28/04	10/29/04	49,210,000	1.740	2,378.48

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

Repurchase Transactions (Cont.)

<b><u>Dealer</u></b>	<b><u>Purchase Date</u></b>	<b><u>Sale Date</u></b>	<b><u>Par Value</u></b>	<b><u>Interest Rate</u></b>	<b><u>Total Interest Earned</u></b>
BNP Paribas	10/29/04	11/01/04	\$ 27,727,000	1.780%	\$ 4,112.84

\* This transaction was executed simultaneously with a like reverse/repurchase agreement.

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

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

<b><u>Dealer</u></b>	<b><u>Sale Date</u></b>	<b><u>Purchase Date</u></b>	<b><u>Par Value</u></b>	<b><u>Interest Rate</u></b>	<b><u>Total Interest Paid</u></b>
ABN AMRO	10/01/04	10/05/04	\$49,925,000	1.250%	\$7,419.41
ABN AMRO	10/01/04	10/05/04	49,925,000	1.250	7,419.41
Mizuho	10/01/04	10/07/04	37,443,750	1.000	5,262.92
Mizuho	10/01/04	10/07/04	37,443,750	1.000	5,262.92
Mizuho	10/01/04	10/07/04	37,443,750	1.000	5,262.92
Mizuho	10/01/04	10/07/04	37,443,750	1.000	5,262.92
ABN AMRO	10/01/04	10/06/04	34,868,750	1.350	6,508.83
ABN AMRO	10/01/04	10/06/04	34,868,750	1.350	6,508.83

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

**REPORT B:** In addition to the transactions described in Report A of this report, the Executive Director also reports the following transactions during the period of October 1, 2004 through October 31, 2004, pertaining to investments in United States Treasury securities and interest rate options contracts with respect to United States Treasury securities pursuant to the guidelines established by the Board of Commissioners on August 25, 1988.

Options Transactions - Purchased

<b><u>Transaction Date</u></b>	<b><u>Par Value</u></b>	<b><u>Description</u></b>	<b><u>Price</u></b>	<b><u>Exercise Price</u></b>	<b><u>Expirations/ Settlement</u></b>	<b><u>Dealer</u></b>	<b><u>Option Premium</u></b>
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No new transactions this period.

Options Transactions - Sold

<b><u>Transaction Date</u></b>	<b><u>Par Value</u></b>	<b><u>Description</u></b>	<b><u>Price</u></b>	<b><u>Exercise Price</u></b>	<b><u>Expirations/ Settlement</u></b>	<b><u>Dealer</u></b>	<b><u>Option Premium</u></b>
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No new transactions this period.

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

**REPORT C:** In addition to the transactions described in Report A and B, the Executive Director also reports the following transactions during the period of October 1, 2004 through October 31, 2004 pertaining to the execution or cancellation of Interest Rate Exchange Contracts pursuant to the guidelines established by the Board of Commissioners on December 10, 1992.

Interest Rate Exchange Contracts

<u>Date</u>	<u>Counterparty</u>	<u>Notional Amount</u>	<u>Start Date</u>	<u>Termination Date</u>	<u>Fixed Interest Rate Paid</u>	<u>Variable Interest Rate Received</u>
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No new transactions this period.

As of October 31, 2004, the Port Authority has interest rate exchange contracts in place on notional amounts totaling \$372.6 million, all of which pertain to refundings.

**REPORT D:** In addition to the transactions described in Report A, B and C, the Executive Director also reports the following transactions during the period of October 1, 2004 through October 31, 2004 under the Variable Rate Master Note Program as amended and supplemented through October 13, 1994.

Variable Rate Master Note Placements

<u>Date of Issuance</u>	<u>Amount</u>	<u>Purchaser</u>	<u>Term</u>	<u>Variable Rate Index</u>
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No new transactions this period.

Whereupon, the meeting was adjourned.

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Secretary