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

**MINUTES**
**Thursday, April 30, 2009**


| | |
|---|---|
| Documents Filed with the Board | 108 |
| Report of Committee on Finance | 108 |
| Report of Committee on Capital Programs/Agency Planning | 108 |
| Report of Committee on Operations | 108 |
| Report of World Trade Center Redevelopment Subcommittee | 108 |
| Elizabeth-Port Authority Marine Terminal – McLester Street Widening – Planning Authorization | 109 |
| Port Newark – FAPS, Inc. – Lease L-PN-266 – Supplement | 111 |
| Port Authority Auto Marine Terminal and Greenville Yard-Port Authority Marine Terminal – Global Terminal and Container Services, LLC – Acquisition of Property and New Lease –The Port Jersey-Port Authority Marine Terminal (This matter, which was adopted in executive session by the Board of Commissioners, is no longer confidential.) | 112 |

**MINUTES of the Meeting of The Port Authority of New York and New Jersey held Thursday, April 30, 2009 at 225 Park Avenue South, City, County and State of New York**

**PRESENT:**

| **NEW JERSEY** | **NEW YORK** |
|---|---|
| Hon. Anthony R. Coscia, Chairman | Hon. Henry R. Silverman, Vice-Chairman |
| Hon. Virginia S. Bauer | Hon. Michael J. Chasanoff |
| Hon. Raymond M. Pocino | Hon. Stanley E. Grayson |
| Hon. Anthony J. Sartor | Hon. Fred P. Hochberg |
| Hon. David S. Steiner | Hon. H. Sidney Holmes III |
| | Hon. David S. Mack |

Christopher O. Ward, Executive Director
Darrell B. Buchbinder, General Counsel
Karen E. Eastman, Secretary

Diana E. Beecher, Chief Technology Officer
Meghan Bitenc, Assistant to the Deputy Executive Director
Steven A. Borrelli, General Manager, Port Property and Finance, Port Commerce
John D. Brill, Director, Audit
Ernesto L. Butcher, Chief Operating Officer
Rosemary Chiricolo, Assistant Director, Management and Budget
Arthur J. Cifelli, Director, PABT Air Rights Development
William R. DeCota, Director, Aviation
Michael P. DePallo, Director, Rail Transit
John J. Drobny, Director, Security Projects
Michael G. Fabiano, Deputy Chief Financial Officer/Comptroller
Michael B. Francois, Chief, Real Estate and Development
Jennifer Friedberg, Staff Public Information Officer, Media Relations, Public Affairs
Richard Friedman, Senior Advisor to the Executive Director
Lash L. Green, Director, Office of Business and Job Opportunity
Glenn P. Guzi, Senior External Affairs Representative, Government and Community Affairs
Linda C. Handel, Assistant Secretary
Mark D. Hoffer, Special Advisor to the Executive Director
Howard G. Kadin, Esq., Law
Victoria C. Kelly, Director, Tunnels, Bridges and Terminals
Kevin J. Kirchman, Director, Marketing, Public Affairs
Louis J. LaCapra, Chief Administrative Officer
Cristina M. Lado, Director, Government and Community Affairs
Conor Lanz, Special Assistant to the Executive Director
Richard M. Larrabee, Director, Port Commerce
Dennis Lombardi, Deputy Director, Port Commerce
Francis J. Lombardi, Chief Engineer
Stephen Marinko, Esq., Law
Ron Marsico, Assistant Director, Media Relations, Public Affairs
Michael G. Massiah, Director, Management and Budget
Candace McAdams, Director, Media Relations, Public Affairs

James E. McCoy, Manager, Board Management Support, Office of the Secretary
Sanjay S. Mody, Advisor to the Chairman
Anne Marie C. Mulligan, Treasurer
Diane Paonessa, Associate Board Management Support Specialist, Office of the Secretary
Steven P. Plate, Director, World Trade Center Construction
Alan L. Reiss, Deputy Director, World Trade Center Construction
George Sarrinikolaou, Environmental Policy Manager, Office of Environmental Policy, Programs and Compliance
Jessica Schultz, Senior Government Community Affairs Manager, Government and Community Affairs
Stephen H. Sigmund, Chief, Public and Government Affairs
Timothy G. Stickelman, Assistant General Counsel
Gerald B. Stoughton, Director, Office of Financial Analysis
David B. Tweedy, Chief, Capital Programs
Lillian D. Valenti, Director, Procurement
Sheree R. Van Duyne, Manager, Policies and Protocol, Office of the Secretary
Andrew S. Warshaw, Chief of Staff to the Executive Director
Christopher R. Zeppie, Director, Office of Environmental Policy, Programs and Compliance
Peter J. Zipf, Deputy Chief Engineer/Director of Engineering

Guest:
Sonia Frontera, Authorities Unit, Office of the Governor of New Jersey

Speakers:
Richard Rumelt, Unite Here

The public meeting was called to order by Chairman Coscia at 1:35 p.m. and ended at 2:00 p.m. The Board met in executive session prior to the public session.

