THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES
Thursday, July 26, 2001

MINUTES of a Meeting of The Port Authority of New York and New Jersey held Thursday, July 26, 2001, at One World Trade Center, City, County and State of New York.

PRESENT:

NEW JERSEY	**NEW YORK**
Hon. William J. Martini	Hon. Charles A. Gargano, Vice-Chairman
Hon. Alan G. Philibosian	Hon. Bruce A. Blakeman
Hon. James Weinstein	Hon. Michael J. Chasanoff
	Hon. Bradford J. Race, Jr.
	Hon. Anastasia M. Song

Neil D. Levin, Executive Director
Jeffrey S. Green, General Counsel
Daniel D. Bergstein, Secretary

Kayla M. Bergeron, Director, Media Relations
Bruce D. Bohlen, Treasurer
John D. Brill, Director, Audit
Gregory G. Burnham, Chief Technology Officer
Ernesto L. Butcher, Chief Operating Officer
Rosemary Chiricolo, Assistant Director, Financial Services
Steven J. Coleman, Staff Public Information Officer, Media Relations
Anthony G. Cracchiolo, Director, Priority Capital Programs
William R. DeCota, Director, Aviation
Michael P. DePallo, Director/General Manager, PATH
Karen E. Eastman, Advisor to the Executive Director
Howard G. Kadin, Senior Attorney, Law
Theodore D. Kleiner, Assistant Director, Aviation
Louis J. LaCapra, Chief of Staff
Richard M. Larrabee, Director, Port Commerce
Stephen Marinko, Attorney, Law
Charles F. McClafferty, Chief Financial Officer
James E. McCoy, Senior Administrator, Office of the Secretary
Allen M. Morrison, Supervisor, Media Relations
Cherrie L. Nanninga, Acting Deputy Chief Financial Officer/Director, Real Estate
Catherine F. Pavelec, Executive Assistant to the Secretary
Eric W. Pfaff, Management Information Services Coordinator, Port Commerce
Kenneth P. Philmus, Director, Tunnels, Bridges and Terminals
Alan L. Reiss, Director, World Trade
Cosmo Servidio, Special Assistant to the Chairman
Ronald H. Shiftan, Deputy Executive Director
Gerald B. Stoughton, Assistant Director, Office of Forecasting and Capital Planning
Joseph A. Tobia, Assistant Comptroller
Hugh H. Welsh, Deputy General Counsel
Christopher O. Ward, Chief of Corporate Planning and External Affairs
Robert D. Williams, Executive Assistant to the Deputy Executive Director
Peter Yerkes, Press Secretary

Guests:
John G. Donnelly, Authorities Unit, Office of the Governor of New Jersey
Robert Zerrillo, Office of the Governor, New York State

The public meeting was called to order by Vice-Chairman Gargano at 2:46 p.m. and ended at 2:55 p.m. The Board met in executive session prior to the public meeting.

Action on Minutes

The Secretary submitted for approval Minutes of action taken at the Board's meeting of June 28, 2001. He reported that copies of these Minutes were sent to all of the Commissioners and to the Governors of New York and New Jersey. He reported further that the time for action by the Governors of New York and New Jersey has expired.

Report of Audit Committee

The Audit Committee reported in executive session, for information, on matters discussed in executive session at its meeting on July 26, 2001, which included discussion of internal audit matters, and the report was received.

Report of Committee on Finance

The Committee on Finance reported in executive session, for information, on matters discussed in executive session at its meetings on July 26, 2001, which included discussion of bond matters and matters which could affect the competitive economic position of the Port Authority, the Port District and 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 in executive session, for information, on matters discussed in executive session at its meeting on July 26, 2001, which included discussion of property matters and matters which could affect the competitive economic position of the Port Authority, the Port District and businesses with which we deal, and the report was received.

Report of Committee on Construction

The Committee on Construction reported, for information, on matters discussed at its meeting on July 26, 2001, which included discussion of contract matters, in addition to matters filed with the Committee pursuant to Board action or separately reported to the Board of Commissioners at this meeting of the Board, and the report was received and is included with these minutes.

Report of Committee on Operations

The Committee on Operations reported in executive session, for information, on action taken and matters discussed in executive session at its meeting on July 26, 2001, which included discussion of lease, property and contract matters, and the report was received and is included with these minutes.

(Board – 7/26/01)

JOHN F. KENNEDY INTERNATIONAL AIRPORT – UNITED AIR LINES, INC. – SPACE PERMIT FOR TERMINAL 6 AND JETBLUE AIRWAYS CORPORATION – LEASE AGREEMENT FOR TERMINAL 6

It was recommended that the Board authorize the Executive Director to enter into: (1) Space Permit AYD-121 (the Permit) for Terminal 6 at John F. Kennedy International Airport (JFK) with United Air Lines, Inc. (United) on terms and conditions previously authorized by the Executive Director in a Memorandum of Justification dated December 20, 1999, (Memorandum of Justification), as amended in accordance with the terms and conditions outlined to the Board; and (2) a lease agreement with JetBlue Airways Corporation (JetBlue) for Terminal 6 for a five-year term commencing on or about December 1, 2001. It was further recommended that the Board amend its resolution of June 29, 2000 entitled "John F. Kennedy International Airport–Maintenance, Appearance and Improvements to Terminal 6," to provide that the $5 million in improvements to Terminal 6 authorized by the resolution be performed by the Port Authority instead of United.

Trans World Airlines, Inc. (TWA) was the lessee of Terminal 6 under Agreement AYA-73 that expired by its terms on December 31, 1994. TWA continued to occupy Terminal 6 on a month-to-month basis until terminating the lease on November 30, 1999. TWA subleased the entire Terminal 6 to United effective October 1, 1999, and portions of the terminal prior thereto.

Pursuant to the Memorandum of Justification, the Executive Director authorized a one-year space permit with United for Terminal 6, effective December 1, 1999, to provide United with continuous use of Terminal 6. A long-term lease covering United's redevelopment of a portion of the Terminal 5 site was authorized by the Board at its September 28, 2000 meeting. It is anticipated that a recommendation will be made to the Board in the future to amend this authorization, based upon continuing negotiations for the long-term lease with United, and to reflect TWA's bankruptcy and acquisition by American Airlines, Inc.

United accepted Terminal 6 subject to the occupancy of America West Airlines (America West) and with the understanding that JetBlue would occupy portions of the terminal. The Memorandum of Justification provided that if United did not execute a hold harmless and release agreement covering certain environmental obligations relating to United's prior occupancy of Terminal 9 at JFK (the Terminal 9 Environmental Agreement) prior to March 31, 2000, then the permit would expire on March 31, 2000 and the fixed monthly fees would double if United remained in the terminal. Although the Terminal 9 Environmental Agreement was not executed by March 31, 2000, negotiations continued to progress, and staff did not believe that it was prudent to implement the doubling of the monthly fee. The Executive Director would be authorized to amend the terms of the December 20, 1999 Memorandum of Justification to delete the requirement for the doubling of the fixed monthly fees, because both United and the Port Authority executed the Terminal 9 Environmental Agreement subsequent to March 31, 2000. The term of United's Permit for Terminal 6 will now be from December 1, 1999 through November 30, 2001, at increased fees for the second year. The Port Authority will not impose standard 10 percent subuse fees on amounts paid by JetBlue and America West to United under the space permit arrangement. It is estimated that these fees would have been approximately $1.5 million.

Pursuant to the Permit, United would be responsible for the environmental condition of the space, except United would not be responsible for contamination or contaminants existing at Terminal 6 prior to December 1, 1999 unless United caused the same or if the same resulted from United's use or occupancy of Terminal 6 or its acts or omissions or if United prevents access for remediation of the terminal.

Effective on or about December 1, 2001, JetBlue would become the Port Authority's lessee of Terminal 6. The JetBlue lease would be for a term of 5 years and would provide JetBlue with additional passenger facilities at the Airport. The planning and discussions with JetBlue for the redevelopment of a portion of the Terminal 6 site are continuing. This redevelopment is part of the Phase II program outlined to the Board in its authorization of September 28, 2000 covering the Terminals 5 and 6 Redevelopment Program.

The lease with JetBlue for Terminal 6 would be subject to the occupancy of both United and America West. JetBlue is expected to enter into sublease agreements with both United and America West, subject to the consent of the Port Authority. The Port Authority consents would be revocable without cause on 30 days' notice. The Port Authority would impose sublease fees on the use and occupancy of Terminal 6 by United, America West and other airlines. United would receive a credit from the Port Authority against the standard 10 percent sublease fee payable to the Port Authority in connection with United's use and occupancy of Terminal 6 under the JetBlue lease. This credit would be calculated on the basis of, but would not exceed, the unamortized investment made by United in Terminal 6 during the term of its permit allocable to those portions of the Terminal which were not used exclusively by United, such investment to be amortized on a straight-line basis from the date of investment to the earlier of the end of United's sublease with JetBlue or the expiration of JetBlue's lease.

Certain roadway improvements are necessary to relieve traffic congestion on Terminal 6 roadways. If the Port Authority performs this roadway work, it will be performed as part of the capital and operating major work budgets, and if this roadway work is performed by JetBlue, the Port Authority would pay JetBlue for its costs to perform the work, not to exceed $1.5 million. In addition, JetBlue would be obligated to invest a minimum of $6 million in the premises during the first three years of the five-year term. If this investment is not made, JetBlue would pay the Port Authority an additional rental based upon the difference between this minimum investment amount and the actual amount of the capital investment made by JetBlue. Effective December 1, 2004, the Port Authority would have the right to terminate the lease without cause on 90 days' written notice. In the event the lease was so terminated, the Port Authority would be obligated to reimburse JetBlue its unamortized capital investment up to $6 million on a straight-line basis. The Port Authority would also have the right to take back portions of the premises from time to time in connection with the redevelopment of the Terminals 5 and 6 site, with abatements to the rentals and appropriate payment of JetBlue's unamortized capital investment.

A baseline subsurface investigation has been completed for the Terminal 6 site. JetBlue would be responsible for all soil and groundwater contamination above the baseline and, in addition, JetBlue would be responsible for soil and groundwater contamination or contaminants existing at Terminal 6 prior to the commencement of the lease term if caused by JetBlue or if the same resulted from JetBlue's use or occupancy of the terminal or its acts or omissions, or if JetBlue prevents the Port Authority's access for remediation. The Port Authority is currently operating a groundwater remediation system, and may be required by the New York State Department of Environmental Conservation to perform groundwater monitoring and a spot clean-up program for at least one year.

The building and ground rent for the first year of the JetBlue lease would be approximately $12.1 million and would be subject to annual escalations of the greater of 4 percent or one-half the Consumer Price Index increase. Under the lease, JetBlue would submit a Comprehensive Retail Plan (the Retail Plan) for Port Authority approval for the development and operation of the Terminal 6 retail concessions program. The Retail Plan would include, among other things, proposed types of concessions and related business terms and fees, opportunities for disadvantaged business enterprises, quality and service standards, and the monitoring and enforcing of street pricing.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Gargano, Martini, Philibosian, Race, Song and Weinstein 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 Space Permit AYD-121 (the Permit) for Terminal 6 at John F. Kennedy International Airport (JFK) with United Air Lines, Inc. (United), as set forth in a Memorandum of Justification dated December 20, 1999 covering the authorization of the Permit by the Executive Director, except that the term of the Permit would be from December 1, 1999 through November 30, 2001, the Permit would not contain terms and conditions providing for the doubling of fees on April 1, 2000 in connection with the failure of United to have executed by March 31, 2000 an agreement covering certain environmental obligations relating to United's prior occupancy of Terminal 9 at JFK, and the Permit would not impose the payment of subuse fees attributable to the use and occupancy of Terminal 6 by other airlines, and as otherwise supplemented and amended by this resolution, substantially in accordance with the terms and conditions outlined to the Board; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into a lease agreement with JetBlue Airways Corporation (JetBlue) for Terminal 6 at JFK for a five-year term commencing on or about December 1, 2001, substantially in accordance with the terms and conditions outlined to the Board; and it is further

RESOLVED, that the resolution adopted by the Board at its meeting on June 29, 2000 covering $5 million of improvements to be made in Terminal 6 is hereby amended to provide that the work is being performed by the Port Authority under the capital and operating major work budgets, instead of by United; and it is further

RESOLVED, that the form of the Permit and the lease agreement with JetBlue each shall be subject to the approval of General Counsel or his authorized representative.

JOHN F. KENNEDY INTERNATIONAL AIRPORT – ENGINEERED MATERIAL ARRESTING SYSTEM (FOAM ARRESTOR BED) – PROJECT AUTHORIZATION

It was recommended that the Board: 1) authorize a project for the design, construction and installation of a replacement Engineered Material Arresting System (EMAS) at John F. Kennedy International Airport (JFK) at a total project cost estimated at $8,226,250; and 2) authorize the Executive Director to award a contract for the replacement construction to Engineered Arresting Systems Corp. (EAS Corp.) and Edwards & Kelcey, Inc., a joint venture, at a total construction cost of $6,381,000, exclusive of up to 6 percent for extra work.

The EMAS installed at the end of Runway 4R at JFK has deteriorated due to excessive moisture build-up, and must be removed and replaced. The new improved EMAS design will meet Federal Aviation Administration (FAA) recommendations to create an extra margin of safety for landing or departing aircraft in the event an aircraft cannot be brought to a complete stop within the available runway length. The FAA has worked with its only approved contractor, EAS Corp., to address all issues of durability, and is confident that design improvements will provide for a long service life. The JFK prototype EMAS was the first to be installed anywhere in the world in November 1996. In May 1999, this EMAS safely decelerated an American Eagle SAAB 340, preventing the aircraft from entering Thurston Basin, and saving passengers and crew from what could have been a tragic accident. This use subsequently resulted in approximately one-third of the EMAS material being replaced. The Law Department is currently negotiating with American Eagle regarding the reimbursement to the Port Authority for certain expenditures related to the incident. In addition, negotiations are also in progress with Korean Air for reimbursement to the Port Authority in connection with certain repairs which were required after one of its aircraft damaged the arrestor bed while turning off the runway. Staff will seek authorization for these settlements once negotiations are completed.

