

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Wednesday, February 19, 2014

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MINUTES of the Meeting of The Port Authority of New York and New Jersey held Wednesday, February 19, 2014 at 225 Park Avenue South, City, County and State of New York

PRESENT:

NEW JERSEY

Hon. David Samson, Chairman
 Hon. Richard H. Bagger
 Hon. Raymond M. Pocino
 Hon. Anthony J. Sartor
 Hon. William P. Schuber
 Hon. David S. Steiner

Patrick J. Foye, Executive Director
 Deborah L. Gramiccioni, Deputy Executive Director
 Darrell B. Buchbinder, General Counsel
 Karen E. Eastman, Secretary

Heavyn-Leigh American, Associate Board Management and Support Specialist, Office of the Secretary

Thomas L. Bosco, Interim Director, Aviation
 Rosemary Chiricolo, Deputy Director, Management and Budget
 Steven J. Coleman, Deputy Director, Media Relations
 Nicole Crifo, Chief of Staff to the Deputy Executive Director
 Philippe Danielides, Senior Advisor to the Chairman
 Stephanie E. Dawson, Acting Chief Operating Officer
 John C. Denise, Audio Visual Supervisor, Marketing
 Joseph P. Dunne, Chief Security Officer
 Michael A. Fedorko, Director, Public Safety/Superintendent of Police
 Michael B. Francois, Chief, Real Estate and Development
 Cedrick T. Fulton, Director, Tunnels, Bridges and Terminals
 Robert Galvin, Chief Technology Officer
 David P. Garten, Senior Advisor to the Vice Chairman
 Linda C. Handel, Deputy Secretary
 Anthony Hayes, Manager, Media Planning, Media Relations
 Howard G. Kadin, Esq., Law
 Stephen Kingsberry, Director, Rail Transit
 Christopher M. Lee, Senior External Relations Client Manager, Government and Community Affairs
 John J. Liantonio, Senior External Relations Client Manager, Government and Community Affairs
 John H. Ma, Chief of Staff to the Executive Director
 Stephen Marinko, Esq., Law
 Ronald Marsico, Assistant Director, Media Relations
 Michael G. Massiah, Director, Management and Budget
 Daniel G. McCarron, Comptroller
 Elizabeth M. McCarthy, Chief Financial Officer
 James E. McCoy, Manager, Board Management Support, Office of the Secretary
 David J. McGrath, Manager, Marketing
 Christopher Mohr, Executive Business Manager, Office of the Secretary

NEW YORK

Hon. Scott H. Rechler, Vice-Chairman
 Hon. Jeffrey H. Lynford
 Hon. Jeffrey A. Moerdler
 Hon. Rossana Rosado

Jared Pilosio, Staff External Relations Representative, Government and Community Affairs
Beth Siegel, Assistant Director Financial Analysis, Capital Programs
Timothy G. Stickelman, Assistant General Counsel
Ralph Tragale, Assistant Director, Public Affairs, Aviation
Christopher M. Valens, Senior Public Information Officer, Media Relations
I. Midori Valdivia, Principal Financial Analyst, Executive Director's Office
Lillian D. Valenti, Director, Procurement
Peter J. Zipf, Chief Engineer

Guests:

Kerstin Sundstrom, Assistant Counsel, Authorities Unit, Office of the Governor of New Jersey
David B. Tweedy, Former Chief, Capital Programs

Speakers:

Richard Anderson, President, New York Building Congress
Maria Campos, Member, Unite Here
Gertrudis Contreras, Member, Greater New York Labor-Religion Coalition
Reverend Phillip Craig, President, National Action Network, Queens Network
Cassandra Dock, Member of the Public
Margaret Donovan, Twin Towers Alliance
Shareeka Elliot, Member, 32 BJ Service Employees International Union
Yvonne Garrett-Moore, Member of the Public
Hattie Greenhowe, Member, Unite Here
Richard Hughes, Twin Towers Alliance
Donna Jackson, Member of the Public
Prince Jackson, Member, 32 BJ Service Employees International Union
Jessica Lappin, Alliance for Downtown New York
Jay Mehta, Member, Unite Here
Peter Napoleon, Member of the Public
Daniel Scott, Member, 32 BJ Service Employees International Union
Stephen Sigmund, Executive Director, Global Gateway Alliance

The public meeting was called to order by Chairman Samson at 1:50 p.m. and ended at 3:20 p.m. The Board met in executive session prior to the public session.

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of December 4, 2013. She reported that copies of these Minutes were delivered to the Governors of New York (in electronic form) and New Jersey (in paper form) on December 5, 2013. The Secretary reported further that the time for action by the Governors of New York and New Jersey expired at midnight on December 19, 2013.

Whereupon, the Board unanimously approved the Minutes of the meeting of December 4, 2013, including the Minutes of the special meeting of the Committee on Operations.