**Documents Filed with the Board**

Consistent with Article IX of the By-Laws, modifications to the Port Authority's Rules and Regulations of the Marine Terminal Tariff - Federal Maritime Commission Schedule No. PA-10 were provided to the Board of Commissioners and posted on the Port Authority's website for a 30-day public comment period, which expired on April 25, 2009. The modified Rules and Regulations will become effective May 1, 2009.

**Report of Committee on Finance**

The Committee on Finance reported, for information, on matters discussed and action taken in public session at its meeting on April 30, 2009, which included discussion of an item that authorizes the negotiated sale of taxable Consolidated Bonds and Notes for capital expenditures in connection with construction of One World Trade Center, the retail development and certain site-wide infrastructure at the World Trade Center site and review of the first quarter 2009 Investment Portfolio results, as well as matters discussed in executive session, which included matters related to the purchase, sale, or lease of real property, or securities where public disclosure would affect the value thereof or the public interest, and the report was received.

**Report of Committee on Capital Programs/Agency Planning**

The Committee on Capital Programs/Agency Planning reported, for information, on matters discussed in public session at its meeting on April 30, 2009, which included discussion of an item that authorizes planning and preliminary design work for the widening of McLester Street at the Elizabeth-Port Authority Marine Terminal, and the report was received.

**Report of Committee on Operations**

The Committee on Operations reported, for information, on matters discussed and action taken in public session at its meeting on April 30, 2009, which included discussion of an item that authorizes a Memorandum of Agreement with the City of Jersey City, New Jersey for acquisition of certain property located in Jersey City under the Port Authority's Hudson-Raritan Estuary Resources Program and review of the Port Authority's public health coordination efforts in response to the recent incidence of flu cases in the region, as well as matters discussed in executive session, which included matters related to the purchase, sale, or lease of real property, or securities where public disclosure would affect the value thereof or the public interest, 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 executive session at its meeting on April 30, 2009, which included discussion of matters involving ongoing negotiations or reviews of contracts or proposals, and the report was received.

**ELIZABETH-PORT AUTHORITY MARINE TERMINAL – MCLESTER STREET WIDENING – PLANNING AUTHORIZATION**

It was recommended that the Board authorize planning and preliminary design work for the widening of McLester Street at the Elizabeth-Port Authority Marine Terminal (EPAMT), to increase roadway capacity, improve traffic flow and enhance safety, at an estimated total cost of $2 million.

A series of improvements to McLester Street and North Avenue East at the EPAMT have been authorized by the Board to enhance the flow of traffic and accommodate the expected growth in port activity, based on comprehensive studies of the port roadway system. In January 2009, the Committee on Operations, acting for and on behalf of the Board pursuant to delegated authority, authorized the third and final phase of the North Avenue East Improvement Project, which provides for the design and construction of the North Avenue East/McLester Street curve realignment at the EPAMT, to allow for permanent changes to the curved roadway to improve safety, meet the needs of property owners along the roadway, and accommodate future traffic growth at the EPAMT, at a total estimated project cost of $31.5 million. That work is the precursor to the proposed widening of McLester Street under the New Jersey Marine Terminal Comprehensive Roadway Improvement Program at Port Newark and the EPAMT.

Consistent with the goals of the North Avenue East/McLester Street curve realignment, the proposed widening of McLester Street would add a traffic lane in both the northbound and southbound directions, replace a temporary signal installed under the North Avenue East/McLester Street curve project with a permanent signal, improve timing on four traffic signals to coordinate the new traffic patterns on the roadway, and add jug-handle turns to control u-turn and left-turn movements. This proposed widening project would complete all currently planned roadwork by the Port Authority on McLester Street.

Planning work under the proposed authorization would include: field inspections; design development, including detailed roadway alignment; storm drainage, water supply and electrical distribution systems; coordination with tenants and utilities; construction staging; and cost estimates.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Coscia, Chasanoff, Grayson, Hochberg, Holmes, Mack, Pocino, Sartor, Silverman and Steiner voting in favor; none against:

> **RESOLVED**, that planning and preliminary design work, in an estimated total amount of $2 million, for the widening of McLester Street at the Elizabeth-Port Authority Marine Terminal, to increase roadway capacity, improve traffic flow and enhance safety, 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 take action with respect to contracts for professional and advisory services, and such other contracts and agreements as may be necessary to effectuate the foregoing planning work, 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 contracts and agreements in connection with the foregoing planning work shall be subject to the approval of General Counsel or his authorized representative.