Although being a pioneer in the development and application of EMAS technology means garnering worldwide admiration and gaining the benefits of new safety enhancements at our airports first, it also means dealing with the uncertainties associated with developing new technologies. The most challenging design problem has been maintaining the integrity of the bed surface. The EMAS developed at LaGuardia Airport (LGA) was found to be significantly degraded as a result of the failure of the surface coating due to the effects of jet blast, and was subsequently removed. Although the JFK EMAS has performed admirably to date, numerous cracks have developed in the coating which seals the bed. These cracks have allowed moisture to permeate the bed and to degrade its structural integrity. Last winter's wet weather deteriorated the bed to the point where replacement is required.

The extent and prevalence of the cracking in the bed's seal coat were unexpected. However, as a result of the FAA analyses conducted to deal with the jet blast degradation encountered at LGA, the FAA, the Port Authority and EAS Corp. are confident that a design solution to the jet blast and seal cracking issues has been achieved. The design changes include the use of joints, wrapping blocks with mesh fabric and a factory-applied urethane-based coating. This new design will be employed for the contract to replace the JFK Runway 4R EMAS and the EMAS which was installed and subsequently removed from LGA Runway 22. The LGA EMAS will be replaced at no cost to the Port Authority. Terms previously negotiated for the LGA EMAS replacement require the contractor, EAS Corp. and Edwards & Kelcey, Inc., and the FAA to pay for its replacement. The Port Authority and the FAA are confident that this improved design for both jet blast and moisture resistance will perform as predicted in stopping aircraft and will result in an EMAS life of 15 or more years. The new EMAS will be subject to a one-year warranty from the contractor.

All costs for this project will be fully recoverable under the flight fee formula.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Gargano, Martini, Philibosian, Race, Song and Weinstein voting in favor; none against:

> **RESOLVED**, that a project for the design, construction and installation of an Engineered Material Arresting System at John F. Kennedy International Airport to replace the deteriorated Arresting System at the end of Runway 4R at a total estimated project cost of $8,226,250, including payments to contractors, allowances for extra work (if necessary) and net cost work, administrative, engineering and financial expenses and a project contingency (if necessary), be and it hereby is authorized; and it is further
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> **RESOLVED**, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to: 1) take action with respect to construction contracts and contracts for professional and advisory services related to the foregoing project as he deems in the best interest of the Port Authority, including, without limitation, award of a contract for the design, construction and installation of the replacement Arresting System to Engineered Arresting Systems Corp. and Edwards and Kelcey, Inc., a joint venture, at the total construction cost of $6,381,000, exclusive of an authorization of up to 6 percent of the construction cost for extra work (if necessary); 2) execute contracts and supplemental agreements with such bidders or contractors as he deems in the best interest of the Port Authority and to order extra work (if necessary) and net cost work in connection with each contract, including supplemental agreements thereto; and 3) enter into such other agreements as may be necessary to effectuate the project; and it is further
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> **RESOLVED**, that the form of all contracts and agreements, in each case, in connection with the foregoing shall be subject to the approval of General Counsel or his authorized representative.

(Board – 7/26/01)

AIRTRAIN NEWARK – MEMORANDA OF AGREEMENT BETWEEN THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY AND NEW JERSEY TRANSIT CORPORATION AND NATIONAL RAILROAD PASSENGER CORPORATION (AMTRAK) AND AMENDMENT OF LEASES WITH NEWARK INTERNATIONAL AIRPORT AIRLINES

It was recommended that the Board authorize the Executive Director to: a) enter into Memoranda of Agreement (MOA) with New Jersey Transit Corporation (New Jersey Transit) and the National Railroad Passenger Corporation (Amtrak) for the operation and maintenance of the new rail station known as the Newark International Airport Station connecting the monorail system at Newark International Airport (AirTrain Newark) to the Northeast Corridor rail line; and b) amend the leases with the airlines operating at Newark International Airport to allow the airlines to be credited for revenues associated with AirTrain Newark.

On June 6, 1996, the Board authorized a project to extend the existing monorail system at Newark International Airport to a rail station complex located on or about the Northeast Corridor (the Newark International Airport Station) at a total estimated cost of $250 million. On September 24, 1998, the Board authorized an increase in the project scope, with a corresponding increase of $165 million in costs, resulting in a revised total estimated project cost of $415 million. The project scope includes an increase in trains, provision of a station complex that includes full service check-in and baggage handling facilities, and such passenger amenities as restrooms, waiting areas, automatic doors, signage, and landscaping. The project is scheduled for completion in the fourth quarter of 2001, with connecting rail service from New Jersey Transit and Amtrak beginning on or about September 30, 2001. Upon opening, the monorail and the extension will be renamed AirTrain Newark.

AirTrain Newark offers an alternative public transportation option to Newark International Airport via the New Jersey Transit and Amtrak passenger rail systems. AirTrain Newark is a premium rail service connection, in that it extends airport customer services such as airline ticketing, check-in, baggage processing, and real-time flight information to the Newark International Airport Station. Ridership projections indicate that 3 million passengers will use the service each year by 2010.

The MOA delineate the responsibilities of the Port Authority, New Jersey Transit, and Amtrak with regard to service schedules, fare collection and revenue sharing, a smart card initiative, customer service standards and station operating and maintenance responsibilities.

New Jersey Transit will acquire, install, operate, and maintain the fare collection equipment, consisting of 8 fare gates and 16 ticket vending machines. The Port Authority will contribute to the cost of the equipment, with the Port Authority's share limited to $1.4 million.

Amtrak will acquire, install, operate and maintain two ticket vending machines within the Station.

New Jersey Transit has agreed to share the revenue collected from New Jersey Transit passengers who use the Newark International Airport Station. Two types of tickets will be available to New Jersey Transit riders who wish to go to and from Newark International

Airport Station. The first ticket is a Single Ride Ticket and the second is a Monthly Ticket. Both tickets will have two components.

Regarding the Single Ride Ticket, one component will be New Jersey Transit's existing peak period one-way fares to and from the North Elizabeth Station or Newark Penn Station (the closest station to Newark International Airport), and the other component will be an access fee of either $5.00 (for rides between Newark International Airport Station and points in New Jersey) or $7.00 (for riders between Newark International Airport Station and New York Penn Station). The Port Authority will be entitled to $3.50 of every access fee collected by New Jersey Transit. Discounts for senior citizens, children, and passengers with disabilities are available only for the peak period one-way component of the ticket.

Regarding the Monthly Ticket, one component will be New Jersey Transit's existing monthly fare to and from the North Elizabeth Station and the other will be the Port Authority's monthly fee of $46.00, which is approximately $1.15 per ride. New Jersey Transit will sell both components of the Monthly Ticket and will provide the Port Authority with $46.00 for every monthly ticket sold.

Amtrak has agreed to a revenue sharing arrangement with the Port Authority wherein the Port Authority will receive $3.50 for each single ride ticket sold and $46.00 for each monthly ticket sold to and from the Newark International Airport Station. The Port Authority will be responsible for the operation and maintenance of the physical structure of the station complex, which includes the rail platforms and their foundations, the connector bridge and AirTrain Station. Amtrak and/or New Jersey Transit will be responsible for the operation and maintenance of all tracks, track switches, signals and power equipment for the Northeast Corridor tracks A, 1, 2, 3, 4 and 5, the fare collection equipment, ticket vending machines, passenger information systems, including the train information display units, and the ticket assistance booth. New Jersey Transit will staff the ticket assistance booth during Newark International Airport Station operating hours.

The Newark International Airport airline lease agreements provide that the airlines are obligated to pay for the operation and maintenance costs associated with the Monorail System, as defined in the leases. The leases would be amended to provide that certain AirTrain revenues would be used to offset the "EWR Monorail Fee" (as such term is defined in the lease agreements), which includes such operation and maintenance costs.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Gargano, Martini, Philibosian, Race, Song and Weinstein 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 Memoranda of Agreement with New Jersey Transit Corporation and the National Railroad Passenger Corporation with regard to service schedules, fare collection and revenue sharing, a smart card initiative and operating and maintenance responsibilities for the new rail station complex connecting the Newark International Airport monorail system (AirTrain Newark) to the Northeast Corridor rail line; 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 amendments to the Newark International Airport airline lease agreements to provide that Port Authority AirTrain Newark revenues shall be credited against the "EWR Monorail Fee" as defined in the lease agreements; and it is further

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

(Board – 7/26/01)

AUTHORIZATION TO ENTER INTO CERTAIN AGREEMENTS TO FACILITATE AIRTRAIN SERVICES

It was recommended that, to facilitate AirTrain services, the Board authorize the Executive Director to enter into certain agreements with Greater Jamaica Development Corporation (GJDC), the Long Island Rail Road Company (LIRR) and/or other appropriate entities pertaining to vehicular and pedestrian improvements to the Sutphin Boulevard underpass between Archer Avenue and 94th Avenue (East Side), providing for payments by the Port Authority of up to $2.2 million in connection therewith, and pertaining to the acquisition of certain parcels of property on 94th Avenue in the vicinity of Sutphin Boulevard near the new LIRR station to be constructed in Jamaica, New York, providing for payments by the Port Authority of up to $3.3 million in connection therewith, in each case, with the final details of these agreements to be presented to the Committee on Operations for approval.

Improvements to the Sutphin Boulevard underpass have been recognized as an integral part of the redesign at the LIRR Jamaica Station (Station) location, and will facilitate provision of AirTrain services. Similarly, agreements with respect to certain parcels of land on 94th Avenue in the vicinity of the Station will assure that best practices in transit-related development are being undertaken at the Station by facilitating the creation of an intermodal transfer point and ancillary facilities comparable to the best European facilities, and will assure that future improvements will be made in a manner consistent with use of the Station as a transportation hub and facilitate the efficient use of the AirTrain portion of the Station.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Chasanoff, Gargano, Martini, Philibosian, Race, Song and Weinstein voting in favor; Commissioner Blakeman abstaining; none against:

> **RESOLVED**, that, to facilitate AirTrain services, the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into certain agreements with Greater Jamaica Development Corporation (GJDC), the Long Island Rail Road Company (LIRR) and/or other appropriate entities pertaining to vehicular and pedestrian improvements to the Sutphin Boulevard underpass between Archer Avenue and 94th Avenue (East Side), providing for payments by the Port Authority of up to $2.2 million in connection therewith, and pertaining to the acquisition of certain parcels of property on 94th Avenue in the vicinity of Sutphin Boulevard near the new LIRR station to be constructed in Jamaica, New York, providing for payments by the Port Authority of up to $3.3 million in connection therewith; in each case, with the final details of these agreements to be presented to the Committee on Operations for approval; and it is further
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> **RESOLVED**, that the Executive Director be and he hereby is authorized to take such actions and to execute all further agreements and documents as shall be necessary to effectuate the above-described agreements; and it is further

RESOLVED, that the form of the agreements, and any further documents required to effectuate the above-described transactions, shall be subject to the approval of General Counsel or his authorized representative.

(Board – 7/26/01)

NEWARK INTERNATIONAL AIRPORT – LEASE ANB-243 – GLADCO ENTERPRISES, INC.

It was recommended that the Board authorize the Executive Director to enter into a lease with GladCo Enterprises, Inc. (the Lessee) for the operation of two sit-down restaurants in Terminal B at Newark International Airport, one located in the Main Concourse and one located in the B-1 Connector. The leased premises will consist of a total of approximately 4,650 square feet, together with additional storage space.

The lease shall commence on or about August 14, 2001 and shall have a term of seven years from the date of beneficial occupancy of the later to open of the two restaurants, which in all events shall be no later than one hundred twenty days after the Port Authority delivers the relevant space. As of the rent commencement date, which in all events shall be no later than one hundred twenty days after the Port Authority delivers the first of the two concession spaces, the Lessee shall pay the greater of a minimum annual guaranteed rent (MAG) in the amount of $450,000 or percentage rent equal to 13 percent of gross receipts for food and non-alcoholic beverages up to $4 million, 14 percent of gross receipts for food and non-alcoholic beverages in excess of $4 million, 16 percent of gross receipts for alcoholic beverages up to $4 million and 18 percent of gross receipts for alcoholic beverages in excess of $4 million. After the end of the first full calendar-based lease year, the Lessee shall pay a MAG equal to the greater of $450,000 or 85 percent of the MAG and percentage rent payable during the preceding lease year just ended. The Lessee shall be required to make an initial capital investment of at least $1,700,000.

The Port Authority shall have the right to separately terminate the letting for each of the Lessee's two operations, in which case the MAG for the remaining operation will be proportionately adjusted. The Port Authority shall have the right to renew the lease for one two-year period on the same terms and conditions, except that the Lessee shall have an obligation to invest $50 per square foot to refurbish the spaces during the renewal period.

The Port Authority may terminate the lease on 30 days' notice without cause, in which event it shall be obligated to reimburse the Lessee for its unamortized initial capital investment up to $1,200,000 for the Main Concourse restaurant and up to $500,000 for the B-1 Connector restaurant, calculated on a straight-line basis over the stated lease term. In the event the lease is renewed and the Port Authority terminates the letting without cause, it shall be obligated to reimburse the Lessee for its unamortized refurbishment capital investment during the renewal period in an amount up to $75,000 for the Main Concourse restaurant and up to $157,000 for the B-1 Connector restaurant, calculated on a straight-line basis over the extension period.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Gargano, Martini, Philibosian, Race, Song and Weinstein 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 GladCo Enterprises, Inc., 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.

(Board – 7/26/01)

NEWARK INTERNATIONAL AIRPORT – SUPPLEMENT TO PERMIT ANA-374 – CA ONE SERVICES, INC.

It was recommended that the Board authorize the Executive Director to enter into a supplement to the existing privilege permit, dated as of November 1, 1988, between the Port Authority and CA One Services, Inc. (CA One, formerly known as Concession Air Corporation).

In connection with CA One's subleasehold at Terminal C at Newark International Airport, the Board authorized a prior supplement to this permit in July 1998 in connection with a reduction in CA One's subleasehold pursuant to the first amendment to the sublease between Continental Airlines, Inc. (Continental) and CA One. The proposed supplement to the permit is being made in connection with the second amendment to Continental's sublease with CA One, which provides for, among other things, a further reduction in CA One's subleasehold.