The Secretary also reported that the action set forth on pages 11 through 12 of the Board Minutes for the meeting of February 9, 2012 entitled “*Lincoln Tunnel – Lincoln Tunnel Park-and-Ride Lot – New Jersey Transit Bus Operations, Inc. – Lease Supplement*” has been corrected to reflect a recusal by Commissioner Samson (through clerical inadvertence such recusal was not noted). As such, the item moves to the Minutes of the Special Meeting of the Committee on Operations of that date.

Report of Committee on Finance

The Committee on Finance reported, for information, on matters discussed in executive session at its meeting on January 9, 2014, which included discussion of matters related to the purchase, sale, or lease of real property, or securities where disclosure would affect the value thereof or the public interest, and the report was received.

The Committee on Finance reported, for information, on matters discussed and actions taken in public and executive sessions at its meeting on February 19, 2014, which included: discussion of an item that provides for the retention of brokerage services for the property damage and loss of revenue insurance program, including coverage for losses resulting from acts of terrorism, for the World Trade Center site; discussion of financial portfolio performance results for the fourth quarter of 2013; and discussion of matters involving ongoing negotiations or reviews of contracts or proposals, and matters in which the release of information could impair a right to receive funds from the United States or other grantor, and the report was received.

Report of Committees on Operations and Finance

The Committees on Operations and Finance reported, for information, on matters discussed in executive session at their joint meeting on January 9, 2014, which included discussion of matters related to the purchase, sale, or lease of real property, or securities where disclosure would affect the value thereof or the public interest, matters involving ongoing negotiations or reviews of contracts or proposals, and matters related to personnel procedures, and the report was received.

Report of Committee on Capital Planning, Execution and Asset Management

The Committee on Capital Planning, Execution and Asset Management reported, for information, on matters discussed in public and executive sessions at its meeting on February 4, 2014, which included discussion of the Port Authority's proposed 2014-2023 Capital Plan, and discussion of matters related to the purchase, sale, or lease of real property, or securities where disclosure would affect the value thereof or the public interest, and matters involving ongoing negotiations or reviews of contracts or proposals, and the report was received.

The Committee on Capital Planning, Execution and Asset Management reported, for information, on matters discussed in public session at its meeting on February 19, 2014, which included discussion of a project for the rehabilitation of Runway 13-31 and associated taxiways at LaGuardia Airport, and the report was received.

Report of World Trade Center Redevelopment Subcommittee

The World Trade Center Redevelopment Subcommittee reported, for information, on matters discussed in public and executive sessions at its meeting on February 19, 2014, which included discussion of certain contracts and agreements in connection with the continued development of the World Trade Center site; and discussion of matters involving ongoing negotiations or reviews of contracts or proposals, and the report was received.

Report of Committees on Finance and Capital Planning, Execution and Asset Management

The Committees on Finance and Capital Planning, Execution and Asset Management reported, for information, on matters discussed in public session at their joint meeting on February 19, 2014, which included discussion of the Port Authority's 2014 Budget and 2014-2023 Capital Plan, and the report was received.

Report of Special Oversight Committee of the Board of Commissioners of The Port Authority of New York and New Jersey

The Special Oversight Committee of the Board of Commissioners of The Port Authority of New York and New Jersey reported, for information, on matters discussed in public session at its meeting on February 19, 2014, which included discussion of the formation of the Committee and review of the merits and appropriateness of a proposed Special Oversight Committee of the Board of Commissioners of The Port Authority of New York and New Jersey Charter pursuant to the Port Authority's By-Laws, and the report was received.

Report of Nominating Committee

During the course of the meeting, the Nominating Committee submitted its report, and the report was received and is included with these minutes.

Report of Special Meeting of Committee on Operations

In view of the fact that, as a result of prospective recusals, there would not be a sufficient number of Commissioners present for the Board to consider an item on the agenda at its meeting on February 19, 2014, consistent with the Port Authority's By-Laws, a special meeting of the Committee on Operations was held. At the meeting, the Committee acted for and on behalf of the Board on the item. A copy of the minutes of the special meeting of the Committee on Operations held on February 19, 2014 is included with these minutes.

ELECTION OF OFFICER

Chairman Samson announced that, in accordance with the provisions of the By-Laws, an election was in order to fill the vacancy in the office of Deputy Executive Director.

Commissioner Sartor, as Chair of the Nominating Committee, submitted the following report:

“On behalf of the Nominating Committee, I desire to report that at its meeting held earlier today, in accordance with the provisions of Article VII of the By-Laws, the Committee, by unanimous action, submits the nomination of Deborah L. Gramiccioni as Deputy Executive Director of The Port Authority of New York and New Jersey. Ms. Gramiccioni began her service on December 30, 2013.”

