

NEW YORK AND NEW JERSEY RAILROAD CORPORATION

MINUTES

Thursday, November 21, 2002

	Page
Action on Minutes	12
Signature Authorization for Checks, Wire Transfers and Depository Service Agreements	13

MINUTES of the Meeting of the New York and New Jersey Railroad Corporation held Thursday, November 21, 2002, at 225 Park Avenue South, City, County and State of New York.

PRESENT:

NEW JERSEY

Hon. Jack G. Sinagra, Chairman
 Charles Kushner
 Hon. Alan G. Philibosian
 Hon. Raymond M. Pocino
 Hon. Anthony J. Sartor

Joseph J. Seymour, President
 Jeffrey S. Green, Vice-President and Secretary

Gwendolyn Archie
 Kayla M. Bergeron
 A. Paul Blanco
 Bruce D. Bohlen
 John D. Brill
 Gregory G. Burnham
 Janice Chiantese
 Anthony G. Cracchiolo
 William R. DeCota
 Michael R. DeCotiis
 John C. Denise
 Michael P. DePallo
 Charles D. DeRienzo
 Pasquale DiFulco
 Jerrold M. Dinkels
 Karen E. Eastman
 Nancy J. Ertag-Brand
 Linda C. Handel
 Edward L. Jackson
 Howard G. Kadin
 Wendy S. Katz
 Joshua Klevans
 Louis J. LaCapra
 Richard M. Larrabee
 Francis J. Lombardi
 Stephen Marinko
 Charles F. McClafferty
 James E. McCoy
 Tobi D. Mettle
 Allen M. Morrison
 Catherine F. Pavelec
 Michael A. Petralia
 Kenneth P. Philmus
 Myron D. Ronis
 Edmond F. Schorno
 Douglas L. Smith
 Gregory J. Trevor
 Sean P. Walsh
 Richard Wright
 Peter Yerkes

NEW YORK

Hon. Charles A. Gargano, Vice-Chairman
 Hon. Bruce A. Blakeman
 Hon. Michael J. Chasanoff
 Hon. David S. Mack
 Hon. Henry R. Silverman
 Hon. Anastasia M. Song

Guest:
Jay Hector

The public meeting was called to order by Chairman Sinagra at 3:00 p.m. and ended at 3:06 p.m. The Board met in executive session prior to the public meeting. Directors Mack and Silverman were present only during executive session.

Action on Minutes

The Assistant Secretary submitted for approval Minutes of the meeting of September 19, 2002. She reported that copies of these Minutes were sent to all of the Directors and to the Governors of New York and New Jersey. She reported further that the time for action by the Governors of New York and New Jersey has expired.

Whereupon, the Board of Directors unanimously approved the Minutes.

SIGNATURE AUTHORIZATION FOR CHECKS, WIRE TRANSFERS AND DEPOSITORY SERVICE AGREEMENTS

It was recommended that the Board amend, in part, its resolution concerning signature of checks, wire transfers and depository service agreements, as adopted on April 30, 1998, to provide for: (1) the use of a facsimile signature on all non-payroll checks, (2) expanded use of a facsimile signature on certain payroll checks, (3) clarification of the manual signature requirements with respect to certain payroll checks, and (4) updated references to certain staff titles.

Under the existing resolution, the facsimile signature of the Treasurer of The Port Authority of New York and New Jersey (Port Authority) or his/her designee in the Treasury Department of the Port Authority is authorized only for non-payroll checks in the amount of \$100,000 or less, and the facsimile signature of the Comptroller of the Port Authority or his/her designee in the Comptroller's Department of the Port Authority is authorized only for payroll checks in the amount of \$3,000 or less. Payments in excess of these amounts require one or more manual signatures, which necessitates the involvement of numerous personnel and results in an inefficient use of staff resources.

In keeping with the New York and New Jersey Railroad Corporation's (Corporation) strategy of exercising effective control over its financial transactions, state-of-the-art financial systems using multiple control procedures have been implemented to ensure the integrity of the cash payments process. However, external and internal audit reviews of systems-based controls found that performance of these multiple control procedures requires significant manual effort and adversely impacts overall efficiency and system integrity. Audit recommendations to improve process efficiency included the use of SAP and PeopleSoft software to emulate industry best practices with respect to the elimination of manual check generation and signatures. Based on those recommendations, it is the intention of staff to use facsimile signatures customarily, where permitted by this resolution, and use manual signatures only in emergency situations where a device for affixing facsimile signatures is unavailable.

Copies of all memoranda designating signatories will be filed with the Secretary of the Port Authority or the Vice-President and Secretary or other officer of the Corporation.