**PORT NEWARK – FAPS, INC. – LEASE L-PN-266 – SUPPLEMENT**

It was recommended that the Board authorize the Executive Director to enter into a supplemental lease agreement with FAPS, Inc. (FAPS) to effect, with respect to its Lease L-PN-266 at Port Newark: (1) the surrender of approximately 1.8 acres, and (2) the letting of approximately 1.5 acres.

FAPS, formerly known as Foreign Auto Preparation Service, Inc., has been a vehicle-processing tenant at Port Newark since 1956. FAPS currently leases approximately 225 acres in Port Newark under Leases L-PN-265, L-PN-266, L-PN-284 and L-PN-291.

In accordance with United States Coast Guard regulations, the Port Authority maintains a Facility Security Plan (FSP) for the public berths at its marine terminal facilities. Concurrent with a five-year review of the FSP, staff determined that several public berths adjacent to FAPS's leasehold on the south side of the Port Newark Channel (Berths 16, 18, 20) require security enhancements. In order to address this issue, the Port Authority has asked FAPS to surrender approximately 1.8 acres of open area to allow for the installation of a fence to create a secure perimeter and segregate the public berths from the upland storage area. In recognition of its surrender of this needed space, a comparable open area would be leased to FAPS adjacent to its leasehold on the north side of the Port Newark Channel.

The base rental and the minimum throughput and incentive totals would be adjusted to reflect the minor decrease in the acreage of the premises under Lease L-PN-266 that would result from the actions taken pursuant to this authorization.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Coscia, Chasanoff, Grayson, Hochberg, Holmes, Mack, Pocino, Silverman and Steiner voting in favor; none against; Commissioner Sartor recused:

> **RESOLVED**, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into a supplemental lease agreement with FAPS, Inc. to effect, with respect to its Lease L-PN-266 at Port Newark: (1) the surrender of approximately 1.8 acres, and (2) the letting of approximately 1.5 acres, 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 any other contracts and agreements necessary or appropriate in connection with the foregoing; 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.

**PORT AUTHORITY AUTO MARINE TERMINAL AND GREENVILLE YARD - PORT AUTHORITY MARINE TERMINAL -- GLOBAL TERMINAL AND CONTAINER SERVICES, LLC – ACQUISITION OF PROPERTY AND NEW LEASE -- THE PORT JERSEY-PORT AUTHORITY MARINE TERMINAL**

It was recommended that the Board authorize the Executive Director to: (1) enter into all agreements necessary to effectuate the acquisition of approximately 100 acres of property owned by Global Terminal and Container Services, LLC (Global), a subsidiary of GCT Global Container Terminals, Inc. (Global Parent), located on the Port Jersey Channel in Bayonne/Jersey City, New Jersey (Global Terminal Facility); (2) enter into a new 37-year lease with Global for the Global Terminal Facility and approximately 70 acres of the Port Authority Auto Marine Terminal (AMT), located on the Port Jersey Channel in Jersey City/Bayonne (Development Parcels); (3) enter into an agreement for the letting, at the option of Global, of certain premises at the Greenville Yard-Port Authority Marine Terminal (Greenville Yards), located in Jersey City, adjacent to the AMT (Greenville Parcel), if and when the property is made available by the Port Authority; (4) provide a tenant capital improvement allowance to Global of up to $150 million to be paid by the Port Authority only as Global incurs costs for actual terminal improvements associated with the construction, development and expansion of the Global Terminal Facility and Development Parcels into a container terminal facility; (5) reimburse Global, in an amount of up to $7.5 million, for the permitting, mitigation and development of a 4.5-acre wetlands area within the Development Parcels; and (6) change the facility name of the AMT to the Port Jersey-Port Authority Marine Terminal.