Pursuant to the foregoing report, with Commissioners Bagger, Lynford, Moerdler, Pocino, Rechler, Rosado, Samson, Sartor, Schuber and Steiner voting in favor, Deborah L. Gramiccioni was unanimously elected as Deputy Executive Director of the Port Authority. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

ESTABLISHMENT OF THE SPECIAL OVERSIGHT COMMITTEE OF THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY AND APPROVAL OF COMMITTEE CHARTER

The establishment of the Special Oversight Committee of the Board of Commissioners of The Port Authority of New York and New Jersey and its Charter (a copy of which is attached to these Minutes) is approved, with Commissioners Bagger, Lynford, Moerdler, Pocino, Rechler, Rosado, Samson, Sartor, Schuber and Steiner voting in favor. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

The Committee shall be composed of Commissioner Rechler (as Chairman of the Committee), Commissioner Bagger (as Vice-Chairman of the Committee), Commissioner Lynford, Commissioner Paterson and Commissioner Pocino.

**CHARTER OF THE SPECIAL OVERSIGHT COMMITTEE
OF THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY
OF NEW YORK AND NEW JERSEY**

This Charter was adopted by the Special Oversight Committee (the “Committee”) with the approval on February 19, 2014 of the Board of Commissioners (the “Board”) of The Port Authority of New York and New Jersey (the “Port Authority”) to provide certain guidelines that the Committee shall follow in connection with the satisfaction of its responsibilities.

I. Committee Functions

The Committee shall function as an oversight committee and be responsible for providing policy guidance to, and developing a proactive and prospective agenda for consideration by, the Board, to enhance the Board’s oversight of any governance or operations items identified by the Committee, in the context of (i) the findings of, and other matters with respect to, any ongoing investigations related to the Port Authority’s governance and operations, including the George Washington Bridge lane closures from September 9-13, 2013, and (ii) the Port Authority’s and the Board’s ongoing performance of its statutory responsibilities and mission.

II. Authority

The Committee shall be governed by the By-Laws of the Port Authority and this Charter, and shall have the authority (through the Board’s approval of this Charter) for and on behalf of the Port Authority to take any and all action to satisfy its responsibilities under the By-Laws and this Charter, including arranging for services to be received from external resources as deemed appropriate by the Committee. The Chairman of the Committee, in consultation with the Vice-Chairman of the Committee and in coordination with the Executive Director, shall assign executive management and support staff to serve as a continuing resource for the Committee.

The Committee shall consist of five members (including a Chairman and Vice-Chairman), designated with the approval of the Board, and have no *ex officio* or *pro tem* members. In accordance with the By-Laws of the Port Authority, a quorum for the conduct of business at any meeting of the Committee shall consist of three members, provided that at least one Commissioner from each State shall be present. Action shall be taken by a majority vote; provided, that no action of the Committee shall be binding unless at least one Commissioner from each State shall vote in favor thereof.

The Committee has the authority to form subcommittees and assign tasks to those subcommittees as deemed appropriate by the Committee, but not otherwise delegate to such subcommittees the authority to take independent actions in connection with the satisfaction of the Committee’s responsibilities under the By-Laws and this Charter. Each subcommittee shall provide periodic reports to the Committee with respect to the performance of the assigned tasks and shall make recommendations to the Committee with respect to any actions to be considered by the Committee or the Board resulting from the performance of such tasks.

III. Meetings

The Committee shall meet as determined by the Chairman of the Committee, or at the request of the Board, in connection with the satisfaction of the Committee's responsibilities. In addition, to ensure effective communication and coordination between the Committees of the Board, the Committees shall meet with each other as determined by the Chairmen of the Committees, or at the request of the Board.

Meetings of the Committee shall be conducted in accordance with the By-Laws. The Chairman of the Committee, in coordination with the Secretary, shall establish the agenda for each Committee meeting, and determine, in consultation with the General Counsel, when the agenda requires that a matter be considered in executive session of the Committee. The Secretary shall provide the Committee with all material information pertinent to matters appearing on the Committee agenda in sufficient time for the Committee to review such materials prior to the Committee meeting at which such matters are to be considered.

IV. Reports

The Committee shall provide reports and recommendations to the Board on the results of its oversight and other activities, including any recommendations which in its opinion may be desirable regarding policies and procedures to govern the Port Authority.

V. Powers and Responsibilities

The Committee shall:

- (1) Provide policy guidance to, and develop a proactive and prospective agenda for consideration by, the Board, to enhance the Board's oversight of any governance or operations items identified by the Committee, in the context of (i) the findings of, and other matters with respect to, any ongoing investigations related to the Port Authority's governance and operations, including the George Washington Bridge lane closures from September 9-13, 2013, and (ii) the Port Authority's and the Board's ongoing performance of its statutory responsibilities and mission.
- (2) Review current and proposed programs, policies, practices and compliance issues pertaining to the Port Authority's facilities and operations, addressing any operational or governance items identified by the Committee as appropriate, related to the Committee's responsibilities set forth in item (1) above, and make recommendations to the Board, or the other Committees, as appropriate, with respect to recommended reforms and any actions to be considered as a result of such review;
- (3) Have oversight of the development of Port Authority programs and reform initiatives, including governance, transparency and workforce management programs, and engagement with Port Authority stakeholders

related to the Committee's responsibilities set forth in items (1) and (2) above;

- (4) Coordinate the Committee's activities with the activities of the other Committees, and in the event of a conflict, such conflict shall be resolved by the Board;
- (5) Have oversight of all sub-committees of the Committee; and
- (6) Review and assess the adequacy of this Charter from time to time and recommend any revisions to the Board for its approval.