Pursuant to the foregoing report, the following resolution was adopted with Directors Blakeman, Chasanoff, Gargano, Pocino, Sartor, Sinagra and Song voting in favor; Directors Kushner and Philibosian abstaining; none against:

RESOLVED, that the resolution of the Board adopted at its meeting on April 30, 1998 (appearing at pages 7 *et seq.* of the Official Minutes of that date), concerning, in part, signature of checks, wire transfers and depository service agreements, be and it hereby is amended to read as follows:

RESOLVED, that checks, drafts and wire transfers drawn on behalf of the New York and New Jersey Railroad Corporation (Corporation) upon any and all banks, trust companies, and other banking institutions in which any funds may at any time stand to the credit of the Corporation shall be signed as follows:

- (1) Any check, draft or wire transfer (other than a check, draft or wire transfer issued only for the purpose of making payroll expenditures), shall be signed or authorized either by the Chief Financial Officer, the Treasurer or the Assistant Treasurer, all of The Port Authority of New York and New Jersey (Port Authority), or any appropriate individual in the Treasury Department of the Port Authority designated by the Treasurer of the Port Authority, without co-signature; provided that the signature of the Chief Financial Officer, the Treasurer or the Assistant Treasurer, all of the Port Authority, or any appropriate individual in the Treasury Department of the Port Authority designated by the Treasurer of the Port Authority may, subject to the limitations and procedures set forth below, be affixed by means of a facsimile signature, or, in emergency situations where a device for affixing facsimile signatures is unavailable, the appropriate signature may be affixed manually.
- (2) Any check, draft or wire transfer, the amount of which shall be in excess of \$10,000 and which is issued only for the purpose of making payroll expenditures, shall be signed or authorized by either the Comptroller or the Assistant Comptroller, both of the Port Authority, and shall be countersigned by the Comptroller or the Assistant Comptroller (if they shall not have signed or authorized same), both of the Port Authority, or any appropriate individual in the Comptroller's Department of the Port Authority designated by the Comptroller of the Port Authority. Further, the above-named individuals (if they shall not have signed or authorized same) and the Manager, Payroll Accounting, of the Port Authority be and each of them hereby is authorized to release wire transfers for direct deposit of payroll transactions to appropriate banks or banking institutions.
- (3) Any check, draft or wire transfer, the amount of which shall be \$10,000 or less and which is issued only for the purpose of making payroll expenditures, shall be signed or authorized by either the Comptroller or the Assistant Comptroller, both of the Port Authority, without co-signature; provided that the signature of the Comptroller or the Assistant Comptroller, both of the Port Authority, may, subject to the limitations and procedures set forth below, be affixed by means of a facsimile signature, or, in emergency situations where a device for affixing facsimile signatures is unavailable, the appropriate signature may be affixed manually. Further, the above-named individuals (if they shall not have signed or authorized same) and the Manager, Payroll Accounting, of the Port Authority be and each of them hereby is authorized to release wire transfers

for direct deposit of payroll transactions to appropriate banks or banking institutions; and it is further

RESOLVED, that the President of the Corporation, the Vice-President and Secretary of the Corporation, the Chief Financial Officer and the Treasurer, both of the Port Authority, be and each of them hereby is authorized, for and on behalf of the Corporation, to enter into arrangements for the transfer of any moneys of the Corporation by any bank, trust company or other banking institution in which any such moneys shall at any time stand to the credit of the Corporation by wire transfer or otherwise without the use of a check, draft or equivalent written demand upon any such bank, trust company, or other banking institution; and it is further

RESOLVED, that any depository designated by the Corporation or its Committee on Finance with which the Corporation shall have established an account which account provides for honoring checks bearing a facsimile signature be and it hereby is requested, authorized, and directed to honor all checks drawn in the name of the Corporation on said depository (including those drawn to the individual order of any person or persons whose names appear thereon as signer or signers thereof), subject to reasonable standards of good faith and care, when bearing facsimile signatures authorized by this resolution; to honor and to charge the Corporation for all such checks, regardless of by whom or by what means the actual or purported facsimile signature or signatures thereon may have been affixed thereto, subject to reasonable standards of good faith and care, if such facsimile signature or signatures resemble the facsimile specimens filed from time to time with the depository by an officer of the Corporation; and it is further

RESOLVED, that any and all banks, trust companies, and other banking institutions or depositories in which funds may at any time stand to the credit of the Corporation be and they hereby are authorized to honor all checks and drafts signed, and to effectuate all wire and other transfers authorized by agreements entered into pursuant to this resolution, on behalf of the Corporation in accordance with the terms of this resolution; and it is further

RESOLVED, that the Treasurer or the Assistant Treasurer, both of the Port Authority, or any appropriate individual in the Treasury Department of the Port Authority designated by the Treasurer of the Port Authority, be and each of them hereby is separately authorized to endorse for collection or deposit to the credit of the Corporation any and all checks, drafts, certificates of deposit, and other negotiable and non-negotiable commercial paper

to be credited to the account of the Corporation in any bank, trust company, or other banking institution or depository; and it is further

RESOLVED, that the Chief Financial Officer, the Comptroller, the Assistant Comptroller, the Manager, Administration and Business Planning, in the Comptroller's Department, the Treasurer, and the Assistant Treasurer, all of the Port Authority, be and each of them hereby is separately authorized to enter into night deposit agreements and other such special service agreements with any depository designated by the Corporation or its Committee on Finance; and it is further

RESOLVED, that the foregoing authority shall be granted to the successors in office or duties of all the positions named herein; and it is further

RESOLVED, that the form of any agreements entered into pursuant to the foregoing authority, and any forms or documents necessary to effectuate the foregoing delegations of authority, shall be subject to the approval of Counsel or his authorized representative.

Whereupon, the meeting was adjourned.

Assistant Secretary