The proposed supplement reflects this further reduction in the scope of CA One's permission to operate at Terminal C. In addition, it includes the Port Authority's consent to CA One's assignment to, and assumption by, Continental of sub-subleases between CA One and third-party vendors which operate in a portion of CA One's subleasehold. The supplement further provides that, effective as of September 1, 2001, the guaranteed annual minimum fee shall be changed from $0.45 per enplaning passenger to $100 per square foot (with provision for further modification in the event there is a further reduction of CA One's subleasehold with Continental), and the percentage rental structure shall be modified. CA One is required to provide specified employee discounts on most sales, except those of alcoholic beverages, with concomitant lower percentage rentals payable on such employee-discounted sales. It will be entitled to a one-time credit associated with the discount program and, in addition, credits in annual amounts up to $50,000 if specified customer service and street pricing objectives are met. Certain other modifications to CA One's permit shall be made consistent with its reduced subleasehold. Termination by the Port Authority of CA One's permit without cause on 30 days' notice will continue to require the joint subscription of both the Port Authority and Continental.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Gargano, Martini, Philibosian, Race, Song and Weinstein 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 permit supplement with CA One Services, Inc., to be agreed to by Continental Airlines, Inc., substantially in accordance with the terms and conditions outlined to the Board; the form of the agreement(s) shall be subject to the approval of General Counsel or his authorized representative.

TETERBORO AIRPORT – JET AVIATION TETERBORO, L.P. – SUPPLEMENTAL AGREEMENT TO TA-301 – EXPANSION OF RAMP AREA, ADDITIONAL CONSTRUCTION OF HANGAR, RELOCATION OF TAXIWAY M, ADVANCES FOR CONSTRUCTION OF NEW TERMINAL/OFFICE BUILDING

It was recommended that the Board authorize the Executive Director to enter into a Supplemental Agreement (Supplement) with Jet Aviation Teterboro, L.P. (JET), formerly known as Jet Aviation of America, Inc., at Teterboro Airport providing for the expansion of JET's ramp area by approximately 235,841 square feet, the construction of a new 39,750 square-foot hangar and the relocation of Taxiway M.

On June 29, 2000, the Board authorized the Executive Director to extend JET's Agreement TA-301 for a term of 20 years from the earlier to occur of the completion of construction of a new terminal/office building or December 31, 2022, and to provide for the addition to the space, and paving, of approximately 4.5 acres of airside space and one acre of landside space, and for the construction of a new terminal/office building. The Supplement would provide that construction advances be made to JET in an amount not to exceed $13 million, to be distributed as follows: $6.5 million for the relocation of Taxiway M, all paving work and the construction of a 39,750 square-foot hangar, and $6.5 million for the construction of the new terminal/office building previously authorized by the Board, with JET paying additional fees in connection therewith over the remainder of the term of Agreement TA-301, as extended, on a financially self-sustaining basis. The Supplement would also amend the expiration date previously authorized by the Board to provide that Agreement TA-301 expire 20 years from the completion of all construction, but still no later than December 31, 2022.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Gargano, Martini, Philibosian, Race, Song and Weinstein 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 Supplemental Agreement to Use and Occupancy Agreement TA-301 with Jet Aviation Teterboro, L.P. at Teterboro Airport, 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.

HARBOR NAVIGATION (50 FOOT) PROJECT – PROJECT COOPERATION AGREEMENT WITH THE U.S. ARMY CORPS OF ENGINEERS – AGREEMENT WITH THE STATE OF NEW JERSEY

Staff has been working with the United States Army Corps of Engineers (Corps) over the past five years on a program to deepen the channels in the Port of New York and New Jersey. In 1998, the Board authorized the Executive Director to enter into two Project Cooperation Agreements (PCAs) with the Corps. The first authorization was for a deepening to 45 feet and the selective widening of the Kill Van Kull (KVK), Newark Bay (NB) and Elizabeth Channels at an estimated cost of $621 million, with a local share estimated to be $217.4 million. The second agreement was for the deepening to 40/41 feet and the selective widening of the Arthur Kill Channel at an estimated total project cost of $253.5 million, with a local share of 35 percent of project costs estimated to be $88.7 million. As a result of a revision in the Corps' estimate to fully fund these projects from $874.5 million to $1,021.2 million, the Board in December 1998 authorized an increase in the local share on the KVK, NB and Elizabeth Channels from $217.4 million to $256.6 million and, in May 1999, an increase in the local share on the Arthur Kill deepening from $88.7 million to $100.9 million. The first four contracts of this 45-foot deepening project have been awarded and are scheduled to be completed this year. Work on the Arthur Kill deepening project is expected to begin before year-end 2001.

Further, the Board in February 2000 authorized the Executive Director to enter into an agreement with the Corps for the Pre-construction Engineering and Design of channel improvements to 50 feet at a total estimated cost of $27 million, and to pay the local share of $6.75 million. The current schedule for completion of the design of these 50-foot improvements is 2005, with construction to begin thereafter. At the same time, the State of New Jersey negotiated an agreement with the Corps to deepen and selectively widen the Port Jersey Channel to 41 feet at a fully funded cost estimated at $113 million. It is anticipated that New Jersey will execute a PCA with the Corps that will obligate the State to pay the non- federal local sponsor share for this project, which is estimated at $43 million. Work on this project is expected to begin in the fourth quarter of 2001.

Completion of all the channel improvements, including those already authorized and the proposed 50-foot or greater deepening and widening efforts, is currently projected for 2016, and staff estimates that the total fully funded cost of this work is approximately $3 billion, with a non-federal local sponsor cost of $1.5 billion.

In June 2000, the Board authorized the Executive Director to enter into lease agreements with Maersk Sealand and Maher Terminals, Inc., and in September 2000 with Port Newark Container Terminal, LLC, contractually obligating the Port Authority to work with the United States Government to provide 50-foot channels by 2009. The Maersk Sealand lease provides the tenant with termination rights in the event the Port Authority is unable to deliver the deeper channels on time. In an effort to meet this 2009 lease commitment, staff this year hired a consultant to review the various deepening projects and identify ways to shorten the construction schedule. The consultant has recommended that instead of proceeding with 45 separate construction contracts to deepen the various harbor channels to 41 feet and 45 feet, and thereafter to 50 feet, the Port Authority should work with the Corps to wrap all the projects into a consolidated program, with deepening done directly to 50 feet, through approximately seven very large contracts that consolidate various sediment types together and allow observation of dredging windows. In addition to shaving seven years from the construction schedule, the consultant has identified considerable financial, engineering and environmental benefits to a consolidated project, and estimates that the fully funded project cost could be reduced by approximately $800 million, with a savings to the non-federal local sponsor of approximately $400 million.

To effect a consolidation of all the deepening projects in the harbor, the Port Authority will need to enter into a new consolidated PCA or PCAs with the Corps, which will supercede the current KVK/NB agreement to 45 feet, the Arthur Kill agreement to 40/41 feet, and the State of New Jersey agreement for the deepening of the Port Jersey Channel to 41 feet. In addition to covering the work currently underway under these existing agreements, a consolidated PCA or PCAs will provide for the deepening and selective widening of all these channels to 50 feet, as well as the Ambrose, Anchorage and Bay Ridge Channels to 50-plus feet. New Jersey has committed to pay all local share costs associated with the deepening of the Port Jersey Channel first to 41 feet, then to 52 feet. If the Port Authority enters into a consolidated agreement with the Corps covering the deepening of the Port Jersey Channel, the State has agreed to reimburse the Port Authority for all non-federal local sponsor costs associated with accomplishing this work. No similar consolidated PCA has ever been accomplished before.

Key to achieving the aggressive construction schedule proposed by the consultants will be funding availability by both the Port Authority and the federal government. If federal legislative authority to consolidate the funding of these projects and the accompanying appropriations is not available on the proposed schedule, construction will proceed on a slower schedule and the benefits of the consolidation will be lost. Efforts are underway to secure these federal commitments and authority. To assure that this region reaps both the environmental and financial benefits of the consolidation, it is recommended that the Port Authority consider advancing funds, if necessary, to cover any federal funding shortfall during the construction, with repayment to be expected at the end of construction based on federal appropriations. In the absence of specific legislative assurance, however, there is no guarantee that the Port Authority will receive credit for the money advanced or will be repaid.

The purpose of the new PCA or PCAs is to advance scheduled completion dates of 50-foot channels to the Port of New York and New Jersey by several years and to secure construction savings. This action will help ensure that the Port will be able to accommodate the next generation of deep-draft container vessels at the earliest date possible, meet our lease obligations to our tenants and achieve a 50-foot port in the most cost-effective and environmentally protective manner to meet future regional consumer demands. Proceeding in this manner will rationalize the work to be done and maximize the benefits to the harbor.

Pursuant to the foregoing report presented by staff, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Gargano, Martini, Philibosian, Race, Song and Weinstein 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:
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> 1) negotiate and enter into a consolidated Project Cooperation Agreement (PCA) or Agreements with the United States Government,

Department of the Army (Army) for the deepening to 50 feet or greater and the selective widening of the New York/New Jersey harbor channels, including but not limited to, the Ambrose Channel to 53 feet, the Kill Van Kull (KVK), Newark Bay (NB), Arthur Kill and Port Jersey Channels to 52 feet, and the Anchorage and Bay Ridge Channels to 50 feet, (collectively, the Project) in the form required by the Army pursuant to federal law or Army Corps of Engineers policy, among other matters, providing that the Port Authority agree to pay the non-federal local sponsor's share of costs of the total project costs, which may ultimately be higher than the current cost estimates;

2) pay the local sponsor cost share of 35 percent of the cost of the Project to bring the Channels to a depth of 45 feet and 50 percent of the cost of the Project to bring the Channels to a depth in excess of 45 feet, currently estimated at $1.1 billion of the fully funded project cost estimated at $2.3 billion;

3) provide the federal share of the construction cost in the event that federal appropriations are insufficient to advance the project on a timely basis, and to assume the financial risk for said payments;

4) assume the financial and other obligations of the State of New Jersey with respect to the deepening and the selective widening of the Port Jersey Channel to 41 feet, and subsequently, to 52 feet, contingent on the State of New Jersey's agreement to pay the Port Authority the local sponsor costs associated with the deepening of the Port Jersey Channel;

5) execute an agreement with the State of New Jersey to recover from the State all local sponsor costs associated with the deepening of the Port Jersey Channel; and

6) sign other related contracts, agreements and documents and provide an interest-bearing escrow, letter of credit or other funding assurances as may be required to fulfill the Port Authority's responsibility under the PCA or PCAs; and it is further

RESOLVED, that the form of the PCA or PCAs and all agreements, contracts and documents necessary to implement the PCA or PCAs shall be subject to the approval of General Counsel or his authorized representative.

(Board – 7/26/01)

HOWLAND HOOK MARINE TERMINAL – WHARF EXTENSION AND STRENGTHENING AND INSTALLATION OF CRANE RAILS – PROJECT AUTHORIZATION AND AWARD OF CONTRACTS – AMENDMENT OF LEASE AND SUBLEASE

It was recommended that the Board authorize: (1) a project at the Howland Hook Marine Terminal (Terminal) to extend and strengthen the existing wharf, to install crane rail systems on the wharf and wharf extensions, and to perform other improvements at the Terminal, at a total estimated project cost of $60 million; and (2) the Executive Director to (a) take action with respect to construction contracts and contracts for professional and advisory services related to the project, (b) enter into an agreement with the City of New York (City) to amend the lease agreement (Lease) covering the letting by the Port Authority of the Terminal, and an agreement with Howland Hook Container Terminal, Inc. (HHCTI) to amend the sublease (Sublease) covering the subletting and operation of the Terminal, as may be necessary to modify the configurations of the existing leasehold and subleasehold, respectively, and the maintenance obligations of the parties thereunder in connection with the project, and (c) enter into such other agreements as may be necessary to effectuate the project.

The Terminal consists of approximately 187 acres and a 2,500-linear-foot wharf leased by the Port Authority from the City. Since the reopening of the Terminal in 1996 through a sublease with HHCTI, containerized and bulk cargo at the Terminal has grown steadily, and shipping activity has reached a level that now requires an extension of the wharf. In addition to the increased number of ships calling at the Terminal, the size and draft of the ships have also increased, a trend that is expected to continue. On a peak day, as many as four ships with an average length of 725 feet call at the Terminal. When this occurs, one ship must wait for berth space until another ship completes its cargo activity and departs. This limited berthing capacity is costly to the shippers and vessel operators and is operationally inefficient for the Terminal operator, HHCTI. This project would extend the existing wharf by approximately 500 linear feet (300 to the north, 200 to the south) to create a wharf of approximately 3,000 linear feet capable of accommodating up to four 725-foot ships, and would structurally strengthen a 945-foot portion of the existing wharf to allow for future deepening of the berthing area up to 50 feet to accommodate larger vessels and support the weight of four new electric post-Panamax cranes planned for the Terminal. The berthing area would be similarly extended, widened to approximately 145 feet, and dredged to a depth of up to 45 feet. The work under this project would also include: the construction of a 100-foot gauge crane rail system on the northern 1,245 feet of the wharf and wharf extension, and a 50-foot gauge crane rail system on the southern 200-foot wharf extension; the upgrading of the electrical power feed and distribution system to accommodate post-Panamax cranes; the creation of approximately three acres of additional staging areas for the loading and unloading of container vessels; and the modification of two existing Port Authority-owned PACECO cranes from a buss-bar powered system to a more modern and efficient cable reel system, for compatibility with post-Panamax cranes and for operational flexibility with new and existing cranes at the Terminal.