LAGUARDIA AIRPORT – REHABILITATION OF RUNWAY 13-31 AND ASSOCIATED TAXIWAYS – PROJECT AUTHORIZATION

It was recommended that the Board authorize: (1) a project for the rehabilitation of Runway 13-31 and associated taxiways at LaGuardia Airport (LGA), to maintain a state of good repair and comply with current Federal Aviation Administration (FAA) requirements, at an estimated total project cost of \$39.2 million; and (2) the Executive Director to award Contract LGA-124.166 to perform the construction work in connection with the project, at an estimated total cost of \$28.2 million.

Runway 13-31 last was rehabilitated in 2005. The runway and associated taxiway pavements show normal age-related wear, based on heavy usage and weathering, and require rehabilitation in order to maintain a state of good repair.

The proposed project would provide for the milling and asphalt concrete overlay of Runway 13-31 and its associated taxiways, full-depth asphalt concrete pavement for portions of the taxiways, modifications to the aircraft turning radius on two of the taxiways, and milling and asphalt concrete overlay of the patrol service road adjacent to Runway 13-31. Work also would include pavement markings, and replacement and upgrade of runway and taxiway lighting systems and guidance signs, in accordance with FAA requirements.

Including the taxiways and patrol service road work under the proposed project would provide for cost and operational efficiencies, by allowing for simultaneous work during runway closures, thereby minimizing future runway closures.

Planning work for this project was authorized by the Board at its May 25, 2011 meeting, as part of an Aeronautical Operations Area Pavement Rehabilitation Program at all Port Authority airports.

Bids for the project work under Contract LGA-124.166 would be solicited from a list of pre-qualified aeronautical paving contractors developed from a publicly advertised Request for Qualifications, with award to the lowest qualified bidder.

An application would be submitted to the FAA for the use of Airport Improvement Program (AIP) funds for eligible costs. Any costs not reimbursed by AIP funds would be recovered through the LGA Flight Fee Agreement.

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

RESOLVED, that a project for the rehabilitation of Runway 13-31 and associated taxiways at LaGuardia Airport, to maintain a state of good repair and comply with current Federal Aviation Administration requirements, at an estimated total project cost of \$39.2 million, be and it hereby is authorized; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to award Contract LGA-124.166 to perform the construction work in connection with the foregoing project, at an estimated total cost of \$28.2 million; and it is further

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

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

LAGUARDIA AIRPORT – IN-LINE BAGGAGE SCREENING SYSTEM – DELTA AIR LINES, INC. – MAIN TERMINAL LEASES AGA-126 AND AG-751 – LEASE SUPPLEMENTS

It was recommended that the Board authorize the Executive Director to enter into supplemental agreements to the Port Authority's leases with Delta Air Lines, Inc. (Delta) at LaGuardia Airport (LGA), in connection with the installation of an in-line baggage screening system at Terminal C at LGA, as part of a grant program with the United States Department of Homeland Security, acting through the Transportation Security Administration (TSA).

At its meeting of July 24, 2008, the Board authorized the Executive Director to enter into agreements with the TSA to accept \$400 million in federal aid for the replacement or renovation of electronic baggage screening and handling systems at selected passenger terminals at LGA, John F. Kennedy International and Newark Liberty International Airports. In accordance with those agreements, the TSA will reimburse 90 percent of allowable project costs, and the airport operator or its tenants are required to fund ten percent of allowable costs. At that time, the Board was advised that future agreements between the Port Authority and its terminal operators would be subject to further Board authorization.

Pursuant to the currently proposed lease supplements, Delta would invest approximately \$40 million to accommodate the in-line system and modify the existing handling system in Terminal C. The TSA would reimburse the Port Authority for 90 percent of all allowable costs, as defined under TSA guidelines for in-line baggage handling system installations. The Port Authority would serve as a conduit between the TSA and Delta in connection with the reimbursement of project costs. Delta would be responsible for ten percent of the allowable project costs, plus 100 percent of any additional expense required to implement the project. The Port Authority would be reimbursed by the TSA for certain staff costs associated with the administration of TSA grant monies, up to two percent of the overall \$400 million in allowable costs under its agreement with the TSA. Delta would be responsible for paying all costs up front and submitting the appropriate invoices to the Port Authority for reimbursement. The Port Authority would reimburse Delta only after funds are received from the TSA.