Under this proposed action, Global would transfer to the Port Authority fee simple title of the approximately 100-acre Global Terminal Facility. The proposed leaseback to Global would commence on or about July 1, 2009, and have a term of 37 years. The Global Terminal Facility and approximately 40.6 acres (including 4.5 acres of wetlands) of the approximately 70 acres comprising the Development Parcels would be provided to Global upon commencement of the lease, and the remaining approximately 29.4 acres of the Development Parcels would be delivered, as required by Global, upon six months' written notice to the Port Authority. The Greenville Parcel would be delivered to Global, at the option of Global, if and when the property is made available by the Port Authority, at the same basic rent as for the Development Parcels. Global would not pay a basic rent on the Global Terminal Facility for the term of the lease. Global would pay a basic rental for the Development Parcels and the Greenville Parcel, which would be subject to annual escalations. The basic rental for the Development Parcels would be subject to rent reductions in the event a proposed intermodal rail facility at Greenville Yards, adjacent to the Greenville Parcel, and certain proposed roadway improvements in Bayonne, in the vicinity of the Global Terminal Facility and the AMT, were not completed prior to rental commencement.

The Port Authority would provide a tenant capital improvement allowance to Global of up to $150 million, which would be paid by the Port Authority only as Global incurs costs for actual terminal improvements associated with the construction of the Development Parcels into a container terminal facility. Global would be responsible for the expansion of the existing berth and surcharging, development and construction of the Development Parcels for use as a container terminal facility in three phases, at an estimated cost to Global of $312 million, as follows: the inland-most 26.1 acres, immediately adjacent to the Global Terminal Facility (Phase 1); the

next 20 acres immediately adjacent to the Phase I area, excluding the wetlands area (Phase II); and the remaining 18.6 acres of the Development Parcels, excluding the wetlands area (Phase III).

The basic rental for the Phase I area (26.1 acres) would commence upon the earlier of construction completion or July 1, 2013, and basic rental on the remaining property would commence one year after completion of each phase of construction. In addition to the basic rental, Global would pay a container throughput rental, based on total throughput through the integrated container terminal facility. The throughput rental on the Global Terminal Facility property would commence upon the earlier of completion of the Global berth expansion project or the third anniversary of the lease commencement date, and the throughput rental for the remaining property would commence with respect to any parcel for which Global is obligated to pay basic rental.

The lease would contain a market rental reset provision, to become effective in the 35th year of the lease. At that time, the Port Authority would have the option either to issue a Request for Proposals (RFP) to solicit bids for a new 20-year lease for the Global Terminal Facility, the Development Parcels, and the Greenville Parcel, or to negotiate a lease extension with Global. Should the Port Authority elect to negotiate with Global and both parties were unable to reach mutually agreed upon terms, the Port Authority would issue an RFP for the premises, and Global would have the right to match the terms of the best offer acceptable to the Port Authority. If Global does not submit an offer, or if Global's offer does not meet the terms of the best acceptable RFP offer, the Port Authority would not be obligated to re-let all or any portion of the premises to Global. If the RFP did not result in an offer acceptable to the Port Authority, Global would have the right to extend the term of the lease for 20 years, at the higher of the then-current rates or the average per-acre and throughput rental amounts paid by other container terminal tenants at the port, in either case subject to continuing escalations.

At its meeting of December 11, 1986, the Board certified the AMT as an additional Port Authority facility and authorized its construction to meet the growing demands of the auto industry. Upon consolidation of the properties under the lease with Global, the name of the AMT would be changed to the Port Jersey-Port Authority Marine Terminal, to reflect the primary change in use of the facility from an auto handling facility to a container terminal facility.

Under the terms of the confidential Exclusivity Agreement with Global Parent, this action shall not be made available for public inspection until such time as the property acquisition becomes a matter of public record.

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

> **RESOLVED**, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to: (1) enter into all agreements necessary to effectuate the acquisition of approximately 100 acres of property owned by Global Terminal and Container Services, LLC (Global), located on the Port Jersey Channel in Bayonne/Jersey City (Global Terminal Facility); (2) enter into a new 37-year lease with Global for the Global Terminal Facility and approximately 70 acres of the Port

Authority Auto Marine Terminal (AMT) (Development Parcels); (3) enter into an agreement for the letting, at the option of Global, of certain premises at the Greenville Yard-Port Authority Marine Terminal, if and when such parcel is made available by the Port Authority, at the same basic rental as the Development Parcels; (4) provide a tenant capital improvement allowance to Global of up to $150 million to be paid by the Port Authority only as Global incurs costs for actual terminal improvements associated with the construction, development and expansion of the Global Terminal Facility and Development Parcels into a container terminal facility; (5) reimburse Global, in an amount of up to $7.5 million, for the permitting, mitigation and development of a 4.5-acre wetlands area within the Development Parcels; and (6) change the facility name of the AMT to the Port Jersey-Port Authority Marine Terminal; all 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 any other contracts and agreements, and to take such other actions, as may be necessary or appropriate in connection with the foregoing; 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.

Whereupon, the meeting was adjourned.

_____

Secretary