The New York State Department of Environmental Conservation has issued a Permit covering Water Quality Certification, Protection of the Waters, and Tidal Wetlands. The New York State Department of State has issued a Coastal Consistency Concurrence. The U.S. Army Corps of Engineers (Corps) Permit Application has been submitted and is under review by the Corps. The New York City Uniform Land Use Review Procedure (ULURP) Street Vacation

Application for Richmond Terrace has been submitted and is under review by the City. Richmond Terrace, presently a mapped public street which extends into the area of the proposed wharf extension, will be vacated, eliminated as a public street and incorporated under the Lease and Sublease. A small portion of the existing Terminal premises will be surrendered to the City to create a new terminus of the public portion of Richmond Terrace. These transactions, together with the wharf extension and berth expansion and deepening, will result in a reconfiguration of the Terminal premises and the subleased premises, requiring amendments to the Lease with the City and the Sublease with HHCTI. It is contemplated that the maintenance obligations of the Port Authority under the Lease, and of the Port Authority and HHCTI under the Sublease, will apply to the additions and improvements under the project. Also, since the new wharf will be constructed over a 0.83-acre area of open water and tidal wetlands, the tidal wetlands impact will require mitigation in the form of restoring vegetation to adjacent wetlands in an area of approximately one acre.

It is anticipated that work would commence in the fourth quarter of 2001 and be completed in the fourth quarter of 2003. Work would be staged to minimize adverse impacts on Terminal operations. The costs of the project are not recoverable. The Port Authority is not receiving additional rent based upon the capital investment. The capital investment is not required by the lease.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Gargano, Martini, Philibosian, Race, Song and Weinstein voting in favor; none against:

> **RESOLVED**, that a project at the Howland Hook Marine Terminal (Terminal) to extend and strengthen the existing wharf, to install crane rail systems on the wharf and wharf extensions, and to perform other improvements at the Terminal, at a total estimated project cost of $60 million, including payments to contractors, allowances for extra work (if necessary) and net cost work, administrative, engineering and financial expenses and a project contingency (if necessary), be and it hereby is authorized; and it is further
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> **RESOLVED**, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to: (1) take action with respect to construction contracts and contracts for professional and advisory services related to the foregoing project as he deems in the best interest of the Port Authority, including, without limitation, award of Contract HH-334.009, “Howland Hook Marine Terminal Wharf Extension, Crane Rails and Berth Strengthening,” at a total estimated construction cost of $32.9 million; Contract HH-334.014, “Howland Hook Marine Terminal 4.16kV Substation Modifications,” at a total estimated construction cost of $1.3 million; Contract HH-334.016, “Howland Hook Marine Terminal Wharf Extension Berth Deepening,” at a total estimated construction cost of $5.8 million; and Contract HH-334.017, “Howland Hook Marine Terminal Installation of Power Cable Reel Systems on PACECO Cranes,” at a total estimated construction cost of $700,000, to the lowest bidder(s) who, in his opinion, are qualified by reason of responsibility, experience and capacity to perform the work and

whose bid price(s) he deems reasonable; or to reject all bids, solicit new bids on revised or the same requirements, or negotiate with one or more other bidders or contractors; (2) execute contracts and supplemental agreements with such bidders or contractors as he deems in the best interest of the Port Authority and to order extra work (if necessary) and net cost work in connection with each contract, including supplemental agreements thereto; (3) enter into an agreement with the City of New York to amend the lease agreement covering the letting by the Port Authority of the Terminal, and an agreement with Howland Hook Container Terminal, Inc. to amend the sublease covering the subletting and operation of the Terminal, as may be necessary to modify the configurations of the existing leasehold and subleasehold, respectively, and the maintenance obligations of the parties thereunder in connection with the project; and (4) enter into such other agreements as may be necessary to effectuate the project; and it is further

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

(Board – 7/26/01)

PORT NEWARK – PORT NEWARK CONTAINER TERMINAL LLC – LEASE L-PN-264 – SUPPLEMENT NO. 1

It was recommended that the Board authorize the Executive Director to enter into an amendment to the Port Newark Container Terminal LLC (PNCT) terminal lease at Port Newark to: (1) lease approximately 7.16 additional acres of open area at Port Newark to be used by PNCT as an interim intermodal rail facility (the Rail Facility) in connection with its operations under its terminal lease; and (2) provide PNCT with the option to have the Port Authority act as PNCT's contractor with respect to berth deepening to be performed under its terminal lease.

The letting of the Rail Facility will commence on or about September 1, 2001 and will expire on August 31, 2005. PNCT will perform work to make the Rail Facility operational and, upon completion, the Port Authority will reimburse PNCT in an amount not to exceed $500,000 on account of the cost of the work. PNCT will pay an annual rental of $68,645.85, which will commence on the earlier of the completion of the work or November 1, 2001. In addition, PNCT will pay a container lift fee to the Port Authority in connection with operations at the Rail Facility. The Port Authority and PNCT will each have the right to terminate the letting of the Rail Facility upon 60 days' notice in the event that PNCT's permanent terminal intermodal rail facility becomes operational prior to the expiration of the letting of the Rail Facility.

PNCT is obligated under its terminal lease to deepen 1,875 linear feet of berthing area to 49 feet and then to 52 feet below mean low water. In addition, PNCT has the right to so deepen an additional 425 linear feet of berthing area if specified open area is added to the terminal lease. At PNCT's option, the Port Authority will act as contractor as to all or part of the aforesaid deepening work, with PNCT to reimburse the Port Authority on account of the cost of the work. Also at PNCT's option, the Port Authority will invest an amount not to exceed $8 million in the deepening work, with any such investment to be recovered at financially self-sustaining rates.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Gargano, Martini, Philibosian, Race, Song and Weinstein 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 amendment to the Port Newark Container Terminal LLC (PNCT) terminal lease at Port Newark to: (1) lease approximately 7.16 additional acres of open area at Port Newark to be used by PNCT as an interim intermodal rail facility; and (2) provide PNCT with the option to have the Port Authority act as PNCT's contractor with respect to berth deepening to be performed under its terminal lease, 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.

RED HOOK CONTAINER TERMINAL – AUTHORIZATION TO CONTINUE THE BARGE PROGRAM

It was recommended that the Board authorize the Executive Director to: 1) expend up to $7.5 million of Port Authority funds for the continued operation of the Red Hook Barge Program (Barge Program) through August 2004, with the understanding that a separate Board authorization will be required for each year's expenditure in years 2002 and 2003; 2) enter into an agreement with American Import-Export Trucking Company, the barge operator, to effectuate the Barge Program extension; and 3) provide a one-time payment of $5 million to American Import-Export Trucking Company as compensation for funding shortfalls in connection with the Barge Program over the past two years.

The current lease with American Stevedoring, Inc. (ASI), the tenant at the Red Hook Container Terminal, expires on August 31, 2001. Staff is currently concluding negotiations with ASI, and it is anticipated that staff will seek authorization from the Executive Director to extend that lease for a term of three years. ASI will have the right to terminate the Red Hook lease if the Barge Program funding ceases.

The Barge Program provides an incentive to retain container business at the Red Hook facility and provide needed container capacity in the harbor until the Port Commerce facilities' redevelopment program is complete. It also allows bulk and breakbulk commodities that are not handled elsewhere in the Port of New York and New Jersey to be handled on a competitive basis so that the business is not lost to another port. Therefore, continued participation in and funding for the Barge Program will provide needed capacity, support the ongoing tenancy of ASI at the Red Hook Container Terminal, and provide a suitable location for the handling of bulk and breakbulk commodities, while assisting New York State in realizing its economic development and air quality goals.

The Port Authority has supported the Barge Program, in part, since the Gowanus Expressway Reconstruction Program began in 1991. It was designed to maintain the then-current levels of service and to mitigate adverse impacts of the Gowanus reconstruction on roadside access to Red Hook by transporting containers between the Red Hook Container Terminal and the New Jersey Marine Terminals via barge. The Barge Program was supported in 1991 by the Board's authorization to expend $3.1 million in Port Authority funds for operation of the Program. In September 1993, the Board authorized the Port Authority's continued participation in the Barge Program and has periodically authorized additional expenditures to support the ongoing operations of the Program. To date, the Port Authority has contributed $33.6 million in operating assistance to the Barge Program. Actual operating costs incurred by American Import-Export Trucking Company during this period were approximately $42.6 million, resulting in a shortfall in funding for the period of approximately $9 million. The Port Authority is offering a one-time payment of $5 million to American Import-Export Trucking Company to mitigate this shortfall.

It is currently anticipated that some level of Port Authority financial assistance will be required to keep the Barge Program operating and the Red Hook Container Terminal open. The total cost to operate the barge on an annual basis is approximately $6.6 million. This authorization of annual funding of $2.5 million will allow for all interested parties to pursue additional funding for the Barge Program for the balance of the program year, as well as for the future. To date, the New York Shipping Association, the International Longshoremen's Association and American Import-Export Trucking Company have committed to contribute funding for the continuation of the Barge Program.

American Import-Export Trucking Company, a subsidiary of ASI, will operate the barge, under an agreement with the Port Authority.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Gargano, Martini, Philibosian, Race, Song and Weinstein 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: a) expend up to $7.5 million of Port Authority funds for the continued operation of the Red Hook Barge Program (Barge Program) through August 2004, with the understanding that a separate Board authorization will be required for each year's expenditure in years 2002 and 2003; b) enter into an agreement with American Import-Export Trucking Company, the barge operator, to effectuate the Barge Program extension; and c) to provide a one-time payment of $5 million to American Import-Export Trucking Company as compensation for funding shortfalls in connection with the Barge Program over the past two years; and it is further
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> **RESOLVED,** that the form of all documents and agreements in connection with the foregoing shall be subject to the approval of General Counsel or his authorized representative.

(Board – 7/26/01)

AUTHORIZATION TO ACQUIRE REAL PROPERTY IN THE PORT DISTRICT REGION OF THE HUDSON-RARITAN ESTUARY IN SUPPORT OF PORT REDEVELOPMENT, ECONOMIC DEVELOPMENT AND OTHER PORT AUTHORITY CAPITAL PROGRAMS

As the Port Authority initiates its capital program, strategic land acquisitions will become necessary to assure the timeliness and cost effectiveness of facility expansion and redevelopment in the face of community concerns over loss of public access and natural resource areas and facility operational impact. Moreover, the Port Authority's economic development initiatives, coupled with provision of public amenities in the urban core, will likely necessitate property acquisition at the initial stages of these projects, when final development designs are still evolving. As our capital program inevitably exerts development pressure on undeveloped lands and natural resource areas, it will be necessary to provide a means to secure the continued existence of these areas as open space, public access areas and ecologically sensitive resources for future generations. Through the Harbor Estuary Program (HEP), the Hudson-Raritan Estuary Restoration Study (HRE), the Comprehensive Port Improvement Plan (CPIP), identification of critical acquisitions has gone forward and many of these are ready to be acted upon. These identifications, *inter alia*, seek to maintain the critical mass of habitat necessary to sustain indigenous species and limit or forestall overdevelopment of the land-water interface at the locations needed to avoid their loss. As natural resource areas become diminished through development, the value of the remaining natural resource areas will increase. This will result in additional requirements for developers in terms of "mitigation ratios" or outright prohibition on development in critical habitat areas. Regulatory mechanisms are already in place through the Army Corps of Engineers regulatory program on filling of wetlands (Section 404, Clean Water Act), as well as the states' coastal zone management programs and various freshwater and tidal wetlands regulations in both New York and New Jersey. The coastal zone management programs, likewise, provide the framework and mechanism for assuring public access to the waterfront. Furthermore, from a facility expansion/land use perspective, it is appropriate and will likely be necessary to increase buffer areas surrounding Port Authority facilities to diminish the impact of their activities on the surrounding communities.

In light of the foregoing, it was proposed that the Port Authority set aside $60 million for property acquisition activities ($30 million in each State) within the Port District to facilitate the acquisition of strategically important properties as discussed above, and in the case of natural resource acquisitions, secure their long-term preservation through conservation easements, and/or long-term leases with not-for-profit organizations and governmental national resource agencies or municipalities. Eligibility criteria for capital funding will necessitate that the selected project/sites underpin the Port Authority's capital programs by providing:

- Natural resource areas that help maintain the *status quo* in terms of mitigation ratios required for development;
- Opportunities for environmental enhancement/ancillary economic redevelopment;
- Buffer areas around existing facilities or newly expanded facilities that diminish the impact of operations on the surrounding communities; and
- Public access at areas deemed critical for such access in coastal zone management plans and local waterfront revitalization plans.

The final selection will be carried out in consultation with the Office of the Governor in the State where the property to be acquired is located, together with natural resource agencies and representatives of environmental organizations with expertise in these issues. Thereafter, as appropriate, the sites may be leased on a long-term basis to not-for-profit organizations, natural resource agencies, or municipalities that would be responsible for their stewardship and use. Alternatively, the sites could remain in Port Authority use/stewardship indefinitely.