Grant funds would be used to replace or renovate existing baggage handling systems to support the TSA's Explosive Detection System (EDS) and Explosive Trace Detection (ETD) equipment. Once the existing baggage handling system is retrofitted and space for new equipment is available, with the appropriate baggage conveyors and screening rooms, the TSA would acquire, install and maintain the EDS and ETD equipment. Although the TSA currently employs EDS and ETD technology at the terminal, the in-line system would accommodate newer equipment that would improve the overall speed and efficiency of baggage screening for air travelers.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bagger, Lynford, Moerdler, Pocino, Rechler, Rosado, Sartor, Schuber and Steiner voting in favor; Commissioner Samson recused and did not participate in the consideration of, or vote on, this item. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into supplemental agreements to the leases with Delta Air Lines, Inc. at LaGuardia Airport (LGA), in connection with the

installation of an in-line baggage screening system at Terminal C at LGA, as part of a grant program with the United States Department of Homeland Security, acting through the Transportation Security Administration, substantially in accordance with the terms outlined to the Board; and it is further

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

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

WORLD TRADE CENTER STREETS, UTILITIES AND RELATED INFRASTRUCTURE PROGRAM – PHASE III – LIBERTY PARK – AWARD OF CONTRACT FOR LANDSCAPING AND ARCHITECTURAL FINISHES PACKAGE

It was recommended that the Board authorize the Executive Director to: (1) enter into Contract WTC-324.828.F-02, through construction manager Tishman Construction Corporation (Tishman), with T.B. Penick & Sons, Inc. to perform landscaping and architectural finishes work for Liberty Park, as part of Phase III of the World Trade Center Streets, Utilities and Related Infrastructure Program (WTC Streets Program), at an estimated total cost of \$14,890,124, inclusive of an extra work allowance and net cost work; and (2) increase, by an estimated total amount of \$500,000, the compensation under the existing agreement with Downtown Streetscape Partnership (DSP), a joint venture of AECOM and Jacobs, Inc., for construction-related architectural and engineering services (Stage IV) in connection with the WTC Streets Program.

The WTC Streets Program supports the development and restoration of streets and sidewalks within and around the perimeter of the WTC site, and would create public open spaces, including the Wedge of Light and Liberty Park. Fulton and Greenwich Streets would be constructed as new streets through the WTC site.

The WTC Streets Program includes utilities, street furnishings, landscaping, lighting, signage, implementation of traffic measures, and furnishing and installation of bollards as perimeter security protective measures for vehicle interdiction. In order to efficiently implement this work, it was necessary to separate the WTC Streets Program into distinct phases

On December 4, 2013, the Board authorized a project, in an amount of \$107 million, for Phase III of the WTC Streets Program, which includes the development of a new approximately 63,000-square-foot elevated Liberty Park, to be located on the southern portion of the WTC site, above the roof of the WTC Vehicular Security Center and Tour Bus Parking Facility. Liberty Park will serve as a public gathering place for workers and the growing number of residents in the area surrounding the WTC site, and will provide a scenic overlook for the Memorial Plaza and a landscaped forecourt for the new church building being constructed by the Hellenic Eastern Orthodox Church of St. Nicholas of the Downtown Part of the City of New York (Greek Church). Amenities will include integrated accessible pathways for public use, benches, landscaped areas, seasonal plantings, lighting, other furnishings and hardscape elements.

The scope of work under the proposed construction trade contract includes the furnishing and installation of all precast concrete pavers and furnishings, stone, precast ultra-high-performance concrete and wood pavers, steps, seating finishes, and seasonal and permanent plantings. The proposed work also includes the installation of a pump irrigation system, as well as the development of a “living green wall” – a vertical landscape, approximately 300 feet long and made of a variety of plants – along the Liberty Street facade, and the furnishing and installation of other plant materials in landscaped areas. The scope also includes one year of maintenance for the living green wall and permanent plantings.

The proposed authorization also provides for an increase in compensation under the existing agreement with DSP, in an estimated total amount of \$500,000, to provide for additional architectural and engineering support services (Stage IV) for the WTC Streets Program. This would result in a total revised authorization amount of \$25.83 million to DSP, of which approximately \$21.8 million has been expended to date.

The proposed authorization also would support the construction schedule for the Greek Church.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bagger, Lynford, Pocino, Rechler, Rosado, Schuber and Steiner voting in favor; Commissioners Moerdler, Samson and Sartor recused and did not participate in the consideration of, or vote on, this item. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into Contract WTC-324.828.F-02, through construction manager Tishman Construction Corporation, with T.B. Penick & Sons, Inc. to perform landscaping and architectural finishes work for Liberty Park, as part of Phase III of the World Trade Center Streets, Utilities and Related Infrastructure Program (WTC Streets Program), at an estimated total cost of \$14,890,124, inclusive of an allowance for extra work and net cost work; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to increase, by an estimated amount of \$500,000, the compensation under the existing agreement with Downtown Streetscape Partnership, a joint venture of AECOM and Jacobs, Inc., for construction-related architectural and engineering services in connection with the WTC Streets Program; 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.

2014 BUDGET

Consistent with longstanding Port Authority policy and in keeping with governance best practices, the proposed 2014 Budget is being presented to the Board for its consideration. The proposed 2014 Budget provides for capital and operating expenditures during calendar year 2014 necessary to achieve the Port Authority's goals and objectives.

The proposed 2014 Budget holds core operating expenses relatively flat for the eighth consecutive year, at 1.1 percent higher than in the prior year's Budget. This increase, which is below the rate of inflation, is due primarily to higher insurance premiums in a post-Sandy market and enhanced security guard services at the airports. Continued fiscal discipline and cost-containment efforts produced reductions in energy usage and utilities costs, and ongoing savings from employee benefits reforms helped to offset other contractual and inflationary increases.

The proposed 2014 Budget also includes certain new expenses associated with: transitioning the World Trade Center site to an operational facility, with new costs for building operations, maintenance, systems and site-wide management and security services; the formation of a dedicated Aircraft Rescue and Fire Fighting unit at the airports; and an enhanced security command structure to centralize policing and security management under the Chief Security Officer.

In addition to providing for operating expenses in an amount of \$2.8 billion, the proposed 2014 Budget also includes \$920 million for debt service charged to operations, \$113 million for other expenditures and \$4.4 billion in capital expenditures.

The proposed 2014 capital spending amount was developed as part of a new ten-year comprehensive planning process and risk-based prioritization that considered asset condition, operational and revenue impact, threat assessment, customer service, regional benefit, and regulatory or statutory requirements, and includes the following components:

- a capital investment of \$812 million in the agency's tunnels, bridges and terminal facilities, for state-of-good-repair work, roadway access, major rehabilitation to vital crossings, and the construction of new bridge structures;
- a \$180 million investment in the PATH rail system's modernization and Sandy recovery programs, including signal replacement, station rehabilitation, and power station upgrade projects;
- a capital budget of \$559 million for the aviation facilities, to advance infrastructure improvements, including new terminal development and runway/taxiway projects that support reduction in flight delays and increase airfield efficiency and capacity;
- \$213 million to support port facilities, in order to increase efficiency through roadway improvements, enhance intermodal systems, and undertake initiatives to promote sustainability;
- a \$2.4 billion capital budget for the World Trade Center site that will enable the opening of One World Trade Center and the Vehicular Security Center, along with activation of site-wide

infrastructure; and

- an allocation of \$48 million for regional programs, in order to improve transportation infrastructure throughout the Port District.

The proposed 2014 Budget continues to assume uninterrupted payments from tenants at all facilities, as specified in their lease agreements. The proposed 2014 Budget also provides for direct assistance to the two States for transportation and economic development projects, consistent with statutory, contractual and other commitments of the Port Authority, including agreements with the holders of its obligations.

A provision also is included to reimburse the States of New York and New Jersey for up to \$295,000 of expenses incurred by each of the two States, including staff costs, in reviewing the 2014 Budget.

The Executive Director would implement the 2014 Budget in conjunction with his authority under the By-Laws and other applicable authorizations, and take action with respect to professional, technical, or advisory services, contracts for maintenance and services, construction, commodities (materials, equipment and supplies) and utilities purchases, leasing of equipment, the purchase of insurance, and other actions, including staffing, personnel benefit, classification, range and procedural adjustments.

The Executive Director would effectuate capital plan spending in conjunction with his authority under the By-Laws, and other applicable authorizations, consistent with the proposed 2014 Budget and capital program projections, primarily through the use of Port Authority debt obligations and the Consolidated Bond Reserve Fund. As such, it would be desirable to establish the maximum limit on Consolidated Bond Reserve Fund applications to be used for such purposes, in an amount not to exceed \$2.2 billion (after reimbursement for temporary applications).

The Port Authority's facilities enhance the region's competitiveness and prosperity by providing transportation services that efficiently move people and goods within the region and facilitate access to the nation and the world. The Port Authority strives to better coordinate terminal, transportation and other facilities of commerce in the New York-New Jersey metropolitan region surrounding the Port of New York and New Jersey, and does so by identifying and meeting the critical transportation infrastructure needs that support bi-state commerce, as well as trade in both goods and services between the region and the rest of the nation and world.

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

The Executive Director's authority, pending final adoption and approval of the annual Budget each year, to make expenditures and undertake contractual commitments, also would be confirmed.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bagger, Lynford, Moerdler, Pocino, Rechler, Rosado, Sartor, Schuber and Steiner voting in favor; Commissioner Samson recused and did not participate in the consideration of, or vote on, this item. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that the 2014 Budget of The Port Authority of New York and New Jersey, as set forth below, be and the same hereby is approved and adopted, including authority for the Executive Director, pending final adoption of the annual Budget each year, to make expenditures and undertake contractual commitments:

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
Including Its Related Entities
2014 BUDGET
(In Thousands)