Pursuant to the foregoing report presented by staff, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Gargano, Martini, Philibosian, Race, Song and Weinstein voting in favor; none against:

> **RESOLVED**, that in support of Port Redevelopment, Economic Development and other Port Authority Capital Programs, the acquisition and improvement by the Port Authority of real property suitable for conservation, ecological enhancement, public access or environmental mitigation, in the Port District area of the Hudson-Raritan Estuary, which includes all the waters of the New York and New Jersey Harbor and the tidally influenced portions of all rivers and streams that empty into the harbor (the Hudson-Raritan Estuary), at a total estimated cost of $60 million ($30 million for New York sites and $30 million for New Jersey sites), including property acquisition, 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 they hereby are authorized; and it is further
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> **RESOLVED**, that the Executive Director and/or General Counsel, either one acting individually, are hereby authorized to acquire, for and on behalf of the Port Authority, one or more sites in New York and New Jersey in the Port District areas of the Hudson-Raritan Estuary which may be identified by Port Authority staff as suitable for conservation, ecological enhancement, public access or environmental mitigation in support of Port Redevelopment, Economic Development and other Port Authority Capital Programs, in each case, with the final details of the acquisition to be presented to the Committee on Operations for approval prior to the acquisition, and incur all costs and expenses and execute all documents including, without limitation, conveyances relating to the transfer of property interests to or from the Port Authority and agreements with public and private entities involving, among other matters, leases, creation of conservation and public access easements, in lieu of tax payments, environmental studies and investigations, appraisals, surveys, title searches and title insurance necessary or incidental to such acquisition, property improvements and transfers of property interests; and it is further
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> **RESOLVED**, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to: (a) take action with respect to purchase and construction contracts and contracts for professional and advisory services related to the foregoing authorization as he deems in the best interest of the Port Authority, award such contract(s) to the lowest

bidder(s) qualified by reason of responsibility, experience and capacity to perform the work and whose bid price he deems reasonable; or to reject all bids, solicit new bids on revised or the same requirements, or negotiate with one or more bidders or contractors; (b) execute contracts and supplemental agreements with such bidders or contractors as he deems in the best interest of the Port Authority, and to order extra work (if necessary) and net cost work in connection with each contract, including supplemental agreements thereto; (c) obtain approvals, permits and licenses necessary to effectuate the authorization; and (d) enter into such other agreements as may be necessary to effectuate the foregoing authorization; and it is further

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

(Board – 7/26/01)

PROFESSIONAL SERVICES FOR PORT AUTHORITY PROPERTY DEVELOPMENT – AGREEMENT WITH REAL ESTATE SOLUTIONS LLC AND APPLESEED, INC., A JOINT VENTURE

It was recommended that the Board authorize the Executive Director to enter into an agreement with the joint venture of Real Estate Solutions, LLC (Real Estate Solutions) and Appleseed, Inc., (Appleseed), to evaluate potential development opportunities for certain Port Authority-owned properties, at a compensation not to exceed $250,000. It is anticipated that their work will commence during September 2001 and be concluded by February 2002.

Staff has identified a total of six Port Authority-owned sites in New York and New Jersey that may have potential for near-term development, thereby permitting the Port Authority to realize maximum value for these underutilized sites.

In order to advance this initiative, the benefit of professional advice and counsel is now required to evaluate the potential of each site and recommend an appropriate course of action. Proposals therefore were solicited from six firms based upon their known qualifications and experience. The proposed scope of work involves five tasks for each of these sites: 1) perform property evaluations; 2) identify potential users; 3) provide order of magnitude property values based on highest and best use; 4) identify order of magnitude incremental costs of construction due to existing property constraints; and 5) provide development strategies for recommended options.

Four proposals were received, and an interdepartmental selection committee recommended the Real Estate Solutions/Appleseed joint venture as the highest-rated firm, based on management approach, quality and experience of staff, and pricing.

Hugh O’Neil, a principal at Appleseed, Inc., served as an Assistant Executive Director of the Port Authority from 1985 to 1991. Pursuant to the Board’s resolution of September 12, 1991, the prior approval of the Board is required for post-employment consulting contracts with former employees who were required to file financial disclosure statements under the Code of Ethics and Financial Disclosure while they were employees. Mr. O’Neil’s services will conclude with the presentation of a final report.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Gargano, Martini, Philibosian, Race, Song and Weinstein 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 joint venture of Real Estate Solutions, LLC and Appleseed, Inc. (a principal of which is Hugh O’Neil, who served as an Assistant Executive Director of the Port Authority from 1985 to 1991), to evaluate potential development opportunities for certain Port Authority-owned properties, at a compensation not to exceed $250,000; the form of the agreement shall be subject to the approval of General Counsel or his authorized representative.

LONG-TERM PROPERTY RIGHTS AGREEMENT – HUGH L. CAREY BATTERY PARK CITY AUTHORITY

It was recalled that the Board at its May 25, 2000 meeting authorized the Executive Director: (1) to negotiate and enter into a long-term property rights agreement with the Hugh L. Carey Battery Park City Authority (BPCA) for access to and use of such premises within Battery Park as would be required (i) to connect a permanent ferry terminal to the seawall at Battery Park City, (ii) to support, operate, maintain and repair the terminal, and (iii) for the continued access and connection to all utilities serving the terminal, subject to the Board's approval of the final terms of the Agreement; and (2) to authorize the design and construction of the permanent ferry terminal to be located at Battery Park City, at a total estimated project cost of $37.4 million.

Staff has now reached agreement on the final terms of a proposed long-term license agreement for the terminal, and it was recommended that the Board authorize the Executive Director to enter into the agreement. The agreement would grant the Port Authority permission to attach a permanent ferry terminal to the seawall at Battery Park City for a term commencing on or about August 13, 2001 and expiring on or about June 17, 2069, and would require that the Port Authority: (i) make a one-time payment of $10 to BPCA as consideration for the grant of the license; (ii) make an annual payment to BPCA of $14,000, escalating at a flat three percent annual rate over the life of the agreement, to compensate for incremental costs associated with increased maintenance of the Battery Park City esplanade area necessitated by ferry passenger activity; and (iii) satisfy a pre-existing obligation of approximately $255,792 related to construction performed by BPCA on behalf of the Port Authority. All upland improvements necessary to accommodate the terminal will be performed by BPCA at the expense of the Port Authority, the cost of which was included in the authorization for the design and construction of the permanent ferry terminal. The proposed terminal will accommodate the Hoboken, New Jersey, ferry service, three ferry services from Jersey City, New Jersey (Colgate, Harborside, Liberty Harbor), and a ferry service from Weehawken, New Jersey, all currently operating from an interim terminal at Battery Park City, as well as new regional ferry services.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Gargano, Martini, Philibosian, Race, Song and Weinstein 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 long-term license agreement with the Hugh L. Carey Battery Park City Authority, substantially in accordance with the terms outlined to the Board, and to take all other actions necessary or appropriate in furtherance thereof; the form of the agreement shall be subject to the approval of General Counsel or his authorized representative.

(Board – 7/26/01)

PROCTER & GAMBLE NITROGEN OXIDE EMISSIONS CREDITS – TRANSFER TO NEW YORK POWER AUTHORITY

It was recommended that the Board authorize the Executive Director to enter into an agreement with the New York Power Authority (NYPA) to transfer certain nitrogen oxide (NOx) Emission Reduction Credits from the Port Authority to NYPA. In consideration of the transfer, NYPA would agree to participate in projects that have a value of approximately $1.4 million and that would ultimately benefit air quality and the environment in the region, including a study of emission reductions from dredging operations through the use of cleaner fuel and retrofitting equipment.

In order to expand electrical generation capacity in the New York City metropolitan area, NYPA is constructing a dozen “temporary” electricity generation plants throughout the five boroughs of New York City and Long Island. In order to assist NYPA to receive the required New York State Public Service Commission Licenses, the Port Authority entered into the functional equivalent of a letter of intent with NYPA to transfer 202.90 NOx Emission Reduction Credits credits obtained by the Port Authority through its acquisition of the Procter and Gamble site adjacent to Howland Hook Marine Terminal. This action facilitated NYPA’s ability to carry out its mandate to assure adequate installed generation capacity throughout the State, and also provided the Port Authority with an opportunity to improve the region’s air quality. It is now desired to finalize the agreement with NYPA to transfer these credits.

Identification and implementation of an array of projects that would ultimately benefit air quality and the environment in return for these credits is in keeping with the Port Authority’s assumption of stewardship as its guiding environmental principle and a necessary adjunct of the agency’s capital program. Given that numerous large Port Authority facilities are sited in the Borough of Queens and that the borough is the focus of the NYPA expansion, several possible projects that would benefit the Queens community are being explored.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Gargano, Martini, Philibosian, Race, Song and Weinstein 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 New York Power Authority (NYPA) to transfer certain nitrogen oxide Emission Reduction Credits from the Port Authority to NYPA in consideration of NYPA’s participation in energy efficiency and environmentally beneficial projects having a value of approximately $1.4 million; the form of the agreement shall be subject to the approval of General Counsel or his authorized representative.

(Board – 7/26/01)

ENLARGEMENT OF FOREIGN TRADE ZONE NO. 49 THROUGH THE ESTABLISHMENT OF A SUBZONE TO INCLUDE MOVADO GROUP, INC. IN MOONACHIE, 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, with the Foreign Trade Zone Board of the U.S. Department of Commerce, for the establishment of a subzone at the Movado Group, Inc. (Movado) facility in Moonachie, New Jersey and to execute an appropriate agreement with Movado.

Movado is a manufacturer and distributor of high quality wristwatches. The company currently employs 150 people at its Moonachie site and 250 people at its headquarters in Woodcliff Lakes, New Jersey. Staff has been advised that if the application is approved Movado will be able to reduce costs and subsequently consolidate some of its overseas distribution centers into the Moonachie facility. Trade Zone benefits would permit Movado to defer payment of U. S. Customs duties and streamline its Customs clearance process.

Movado intends to use the Moonachie site to distribute watches imported from the Far East and Europe. With subzone status, Movado anticipates consolidating some of its existing international distribution points into this facility and expanding its distribution to include international destinations, thereby increasing exports from this region. Savings realized from subzone status will enable Movado to expand the volume of its watch distribution substantially, creating additional jobs at this facility. Without subzone status, Movado will consider opening a distribution center in Hong Kong instead of the United States.

Although the Port Authority, as Grantee, has ultimate liability for the General-Purpose Zone and any subzone, the establishment of the Movado facility as subzone of Foreign Trade Zone No. 49 would not result in any unusual cost, expense or risk of loss to the Port Authority.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Gargano, Martini, Philibosian, Race, Song and Weinstein 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 file an application with the Foreign Trade Zone Board of the United States Department of Commerce for the establishment of a subzone of Foreign Trade Zone No. 49 at the Movado Group, Inc. (Movado) facility and warehouse in Moonachie, New Jersey and to execute appropriate agreements with Movado; the form of the agreements and documents involved in this application shall be subject to the approval of General Counsel or his authorized representative.

(Board – 7/26/01)

TRANSPORTATION PLANNING STUDIES FOR NORTHERN NEW JERSEY

It was recommended that the Board authorize the Executive Director to enter into two agreements not to exceed $11 million for funding of transportation planning studies related to growth in transportation demand at and around selected Port Authority facilities in northern New Jersey -- one agreement with the New Jersey Economic Development Authority (NJEDA) in the estimated amount of $10 million to fund transportation planning and traffic analysis in the areas of Port Newark/Elizabeth Port Authority Marine Terminal, Newark International Airport, and areas to be affected by development within the control of the Hackensack Meadowlands Development Commission, including the Port Authority's interstate crossings, and the other agreement in the estimated amount of $1 million with an appropriate entity to study congestion in certain areas along the Hudson County, New Jersey, waterfront.

The Port Authority's ambitious five-year capital plan includes major expansion and modernization of the Port Newark-Elizabeth Port Authority Marine Terminal and Newark International Airport to accommodate forecasted growth in transportation demand. These facilities depend on efficient landside connections to and from an increasingly congested roadway network. In addition, efficient management of the overall transportation requirements associated with new developments within the control of the Hackensack Meadowlands Development Commission impacts local infrastructure, but more importantly, the Port Authority's interstate crossings. The NJEDA is leading efforts with other agencies to plan new development in areas such as the Hackensack Meadowlands District and throughout the Port District. The NJEDA supports the growth of businesses and not-for-profit entities. Coordinating transportation planning and traffic analyses by state agencies with the Port Authority's efforts best assures that growing demand from our facilities and other developments can be accommodated as effectively as possible. The Port Authority's contribution to this collaborative effort would be in the estimated amount of $10 million. The funds would be used by the NJEDA to make economic development loans in the Port District for the purpose of conducting some of the transportation planning studies.

An additional amount estimated at $1 million would be used to identify and pursue potential mitigations that address the already congested surface transportation network in portions of Hudson County, reflecting increased demand both for use of Port Authority facilities and access to new economic development activity in and along the waterfront in Hudson County, particularly in Weehawken. The Executive Director would enter into an agreement with an appropriate entity, after consultation with municipal officials and the agencies with jurisdiction over transportation services in the area, to fund a study of congestion mitigation in certain areas along the Hudson County waterfront.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Gargano, Martini, Philibosian, Race, Song and Weinstein 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 two agreements not to exceed a total of $11 million for funding of transportation planning studies related to growth in transportation demand at and around selected Port Authority facilities in northern New Jersey -- one agreement

with the New Jersey Economic Development Authority (NJEDA) in the estimated amount of $10 million to fund a transportation planning and traffic analysis in the areas of Port Newark-Elizabeth Port Authority Marine Terminal, Newark International Airport, and areas to be affected by development within the control of the Hackensack Meadowlands Development Commission, including the Port Authority's interstate crossings, and the other agreement in the estimated amount of $1 million with an appropriate entity to study congestion in the waterfront areas of Hudson County, New Jersey; and it is further

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

RAIL FREIGHT INITIATIVE

It was recommended that the Board authorize the Executive Director: a) to make a total contribution of $50 million, $25 million each for projects in New York and New Jersey, to be expended for improvements in the region's rail infrastructure as part of the Port Authority's strategy to meet the needs of the region's growing freight market while promoting regional mobility through the development of increased rail freight capacity, and b) to enter into agreements with other government entities to effectuate all or a part of such contributions. Such improvements will also be critical to the successful implementation of the Port Capital Plan.

The Hudson River presents an enormous barrier to successful freight movement east to Brooklyn, Queens, and Long Island, New York. Where once rail barges filled the harbor, today the only carrier – Cross Harbor Railroad – carries a fraction of the potential volume. A regional meeting of all stakeholders identified the landside improvements necessary to maximize the freight network and relieve the bottlenecks restricting access to car float services on both sides of the Hudson. Without first addressing these key barriers, any opportunities for rail freight east of the Hudson will be problematic – whether it crosses on a barge system or through a tunnel.

Although both CSX and Norfolk Southern railroads have undertaken considerable capital investment to improve and rationalize the old Conrail single-operator freight rail network, there remain certain projects currently outside the scope of their efforts. Many of these are near-term small-scale yard and track improvements, ranging from improving a vehicle grade crossing at Hunts Point Market in New York to similar line and capacity improvements in New Jersey.