<u>Item</u>	<u>Personal Services</u>	<u>Materials & Services</u>	<u>Total Expenditures</u>
Audit	\$10,877	\$1,886	\$12,763
Aviation	166,802	596,656	763,458
Aircraft Rescue and Fire Fighting	68,853	6,070	74,923
Chief Compliance Officer	268	130	398
Chief, Capital Planning	1,354	208	1,562
Chief Financial Officer	670	2,876	3,546
Chief Operating Officer	2,724	5,717	8,441
Chief of Public & Government Affairs	349	42	391
Chief, Real Estate & Development	2,162	569	2,731
Chief Security Officer	3,399	7,611	11,010
Rescue Training Center	11,275	2,417	13,692
Capital Security Projects	4,397	3,966	8,363
WTC Security	934	5,943	6,877
Comptroller's	11,807	572	12,379
Engineering	90,643	196,645	287,288
Capital Construction Contracts	-	784,765	784,765
Executive Offices	2,430	342	2,772
Ferry Program	-	2,272	2,272
Government & Community Affairs	2,858	1,910	4,768
Human Resources	14,783	6,693	21,476
Medical Services	2,910	1,929	4,839
Inspector General	12,989	9,166	22,155
Labor Relations	1,205	465	1,670
Law	18,735	26,866	45,601
Management and Budget	7,244	1,093	8,337
Marketing	3,864	7,714	11,578
Media Relations	2,259	217	2,476
Office of Business Diversity and Civil Rights	2,935	2,438	5,373
Office of Emergency Management	3,617	7,519	11,136

Office of Environmental & Energy Programs	2,694	2,155	4,849	
Office of Financial Analysis	1,243	244	1,487	
Office of the Secretary	2,376	2,088	4,464	
Transparency	518	400	918	
Operations Services	67,382	42,388	109,770	(1)
Planning	3,411	1,386	4,797	
Port Commerce	27,893	136,117	164,010	
Procurement	13,142	2,142	15,284	
Project Management Office	2,151	4,671	6,822	
Public Safety	393,360	37,532	430,892	(1)
Rail Transit	204,333	80,630	284,963	
Real Estate & Development	8,097	117,701	125,798	
Technology Services	19,509	49,487	68,996	(1)
Corporate Enterprise Systems	-	23,681	23,681	(1)
Treasury	6,080	24,187	30,267	
Tunnels, Bridges & Terminals	129,615	507,009	636,624	
WTC Construction	24,736	1,646,165	1,670,901	
WTC Redevelopment	5,724	391,304	397,028	
Other:				
Amounts in Connection with Operating Asset Obligations	-	23,837	23,837	
Bi-state Dredging Program	-	4,300	4,300	
Debt Service - Operations	-	920,545	920,545	
Debt Service - Capital	-	325,655	325,655	
Insurance	-	217,981	217,981	
Municipal Rents and Amounts in Lieu of Taxes	-	268,211	268,211	
Port Authority Insurance Captive Entity, LLC	-	4,991	4,991	
Capital Contingency	-	150,000	150,000	
Agency Provisions	-	22,000	22,000	
Regional Programs – Operating	738	7,482	8,220	
Regional Programs – Capital	-	47,592	47,592	
Management of Vacancies	(2,809)	-	(2,809)	
Special Project Bonds Debt Service	-	98,141	98,141	
Total Port Authority Budget	\$1,362,536	\$6,844,719	\$8,207,255	

(1) Net after charges to other departments.

; and it is further

RESOLVED, that, based upon a requisition of the Governor of the State of New York or the Governor of the State of New Jersey, or the duly authorized designee of each, the Port Authority shall pay to the State of New York or the State of New Jersey, or both, upon receipt of an appropriate expenditure plan from said State, an amount not in excess of \$295,000 to each said State to reimburse said State or States for expenses

incurred by said State or States, including staff costs, in reviewing the annual Budget of the Port Authority and any amendments thereto; and it is further

RESOLVED, that the provision by the Executive Director of portions of the Port Authority's capital program from time to time, consistent with the 2014 Budget and capital program projections (including the continuing application of the Capital Fund on a temporary basis, subject to reimbursement), by application of moneys in the Consolidated Bond Reserve Fund to the Capital Fund for capital expenditures for the year 2014 in connection with the Port Authority's facilities, shall not, subject to statutory, contractual, and other commitments and financial policies of the Port Authority, exceed \$2.2 billion (after reimbursement for temporary applications).

2014-2023 CAPITAL PLAN

It was recommended that the Board adopt the 2014-2023 Capital Plan for The Port Authority of New York and New Jersey.

The Port Authority provides transportation, terminal and other facilities of commerce within the Port District, which facilities are dependent on a capital plan that enhances safety and security, implements new technologies, maintains and enhances infrastructure, pursues improvements in regional mobility, and advances regional economic competitiveness, all on a cost-effective basis.

The 2014-2023 Capital Plan, at a total amount of \$27.6 billion, which includes a planned spending program of \$15.8 billion in the first five years, has been developed using a comprehensive planning process and risk-based prioritization that considered asset condition, operational and revenue impact, threat assessment, customer service, regional benefit, and regulatory or statutory requirements.

The Capital Plan is dependent upon the availability of sufficient funding and other resources to pursue the capital projects proposed for the 2014-2023 period. A project gate review process is being implemented to review projects at defined points in the project life cycle, to ensure compliance with applicable project quality standards, approved plans, the Port Authority's strategic objectives, and continued availability of capital capacity. Performance progress and revisions to reflect changes in programs, policies and projects and the environment in which the Port Authority operates will be reviewed quarterly with the Committee on Capital Planning, Execution and Asset Management. As revised, the Capital Plan will be reviewed with the Board of Commissioners annually.