It was recommended that the Port Authority's contribution toward meeting the region's rail freight needs be applied to projects developed in consultation with other government entities. In New York State, Port Authority funds will likely be focused on constrained rail rights-of-way, such as the Bay Ridge and Hellgate lines, and specific sites, such as Maspeth and Fresh Pond. In New Jersey, projects may include site improvements at the Oak Island Yard complex in Newark and rights-of-way projects in Hudson, Union, Middlesex, and Somerset counties. These projects are viewed as strategically critical for our region by the Port Authority, New York City, the States of New Jersey and New York, along with CSX, Norfolk Southern, the Canadian Pacific, and the New York and Atlantic Railroads.

Pursuant to the foregoing report presented by staff, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Gargano, Martini, Philibosian, Race, Song and Weinstein voting in favor; none against:

> **RESOLVED**, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority: a) to make a total contribution of $50 million, $25 million each for projects in New York State and New Jersey, to be expended for improvements in the region's rail infrastructure as part of the Port Authority's strategy to meet the needs of the region's growing freight market while promoting regional mobility through the development of increased rail freight capacity; and b) to enter into agreements with other government entities to effectuate all or a part of such

contributions; the form of the agreements shall be subject to the approval of General Counsel or his authorized representative.

(Board – 7/26/01)

TRIBUTE TO PETER S. KALIKOW

The following resolution was unanimously adopted, expressing the appreciation of the members of the Board of Commissioners of The Port Authority of New York and New Jersey to Commissioner Peter S. Kalikow.

WHEREAS, since his appointment by New York Governor George E Pataki in 1995, Peter Kalikow, who came to the Board with a lifetime of experience in real estate and transportation, has served with distinction as the Chairman of the Committee on Finance, Vice Chair and member of the Committee on Construction, Vice Chair and member of the Committee on Capital Programs/Port Planning, member of the Audit Committee, and member of the World Trade Center Subcommittee; and

WHEREAS, as Chairman of the Committee on Finance since 1996, Peter Kalikow provided leadership in guiding staff as they effectively managed the agency's financial resources during the challenging period of the late 1990s; and

WHEREAS, as an ardent believer that capital projects could be delivered faster, more economically and with minimal inconvenience to our patrons, Peter Kalikow consistently encouraged staff to work toward that end; and

WHEREAS, Peter Kalikow brought to bear the full breadth of his years of experience in commercial real estate with the process leading to the net leasing of the World Trade Center. His expertise was invaluable from the endeavor's earliest stage of selecting a consultant to advise the agency on the various aspects of such an undertaking, to his participation as a member of The World Trade Center Subcommittee, and to his critical recommendations to the Board regarding the selection of the net lessees, Silverstein Properties, Inc., and Westfield America, Inc.

NOW, THEREFORE, it is

RESOLVED, that the Commissioners of The Port Authority of New York and New Jersey do hereby express their heartfelt appreciation to Peter S. Kalikow for his years of service on the Board and his commitment to the agency and the people of the Port District; and it is further

RESOLVED, that the Commissioners do hereby direct that this resolution be suitably engraved and presented to Peter S. Kalikow as a token of their esteem and a memento of his years of service to The Port Authority of New York and New Jersey.

(Board – 7/26/01)

TRIBUTE TO ROBERT E. BOYLE

The following resolution was unanimously adopted to express the appreciation of the members of the Board of Commissioners of The Port Authority of New York and New Jersey to Executive Director Robert E. Boyle.

WHEREAS, since he joined the Port Authority in 1997, Bob Boyle guided the largest airport reconstruction plan in United States history, a $15 billion public-private partnership that includes such milestones as the approval and start of construction on the $1.9 billion AirTrain project, the opening of Terminal One at John F. Kennedy International Airport, the construction of the $1.4 billion Terminal 4 at JFK, and continued progress on the Northeast Corridor Connection that will make possible an opening later this year; and

WHEREAS, Bob Boyle launched the largest five-year capital program in the nation’s history, which will lead to $14 billion worth of investments and strengthen the region’s transportation network and its economy and he successfully implemented a comprehensive toll and fare structure which included, for the first time, a value pricing mechanism; and

WHEREAS, Bob Boyle also played a pivotal role in ensuring the ongoing vitality of the region by signing key terminal operators and overseeing development of a master plan to ensure continued growth and prosperity of the Port of New York and New Jersey; and

WHEREAS, as one of his major initiatives, Bob Boyle instituted the most ambitious customer service program in this agency’s history with customer satisfaction levels reaching all time highs; and

WHEREAS, the legacy which Bob Boyle leaves will be significant and lasting. He guided the agency toward major growth in gross operating revenues while at the same time significantly increasing productivity. His leadership and vision refocused the agency on its central mission of transportation, and through his personal management style, Bob reinvigorated its workforce and strengthened the agency's identity as the pre-eminent transportation agency in the region.

NOW, THEREFORE, it is

RESOLVED, that the Commissioners of The Port Authority of New York and New Jersey do hereby express their heartfelt appreciation to Robert E. Boyle for his tireless service to the Port Authority and the people of the Port District; and it is further

RESOLVED, that the Commissioners do hereby direct that this resolution be suitably engraved and presented to Bob Boyle as a token of their esteem and a memento of his years of service.

(Board - 7/26/01)

FINAL CONTRACTS 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 May 1, 2001 to May 31, 2001.

CONTRACT NUMBER	CONTRACT TITLE FACILITY AND CONTRACTOR	TOTAL AUTHORIZED		TOTAL PAYMENTS	
GWB378	TOWER BASE LIGHTING	427,589.00	(A)	414,761.33	(A,F)
	GEORGE WASHINGTON BRIDGE	43,000.00	(D)	--0--	(D)
	THE D.L. BLANE CORP	470,589.00		414,761.33	
LT394	NEW YORK EMERGENCY GARAGE	578,000.00	(A)	578,000.00	(A)
	IMPROVEMENTS	15,000.00	(C)	1,819.00	(C)
	LINCOLN TUNNEL	46,000.00	(D)	34,082.00	(D)
	CASTLE CONSTRUCTION &	12,000.00	(E)	12,000.00	(E)
	MANAGEMENT SERVICES, INC	651,000.00		625,901.00	
JFK780	MISCELLANEOUS ROADWAY PAVING	609,590.00	(A)	609,590.00	(A)
	JOHN F. KENNEDY INTERNATIONAL	514,883.00	(B)	514,883.00	(B)
	AIRPORT - BI-COUNTY PAVING CORP	24,000.00	(C)	66,760.00	(C)
		67,500.00	(D)	53,120.00	(D)
		130,117.00	(G)	127,253.00	(G)
		1,346,090.00		1,371,606.00	
EWR997538	PARKING LOT G MODIFICATIONS -	2,477,742.00	(A)	2,477,742.00	(A)
	PHASE 1 - NEWARK INTERNATIONAL	100,000.00	(C)	10,655.36	(C)
	AIRPORT - CONTI ENTERPRISES, INC	148,665.00	(D)	148,665.00	(D)
		250,000.00	(H)	139,675.00	(H)
		2,976,407.00		2,776,737.36	
BT379	REROOFING OF NORTH & SOUTH WING	615,798.00	(A)	610,598.00	(A,I)
	MISCELLANEOUS ROOFS	50,000.00	(C)	--0--	(C)
	PORT AUTHORITY BUS TERMINAL	49,264.00	(D)	23,084.00	(D)
	PLATO GENERAL CONSTRUCTION CORP	715,062.00		633,682.00	

CONTRACT NUMBER	CONTRACT TITLE FACILITY AND CONTRACTOR	TOTAL AUTHORIZED		TOTAL PAYMENTS	
LGA606	PILE SUPPORTED STRUCTURE	932,400.00	(A)	932,400.00	(A)
	REHABILITATION OF POST TENSIONED	2,714,800.00	(B)	2,245,024.00	(B)
	DECK SLABS AND EXPANSION JOINTS	100,000.00	(C)	3,885.00	(C)
	LAGUARDIA AIRPORT	218,830.00	(D)	136,766.00	(D)
	BEAVER CONCRETE CONSTRUCTION CO.,	500,000.00	(J)	1,025,636.00	(J)
	INC & GATEWAY INDUSTRIES, LLC,	--0--	(K)	12,762.00	(K)
		4,466,030.00		4,356,473.00	
EWR994105	REPAIR OF EXPRESS ROADWAY	432,040.00	(A)	432,040.00	(A)
	NEWARK INTERNATIONAL AIRPORT	667,706.00	(B)	386,297.00	(B)
	TARHEEL ENTERPRISES, INC	1,000,000.00	(C)	870,527.00	(C)
		65,985.00	(D)	65,985.00	(D)
		250,000.00	(L)	171,987.00	(L)
		2,415,731.00		1,926,836.00	
AKG221	REHABILITATION OF NEW JERSEY	567,561.00	(A)	567,561.00	(A)
	APPROACH ROADWAYS	230,725.00	(B)	230,725.00	(B)
	GOETHALS BRIDGE	15,000.00	(C)	--0--	(C)
	MT. HOPE ROCK PRODUCTS, INC.	47,898.00	(D)	47,898.00	(D)
		23,072.00	(M)	23,050.00	(M)
		96,102.00	(N)	64,027.00	(N)
		980,358.00		933,261.00	
PN984900	MAINTENANCE DREDGING & BERTH	175,000.00	(A)	175,000.00	(A)
	STABILIZATION	2,364,000.00	(B)	1,814,223.00	(B)
	PORT NEWARK	230,000.00	(C)	87,702.00	(C)
	GREAT LAKES DREDGE & DOCK	152,340.00	(D)	152,340.00	(D)
	COMPANY	--0--	(O)	11,050.00	(O)
		250,000.00	(P)	54,597.00	(P)
		3,171,340.00		2,294,912.00	

CONTRACT NUMBER	CONTRACT TITLE FACILITY AND CONTRACTOR	TOTAL AUTHORIZED		TOTAL PAYMENTS	
MFP994901	MAINTENANCE DREDGING	137,000.00	(A)	137,000.00	(A)
	MULTI-FACILITY NEW JERSEY PORTS	804,853.00	(B)	612,590.00	(B)
	WEEKS MARINE INC	18,000.00	(C)	--0--	(C)
		37,674.00	(D)	25,000.00	(D)
		--0--	(O)	10,078.00	(O)
		997,527.00		784,668.00	
EWR681	REHABILITATION OF COURTYARD A-2	463,000.00	(A)	276,731.00	(A,Q)
	ROADWAYS & GS CURVE	113,980.00	(B)	59,931.00	(B)
	NEWARK INTERNATIONAL AIRPORT	32,000.00	(C)	--0--	(C)
	GARDNER M. BISHOP, INC, JOSEPH M	34,619.00	(D)	--0--	(D)
	SANZARI, INC & J. FLETCHER CREAMER &	643,599.00		336,662.00	
	SON, INC, A JOINT VENTURE				
EWR999553	REHABILITATION OF PARKING	507,293.00	(A)	507,293.00	(A)
	LOTS A & B	5,310.00	(B)	5,310.00	(B)
	NEWARK INTERNATIONAL AIRPORT	100,000.00	(C)	18,878.00	(C)
	C.H. WINANS COMPANY	30,756.00	(D)	--0--	(D)
		643,359.00		531,481.00	

(A) Lump Sum
(B) Classified Work
(C) Net Cost - amount in the "Total Authorized" column represents the estimated net cost amount. However, the amount in the "Total Payments" column is the authorized net cost amount.
(D) Extra Work.
(E) Premium for furnishing performance and payment bond as provided for in the contract.
(F) The difference between "Total Authorized" and Total Payments" represents a credit change order in the amount of $12,827 for work completed by another contractor.
(G) Increase in classified work in the amount of $130,117 authorized on 10/10/97.
(H) Increase in extra work in the amount of $250,000 authorized on 6/28/99.
(I) The difference between "Total Authorized" and Total Payments" represents a deduction from compensation in the amount of $5,200 for non-performance of certain punch list items of work.
(J) Supplemental Agreement No.1 which provided for an increase in the amount of $500,000 for net cost work on 10/29/98.
(K) Increase in compensation pursuant to "Emergency Delays" clause, in the amount of $12,762 as provided for in the contract.
(L) Increase in extra work in the amount of $250,000 authorized on 8/7/98.
(M) Increase in classified work.
(N) Increase in extra work in the amount of $96,102 authorized on 10/20/99.
(O) Reimbursement for an environmental insurance premium paid by the contractor, as provided for in the contract.
(P) Increase in extra work in the amount of $250,000 authorized on 2/7/2000.
(Q) The difference between "Total Authorized" and Total Payments" represents a credit change order in the amount of $186,269 for deletion of part of the work .

(Board- 07/26/01)

Investments & Deposits

The Committee on Finance reported, for information only, that in accordance with authority grated by the Committee, the Exectutive Director has authorized the following security transactions, time accounts, interest rate exchange contracts and variable rate matter note agreements during the period May 1, 2001 through May 31, 2001.

REPORT A:

Purchase of Port Authority Bonds

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

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

No new transactions this period.

(Board- 07/26/01)

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

Purchase of Securities

Purchase Date	Par Value	Description	Coupon Rate	Maturity Date	Purchase Price	Discount Rate	BEY @Cost	Principal	Dealer
05/01/01	$12,000,000	GECC CP	--	05/02/01	99.99	4.580%	4.644%	$11,998,473.34	General Electric Capital
05/01/01	20,000,000	US T-NOTE	4.000%	04/30/03	99.41	--	4.309	19,882,812.50	Merrill Lynch
05/01/01	50,000,000	FMCDN	--	05/29/01	99.66	4.340	4.415	49,831,222.20	Merrill Lynch
05/01/01	50,000,000	GECC CP	--	05/02/01	99.99	4.580	4.644	49,993,638.90	General Electric Capital
05/02/01	23,000,000	GECC CP	--	05/03/01	99.99	4.470	4.533	22,997,144.16	General Electric Capital
05/02/01	50,000,000	GECC CP	--	05/03/01	99.99	4.470	4.533	49,993,791.65	General Electric Capital
05/03/01	14,000,000	GECC CP	--	05/04/01	99.99	4.430	4.492	13,998,277.22	General Electric Capital
05/03/01	50,000,000	GECC CP	--	05/04/01	99.99	4.430	4.492	49,993,847.20	General Electric Capital
05/04/01	20,000,000	US T-NOTE	5.125	12/31/02	101.48	--	4.190	20,295,312.50	Merrill Lynch
05/04/01	21,000,000	GECC CP	--	05/07/01	99.96	4.400	4.463	20,992,299.99	General Electric Capital
05/04/01	50,000,000	US T-BILL	--	08/02/01	99.06	3.760	3.848	49,530,000.00	S.G. Cowen
05/04/01	50,000,000	GECC CP	--	05/07/01	99.96	4.400	4.463	49,981,666.65	General Electric Capital

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

Purchase of Securities (Cont.)