The 2014-2023 Capital Plan includes the following components:

- completion of the redevelopment of the World Trade Center (WTC) site and the reinvigoration of Lower Manhattan with the National September 11 Memorial and Museum, the WTC Transportation Hub, One World Trade Center, the Vehicular Security Center, retail development, new public open spaces, new streets and a new common WTC site infrastructure;
- projects related to permanent repairs and certain mitigation and resiliency measures resulting from Superstorm Sandy, and projects to harden and strengthen facility infrastructure to protect against future storms. It is anticipated that a portion of these costs will be recovered through insurance and federal public assistance programs;
- initiatives to enhance security with state-of-the-art equipment;
- major upgrades and modernization of tunnels, bridges and terminals, such as: raising the deck of the Bayonne Bridge; replacing the Goethals Bridge; effectuating access improvements to the Lincoln Tunnel; and rehabilitating and improving the George Washington Bridge;
- modernizing the region's airports, including development of new terminals at LaGuardia Airport (Central Terminal Building) and Newark Liberty International Airport (Terminal A), airfield and infrastructure improvements at John F. Kennedy International Airport; and improvements to Stewart International Airport's runways and terminal;

- redeveloping critical port facilities, including the construction of new berths, wharves, terminals, roadways, and intermodal rail facilities, as well as performing dredging work to accommodate larger vessels;
- continuing to improve the PATH rail system, to expand capacity and improve service, modernize and upgrade stations, replace critical fire alarm and communications systems, and extend rail service to Newark Liberty International Airport; and
- making ongoing state-of-good-repair investments, to maintain all Port Authority assets in good operating condition.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bagger, Lynford, Moerdler, Pocino, Rechler, Rosado, Sartor, Schuber and Steiner voting in favor; Commissioner Samson recused and did not participate in the consideration of, or vote on, this item. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that the 2014-2023 Capital Plan of the Port Authority, at a total amount of \$27.6 billion, which includes a planned spending program totaling \$15.8 billion in the first five years, be and it hereby is approved and adopted, subject to a gate project review process, and annual reviews with the Commissioners, based on net revenue levels available during the forecast period.

TRIBUTE TO DAVID TWEEDY

The Board of Commissioners, upon the departure of David Tweedy, unanimously adopted the following resolution, with Commissioners Bagger, Lynford, Moerdler, Pocino, Rechler, Rosado, Samson, Sartor, Schuber and Steiner voting in favor. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

WHEREAS, from the time he joined the Port Authority in 2008 as Chief of Capital Planning, David Tweedy has served with great distinction as a member of the agency's executive team; and

WHEREAS, David Tweedy has been responsible for management and oversight of the agency's Capital Plan, ensuring that the agency's facilities are maintained in a state of good repair and that construction advanced as expeditiously as possible, in order to ensure the continued safety of the traveling public who utilize the agency's facilities, while boosting economic activity in the region; and

WHEREAS, David Tweedy has been a strong leader, providing strategic direction to staff in leading the development of the agency's 10-Year Capital Plan, implementing a rigorous, risk-based process to prioritize and define projects to be included in the Capital Plan that are of utmost important to the agency and the region it serves; and focusing the agency on its core mission of maintaining and building regional transportation infrastructure, which will include certain major projects, such as the redevelopment of the Central Terminal Building at LaGuardia Airport, raising the Bayonne Bridge, the replacement of the Goethals Bridge and the reconstruction of the Lincoln Tunnel Helix, as well as the completion of the redevelopment of the World Trade Center site; and

WHEREAS, David Tweedy has provided management oversight of the redevelopment of Lower Manhattan and the World Trade Center site, including the implementation of innovative methodologies to advance the coordination and implementation of construction activities in furtherance of the 2008 World Trade Center Report, one of the most paramount projects in the agency's history; and

WHEREAS, David Tweedy has been an ardent advocate of agency programs and projects that supported environmental sustainability, including programs that included public-private partnerships to implement energy conservation improvements at agency facilities; and

WHEREAS, throughout his tenure at the Port Authority, David Tweedy was a tireless supporter of team building as an effective method to address challenges and identify solutions associated with the development and implementation of complex projects in an efficient manner, which were exemplified by his approach to management of, and interaction with, staff throughout the agency; and

WHEREAS, David Tweedy has given the full measure of his time and talent to provide sound guidance, encouragement and advice to staff and to support the development of staff throughout the agency; and

NOW, therefore, be it

RESOLVED, that the Commissioners of The Port Authority of New York and New Jersey hereby express to David Tweedy their sincere appreciation for his service to the agency and the region it serves; and it is further

RESOLVED, that the Board of Commissioners hereby directs that this resolution be suitably engraved and presented to David Tweedy as a token of the high esteem in which he is held by the Board and staff alike.

Whereupon, the meeting was adjourned.

Secretary