Purchase Date	Par Value	Description	Coupon Rate	Maturity Date	Purchase Price	Discount Rate	BEY @Cost	Principal	Dealer
05/07/01	$25,000,000	FCDN	--	05/23/01	99.81	4.180%	4.246%	$24,953,555.55	UBS Warburg
05/07/01	50,000,000	GECC CP	--	05/08/01	99.99	4.420	4.482	49,993,861.10	General Electric Capital
05/08/01	19,000,000	FMCDN	--	05/09/01	99.99	4.300	4.360	18,997,730.56	Salomon Smith Barney
05/08/01	50,000,000	GECC CP	--	05/09/01	99.99	4.400	4.462	49,993,888.90	General Electric Capital
05/08/01	50,000,000	GECC CP	--	05/14/01	99.93	4.400	4.464	49,963,333.35	General Electric Capital
05/09/01	20,000,000	FCDN	--	05/10/01	99.99	4.240	4.299	19,997,644.44	Merrill Lynch
05/09/01	50,000,000	GECC CP	--	05/10/01	99.99	4.380	4.441	49,993,916.65	General Electric Capital
05/10/01	21,000,000	FHDN	--	05/11/01	99.99	4.240	4.299	20,997,526.66	Merrill Lynch
05/10/01	50,000,000	US T-BILL	--	08/09/01	99.09	3.615	3.699	49,543,104.15	S.G. Cowen
05/10/01	50,000,000	GECC CP	--	05/11/01	99.99	4.400	4.462	49,993,888.90	General Electric Capital
05/11/01	14,000,000	FCDN	--	05/14/01	99.96	4.260	4.321	13,995,030.00	Salomon Smith Barney
05/11/01	50,000,000	GECC CP	--	05/16/01	99.94	4.400	4.464	49,969,444.45	General Electric Capital

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

Purchase of Securities (Cont.)

Purchase Date	Par Value	Description	Coupon Rate	Maturity Date	Purchase Price	Discount Rate	BEY @Cost	Principal	Dealer
05/14/01	$2,000,000	FMCDN	--	05/15/01	99.99	4.330%	4.391%	$1,999,759.44	Lehman Brothers
05/14/01	4,000,000	FMCDN	--	05/15/01	99.99	4.330	4.391	3,999,518.89	Lehman Brothers
05/14/01	25,000,000	US T-NOTE	4.000%	04/30/03	99.50	--	4.268	24,875,000.00	Morgan Stanley
05/14/01	25,000,000	US T-BILL	--	08/23/01	98.97	3.665	3.755	24,742,940.98	Merrill Lynch
05/14/01	50,000,000	GECC CP	--	05/15/01	99.99	4.400	4.462	49,993,888.90	General Electric Capital
05/15/01	34,000,000	FMCDN	--	05/16/01	99.99	4.080	4.137	33,996,146.68	Morgan Stanley
05/15/01	50,000,000	GECC CP	--	05/16/01	99.99	4.180	4.239	49,994,194.45	General Electric Capital
05/16/01	25,000,000	FMCDN	--	06/12/01	99.71	3.880	3.945	24,927,250.00	Merrill Lynch
05/16/01	50,000,000	GECC CP	--	05/17/01	99.99	4.060	4.117	49,994,361.10	General Electric Capital
05/16/01	50,000,000	GECC CP	--	05/17/01	99.99	4.060	4.117	49,994,361.10	General Electric Capital
05/17/01	50,000,000	GECC CP	--	05/21/01	99.96	4.000	4.057	49,977,777.80	General Electric Capital
05/17/01	50,000,000	GECC CP	--	05/18/01	99.99	4.000	4.056	49,994,444.45	General Electric Capital

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

Purchase of Securities (Cont.)

Purchase Date	Par Value	Description	Coupon Rate	Maturity Date	Purchase Price	Discount Rate	BEY @Cost	Principal	Dealer
05/17/01	$50,000,000	FNDN	--	05/30/01	99.86	3.930%	3.990%	$49,929,041.65	UBS Warburg
05/18/01	25,000,000	US T-NOTE	5.125%	12/31/02	101.39	--	4.224	25,347,656.25	S.G. Cowen
05/18/01	25,000,000	US T-BILL	--	11/15/01	98.22	3.550	3.665	24,553,784.73	Morgan Stanley
05/18/01	43,000,000	GECC CP	--	05/22/01	99.96	4.000	4.057	42,980,888.91	General Electric Capital
05/21/01	50,000,000	GECC CP	--	05/22/01	99.99	3.980	4.036	49,994,472.20	General Electric Capital
05/22/01	25,000,000	FMCDN	--	06/05/01	99.85	3.930	3.991	24,961,791.68	Banc One Capital Markets
05/22/01	25,000,000	FHDN	--	06/01/01	99.89	3.910	3.969	24,972,847.23	UBS Warburg
05/22/01	40,000,000	GECC CP	--	05/23/01	99.99	3.980	4.036	39,995,577.76	General Electric Capital
05/22/01	50,000,000	GECC CP	--	05/31/01	99.90	3.990	4.049	49,950,125.00	General Electric Capital
05/23/01	17,000,000	FCDN	--	05/24/01	99.99	3.860	3.914	16,998,177.23	Merrill Lynch
05/23/01	50,000,000	GECC CP	--	05/24/01	99.99	3.940	3.995	49,994,527.80	General Electric Capital
05/24/01	24,000,000	FMCDN	--	05/31/01	99.92	3.880	3.937	23,981,893.34	Banc One Capital Markets

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

Purchase of Securities (Cont.)

Purchase Date	Par Value	Description	Coupon Rate	Maturity Date	Purchase Price	Discount Rate	BEY @Cost	Principal	Dealer
05/24/01	$50,000,000	GECC CP	--	05/25/01	99.99	3.930%	3.985%	$49,994,541.65	General Electric Capital
05/25/01	30,000,000	GECC CP	--	05/30/01	99.95	3.940	3.997	29,983,583.34	General Electric Capital
05/25/01	37,380,000	FHDN	--	05/31/01	99.94	3.830	3.886	37,356,139.11	Merrill Lynch
05/29/01	37,000,000	FHDN	--	05/30/01	99.99	3.950	4.005	36,995,940.29	Morgan Stanley
05/29/01	50,000,000	FHDN	--	05/30/01	99.99	3.950	4.005	49,994,513.90	Morgan Stanley
05/30/01	30,000,000	FMCDN	--	05/31/01	99.99	3.970	4.026	29,996,691.66	Lehman Brothers
05/30/01	50,000,000	FHDN	--	05/31/01	99.99	3.950	4.005	49,994,513.90	Salomon Smith Barney
05/30/01	50,000,000	GECC CP	--	05/31/01	99.99	4.040	4.097	49,994,388.90	General Electric Capital
05/30/01	50,000,000	FMCDN	--	05/31/01	99.99	3.970	4.026	49,994,486.10	Lehman Brothers
05/31/01	39,333,000	FHDN	--	06/22/01	99.76	3.970	4.035	39,237,573.78	Morgan Stanley
05/31/01	50,000,000	GECC CP	--	06/01/01	99.99	4.120	4.178	49,994,277.80	General Electric Capital
05/31/01	50,000,000	GECC CP	--	06/01/01	99.99	4.120	4.178	49,994,277.80	General Electric Capital

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

Purchase of Securities (Cont.)

Purchase Date	Par Value	Description	Coupon Rate	Maturity Date	Purchase Price	Discount Rate	BEY @Cost	Principal	Dealer
05/31/01	$ 50,000,000	FNDN	--	06/01/01	99.99	4.090%	4.147%	$ 49,994,319.45	UBS Warburg
05/31/01	50,000,000	FNDN	--	06/01/01	99.99	4.090	4.147	49,994,319.45	UBS Warburg
	$2,321,713,000							$2,319,551,405.72	

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

Sale of Securities

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

No new transactions this period.

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

Repurchase Transactions

Dealer	**Purchase Date**	**Sale Date**	**Par Value**	**Interest Rate**	**Total Interest Earned**	
Lehman Brothers	05/01/01	05/21/01	$ 355,000	3.830%	$ 813.25	*
Nomura Securities	05/01/01	05/02/01	8,488,000	4.480	1,056.28	
Nomura Securities	05/01/01	05/02/01	19,922,000	4.480	2,479.18	
Lehman Brothers	05/01/01	05/21/01	25,062,500	3.830	57,414.01	*
Paribas Corporation	05/01/01	05/02/01	37,022,000	4.460	4,586.61	
UBS Warburg	05/01/01	05/02/01	39,748,000	4.460	4,924.34	
UBS Warburg	05/01/01	05/02/01	47,473,000	4.460	5,881.38	
Nomura Securities	05/01/01	05/02/01	48,118,000	4.480	5,988.02	
Lehman Brothers	05/01/01	05/21/01	49,770,000	3.830	114,014.78	*
Paribas Corporation	05/01/01	05/02/01	51,014,000	4.460	6,320.07	
Daiwa Securities America	05/01/01	05/02/01	55,607,000	4.460	6,889.09	
Fuji Securities	05/02/01	05/04/01	1,247,500	4.250	296.28	*

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

Repurchase Transactions (Cont.)

Dealer	Purchase Date	Sale Date	Par Value	Interest Rate	Total Interest Earned	
Paribas Corporation	05/02/01	05/03/01	$ 8,494,000	4.220%	$ 995.69	
Daiwa Securities America	05/02/01	05/03/01	10,269,000	4.230	1,206.61	
Paribas Corporation	05/02/01	05/03/01	19,924,000	4.220	2,335.54	
Lehman Brothers	05/02/01	05/31/01	19,925,000	3.820	64,352.22	*
UBS Warburg	05/02/01	05/03/01	39,698,000	4.240	4,675.54	
Nomura Securities	05/02/01	05/03/01	39,905,000	4.230	4,688.84	
Daiwa Securities America	05/02/01	05/03/01	45,245,000	4.230	5,316.29	
UBS Warburg	05/02/01	05/03/01	47,479,000	4.240	5,591.97	
Nomura Securities	05/02/01	05/03/01	48,142,000	4.230	5,656.69	
Fuji Securities	05/02/01	05/04/01	48,690,000	4.250	11,563.88	*
Paribas Corporation	05/02/01	05/03/01	51,045,000	4.220	5,983.61	
Nomura Securities	05/03/01	05/04/01	11,036,000	4.240	1,299.80	

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

Repurchase Transactions (Cont.)

Dealer	**Purchase Date**	**Sale Date**	**Par Value**	**Interest Rate**	**Total Interest Earned**
Banc One Capital Markets	05/03/01	05/04/01	$ 13,852,000	4.200%	$ 1,616.07
Greenwich Capital Mkts	05/03/01	05/04/01	37,342,000	4.220	4,377.31
Paribas Corporation	05/03/01	05/04/01	39,703,000	4.220	4,654.07
Banc One Capital Markets	05/03/01	05/04/01	41,669,000	4.200	4,861.38
Daiwa Securities America	05/03/01	05/04/01	46,495,000	4.240	5,476.08
Paribas Corporation	05/03/01	05/04/01	47,485,000	4.220	5,566.30
Daiwa Securities America	05/03/01	05/04/01	48,431,000	4.240	5,704.10
Nomura Securities	05/03/01	05/04/01	48,510,000	4.240	5,713.40
Greenwich Capital Mkts	05/03/01	05/04/01	50,715,000	4.220	5,944.93
Paribas Corporation	05/04/01	05/07/01	85,000	4.160	29.47
Greenwich Capital Mkts	05/04/01	05/07/01	4,620,000	4.150	1,597.75
Paribas Corporation	05/04/01	05/07/01	24,761,000	4.160	8,583.81

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

Repurchase Transactions (Cont.)

Dealer	Purchase Date	Sale Date	Par Value	Interest Rate	Total Interest Earned
Nomura Securities	05/04/01	05/07/01	$ 39,619,000	4.170%	$13,767.60
UBS Warburg	05/04/01	05/07/01	39,705,000	4.160	13,764.40
UBS Warburg	05/04/01	05/07/01	47,490,000	4.160	16,463.20
Nomura Securities	05/04/01	05/07/01	48,448,000	4.170	16,835.68
Paribas Corporation	05/04/01	05/07/01	51,071,000	4.160	17,704.61
Greenwich Capital Mkts	05/04/01	05/07/01	54,511,000	4.150	18,851.72
Fuji Securities	05/07/01	05/09/01	9,529,000	4.230	2,239.32
Nomura Securities	05/07/01	05/09/01	10,611,000	4.220	2,487.69
Paribas Corporation	05/07/01	05/09/01	14,168,000	4.200	3,305.87
Paribas Corporation	05/07/01	05/09/01	21,240,000	4.200	4,956.00
Nomura Securities	05/07/01	05/09/01	24,770,000	4.220	5,807.19
Paribas Corporation	05/07/01	05/09/01	28,260,000	4.200	6,594.00

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

Repurchase Transactions (Cont.)

Dealer	**Purchase Date**	**Sale Date**	**Par Value**	**Interest Rate**	**Total Interest Earned**
Fuji Securities	05/07/01	05/09/01	$ 30,189,000	4.230%	$ 7,094.42
Paribas Corporation	05/07/01	05/09/01	36,265,000	4.200	8,461.83
Banc One Capital Markets	05/07/01	05/08/01	38,598,000	4.200	4,503.10
Fuji Securities	05/07/01	05/09/01	47,507,000	4.230	11,164.15
Nomura Securities	05/07/01	05/09/01	48,448,000	4.220	11,358.36
Daiwa Securities America	05/08/01	05/09/01	38,603,000	4.220	4,525.13
Paribas Corporation	05/09/01	05/10/01	6,915,000	4.220	810.59
S.G. Cowen	05/09/01	05/10/01	19,572,000	4.220	2,294.27
Paribas Corporation	05/09/01	05/10/01	24,776,000	4.220	2,904.30
S.G. Cowen	05/09/01	05/10/01	30,011,000	4.220	3,517.96
UBS Warburg	05/09/01	05/10/01	37,144,000	4.240	4,374.74
Banc One Capital Markets	05/09/01	05/10/01	39,659,000	4.220	4,648.92

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

Repurchase Transactions (Cont.)

Dealer	**Purchase Date**	**Sale Date**	**Par Value**	**Interest Rate**	**Total Interest Earned**	
Banc One Capital Markets	05/09/01	05/10/01	$ 47,518,000	4.220%	$ 5,570.17	
UBS Warburg	05/09/01	05/10/01	50,980,000	4.240	6,004.31	
Paribas Corporation	05/09/01	05/10/01	51,748,000	4.220	6,066.02	
Paribas Corporation	05/10/01	05/14/01	8,635,000	4.220	4,048.86	
UBS Warburg	05/10/01	05/14/01	24,779,000	4.220	11,618.60	
Paribas Corporation	05/10/01	05/14/01	39,664,000	4.220	18,598.01	
S.G. Cowen	05/10/01	05/11/01	42,591,000	4.230	5,004.44	
Nomura Securities	05/10/01	05/14/01	47,523,000	4.230	22,335.81	
S.G. Cowen	05/10/01	05/14/01	49,000,000	4.230	23,030.00	*
Nomura Securities	05/10/01	05/14/01	49,589,000	4.230	23,306.83	
UBS Warburg	05/10/01	05/14/01	50,000,000	4.220	23,444.44	
Paribas Corporation	05/10/01	05/14/01	50,035,000	4.220	23,460.86	

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

Repurchase Transactions (Cont.)

Dealer	Purchase Date	Sale Date	Par Value	Interest Rate	Total Interest Earned	
Fuji Securities	05/11/01	05/14/01	$ 1,470,000	4.250%	$ 520.63	*
S.G. Cowen	05/11/01	05/24/01	2,237,500	3.820	3,220.76	*
Daiwa Securities America	05/11/01	05/14/01	42,596,000	4.250	15,086.08	
S.G. Cowen	05/11/01	05/24/01	47,575,000	3.820	68,481.57	*
Fuji Securities	05/11/01	05/14/01	48,500,000	4.250	17,177.08	*
S.G. Cowen	05/14/01	05/24/01	765,000	3.820	828.96	*
Nomura Securities	05/14/01	05/16/01	7,983,000	4.330	1,920.36	
Nomura Securities	05/14/01	05/16/01	13,830,000	4.330	3,326.88	
Banc One Capital Markets	05/14/01	05/16/01	24,791,000	4.250	5,853.43	
Nomura Securities	05/14/01	05/16/01	25,847,000	4.330	6,217.64	
Banc One Capital Markets	05/14/01	05/16/01	42,978,000	4.250	10,147.58	
Daiwa Securities America	05/14/01	05/16/01	47,546,000	4.320	11,411.04	

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

Repurchase Transactions (Cont.)

Dealer	Purchase Date	Sale Date	Par Value		Interest Rate		Total Interest Earned	
S.G. Cowen	05/14/01	05/24/01	$ 48,235,000		3.820%		$52,267.98	*
Daiwa Securities America	05/14/01	05/16/01	49,327,000		4.320		11,838.48	
Nomura Securities	05/14/01	05/16/01	50,590,000		4.330		12,169.71	
UBS Warburg	05/15/01	Open	24,875,000	*	Variable	**	47,939.65	***
Daiwa Securities America	05/16/01	05/17/01	5,764,000		3.830		613.23	
Daiwa Securities America	05/16/01	05/17/01	5,900,000		3.830		627.69	
Fuji Securities	05/16/01	05/17/01	13,268,000		3.820		1,407.88	
Fuji Securities	05/16/01	05/17/01	25,060,000		3.820		2,659.14	
Daiwa Securities America	05/16/01	05/17/01	30,883,000		3.830		3,285.61	
Fuji Securities	05/16/01	05/17/01	31,413,000		3.820		3,333.27	
Paribas Corporation	05/16/01	05/17/01	36,000,000		3.750		3,750.00	
Zions First National Bank	05/16/01	05/17/01	39,419,000		3.820		4,182.79	

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

Repurchase Transactions (Cont.)

Dealer	Purchase Date	Sale Date	Par Value	Interest Rate	Total Interest Earned
Zions First National Bank	05/16/01	05/17/01	$ 47,557,000	3.820%	$ 5,046.33
Daiwa Securities America	05/16/01	05/17/01	52,205,000	3.830	5,554.03
Daiwa Securities America	05/17/01	05/18/01	10,175,000	3.880	1,096.64
Fuji Securities	05/17/01	05/21/01	14,538,000	3.820	6,170.57
Fuji Securities	05/17/01	05/21/01	22,209,000	3.820	9,426.49
Fuji Securities	05/17/01	05/21/01	24,632,000	3.820	10,454.92
Daiwa Securities America	05/17/01	05/18/01	25,062,000	3.880	2,701.13
Fuji Securities	05/17/01	05/21/01	32,876,000	3.820	13,954.04
Greenwich Capital Mkts	05/17/01	05/18/01	33,000,000	3.900	3,575.00
Nomura Securities	05/17/01	05/21/01	39,161,000	3.810	16,578.16
Daiwa Securities America	05/17/01	05/18/01	39,825,000	3.880	4,292.25
Paribas Corporation	05/17/01	05/21/01	44,685,000	3.800	18,867.00

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

Repurchase Transactions (Cont.)

Dealer	**Purchase Date**	**Sale Date**	**Par Value**	**Interest Rate**	**Total Interest Earned**
Nomura Securities	05/17/01	05/21/01	$ 47,562,000	3.810%	$20,134.58
Greenwich Capital Mkts	05/18/01	05/21/01	25,065,000	3.830	7,999.91
Fuji Securities	05/21/01	05/23/01	25,068,000	3.850	5,361.77
Paribas Corporation	05/21/01	05/23/01	25,919,000	3.870	5,572.59
Paribas Corporation	05/21/01	05/23/01	30,884,000	3.870	6,640.06
Nomura Securities	05/21/01	05/23/01	36,338,000	3.870	7,812.67
Paribas Corporation	05/21/01	05/23/01	36,762,000	3.870	7,903.83
Fuji Securities	05/21/01	05/23/01	45,089,000	3.850	9,644.04
Nomura Securities	05/21/01	05/23/01	47,582,000	3.870	10,230.13
Daiwa Securities America	05/23/01	05/24/01	5,181,000	3.830	551.20
UBS Warburg	05/23/01	05/24/01	5,205,000	3.820	552.31
Paribas Corporation	05/23/01	05/24/01	25,073,000	3.830	2,667.49

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

Repurchase Transactions (Cont.)

Dealer	Purchase Date	Sale Date	Par Value	Interest Rate	Total Interest Earned	
Paribas Corporation	05/23/01	05/24/01	$ 35,752,000	3.830%	$ 3,803.62	
Paribas Corporation	05/23/01	05/24/01	36,770,000	3.830	3,911.92	
Daiwa Securities America	05/23/01	05/24/01	39,917,000	3.830	4,246.73	
Daiwa Securities America	05/23/01	05/24/01	47,593,000	3.830	5,063.37	
UBS Warburg	05/23/01	05/24/01	50,245,000	3.820	5,331.55	
S.G. Cowen	05/24/01	05/31/01	897,500	3.920	665.15	*
UBS Warburg	05/24/01	05/29/01	3,357,000	3.820	1,781.08	
Banc One Capital Markets	05/24/01	05/29/01	19,634,000	3.820	10,416.93	
Nomura Securities	05/24/01	05/29/01	25,076,000	3.820	13,304.21	
Lehman Brothers	05/24/01	05/31/01	25,156,250	3.920	18,643.58	*
Banc One Capital Markets	05/24/01	05/29/01	25,469,000	3.820	13,512.72	
Nomura Securities	05/24/01	05/29/01	31,210,000	3.820	16,558.64	

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

Repurchase Transactions (Cont.)

Dealer	**Purchase Date**	**Sale Date**	**Par Value**	**Interest Rate**	**Total Interest Earned**	
Nomura Securities	05/24/01	05/29/01	$ 36,774,000	3.820%	$19,510.65	
Paribas Corporation	05/24/01	05/29/01	47,000,000	3.820	24,936.11	
Banc One Capital Markets	05/24/01	05/29/01	47,598,000	3.820	25,253.38	
S.G. Cowen	05/24/01	05/31/01	48,165,000	3.920	35,695.62	*
Lehman Brothers	05/24/01	05/31/01	50,312,500	3.920	37,287.15	*
UBS Warburg	05/24/01	05/29/01	51,348,000	3.820	27,242.97	
Fuji Securities	05/29/01	05/31/01	5,966,000	3.900	1,292.63	
Fuji Securities	05/29/01	05/31/01	16,135,000	3.900	3,495.92	
Nomura Securities	05/29/01	05/30/01	25,089,000	3.910	2,724.94	
Daiwa Securities America	05/29/01	05/31/01	29,861,000	3.890	6,453.29	
Fuji Securities	05/29/01	05/31/01	31,488,000	3.900	6,822.40	
Daiwa Securities America	05/29/01	05/31/01	37,547,000	3.890	8,114.32	

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

Repurchase Transactions (Cont.)

Dealer	Purchase Date	Sale Date	Par Value	Interest Rate	Total Interest Earned
Nomura Securities	05/29/01	05/30/01	$ 45,130,000	3.910%	$ 4,901.62
Fuji Securities	05/29/01	05/31/01	45,961,000	3.900	9,958.22
UBS Warburg	05/30/01	05/31/01	25,091,000	3.950	2,753.04
UBS Warburg	05/30/01	05/31/01	45,134,000	3.950	4,952.20
Paribas Corporation	05/31/01	06/01/01	908,000	4.050	102.15
Nomura Securities	05/31/01	06/01/01	2,436,000	4.040	273.37
Banc One Capital Markets	05/31/01	06/01/01	11,643,000	3.950	1,277.50
Banc One Capital Markets	05/31/01	06/01/01	17,108,000	3.950	1,877.13
Daiwa Securities America	05/31/01	06/01/01	18,814,000	4.020	2,100.90
Nomura Securities	05/31/01	06/01/01	26,825,000	4.040	3,010.36
Fuji Securities	05/31/01	06/01/01	27,904,000	4.050	3,139.20
Banc One Capital Markets	05/31/01	06/01/01	32,892,000	3.950	3,608.98

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

Repurchase Transactions (Cont.)

Dealer	**Purchase Date**	**Sale Date**	**Par Value**	**Interest Rate**	**Total Interest Earned**
Fuji Securities	05/31/01	06/01/01	$ 37,555,000	4.050%	$ 4,224.94
Banc One Capital Markets	05/31/01	06/01/01	38,357,000	3.950	4,208.62
Paribas Corporation	05/31/01	06/01/01	47,633,000	4.050	5,358.71
Nomura Securities	05/31/01	06/01/01	48,142,000	4.040	5,402.60
Daiwa Securities America	05/31/01	06/01/01	48,590,000	4.020	5,425.88
Paribas Corporation	05/31/01	06/01/01	50,664,000	4.050	5,699.70

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

** This rate subject to change daily.

*** Total interest earned is to the last day of the month.

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

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

Dealer	**Sale Date**	**Purchase Date**	**Par Value**	**Interest Rate**		**Total Interest Paid**	
Lehman Brothers	05/01/01	05/21/01	$25,062,500	3.700%		$46,957.38	
Lehman Brothers	05/01/01	05/21/01	50,125,000	3.700		93,914.76	
Fuji Securities	05/02/01	05/04/01	49,937,500	4.000		11,166.58	
Lehman Brothers	05/02/01	05/31/01	19,925,000	1.400		38,134.24	
S.G. Cowen	05/10/01	05/14/01	49,000,000	3.980		21,668.89	
S.G. Cowen	05/11/01	05/24/01	49,812,500	3.605		67,260.71	
Fuji Securities	05/11/01	05/14/01	49,970,000	3.750		15,615.63	
S.G. Cowen	05/14/01	05/24/01	49,000,000	3.570		49,149.72	
UBS Warburg	05/15/01	Open	24,875,000	Variable	*	14,095.83	**
Lehman Brothers	05/24/01	05/31/01	25,156,250	3.400		16,875.65	
Lehman Brothers	05/24/01	05/31/01	50,312,500	3.400		33,751.30	

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) Cont.

Dealer	**Sale Date**	**Purchase Date**	**Par Value**	**Interest Rate**	**Total Interest Paid**
S.G. Cowen	05/24/01	05/31/01	$49,062,500	3.670%	$31,795.23

* This rate subject to change daily.

** Total interest paid is to the last day of the month.

(Board- 07/26/01)

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 during the period May 1, 2001 and May 31, 2001, pertaining to the execution or cancellation of Interest Rate 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.

Option Transactions - Purchased

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

No new transactions this period.

Options Transactions - Sold

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

No new transactions this period.

(Board- 07/26/01)

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 May 1, 2001 and May 31, 2001, pertaining to the execution or cancellation of Interest Rate Exchange Contracts pursuant to the guidelines established by the Board of Commissioners on December 10, 1992.

Interest Rate Exchange Contracts

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

No new transactions this period.

As of May 31, 2001, the Port Authority has interest rate exchange contracts in place on notional amounts totaling $757 million, including $382 million pertaining to refundings and $100 million of reversals.

REPORT D: In addition to the transactions described in Report A, B and C, the Executive Director also reports the following transactions during the period May 1, 2001 and May 31, 2001 under the Variable Rate Master Note Program as amended and supplemented through October 13, 1994.

Variable Rate Master Note Placements

Date of Issuance	Amount	Purchaser	Term	Variable Rate Index

No new transactions this period.

Whereupon, the meeting was adjourned.

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Secretary